China's Economic Weight on the Scale of Sino-US Confrontation –– Evidence from the United Nations General Assembly Voting Data

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ABSTRACT

Does China's growing economic might make it harder for the U.S. to exert influence on other countries in key issue areas? In this paper, we answer this question by examining how economic ties with China affect countries' United Nations General Assembly voting (UNGAV) when China votes against the U.S. on important issues identified by the U.S. Department of State. On the one hand, a considerable literature has found that the U.S. aid and trade with the U.S. drive other UN members to cast favorable of US stance in the UNGAV. Recent research, on the other hand, demonstrates that China's increasing share in global market fosters convergence of foreign policy across dyads of China and its trade partners. **These two bodies of literature miss one crucial part of the story: how other countries vote in the General Assembly when China and the U.S. have different positions toward resolutions deemed important by the U.S.** As such, existing literature mistakenly initiates the influence of either China or the US on third countries foreign policy preferences. Based on the UNGAV data from 1990 to 2010, we find that the volume of trade or aid from China increases the likelihood of UN members to vote in line with China on issues when the U.S. deems important and yet China votes against the U.S. The statistical results are robust to different model specifications. Our findings suggest that the Sino-US competition is expected to intensify as China aggressively deepens its economic ties worldwide.

Introduction

With impressive annual GDP growth rates for three decades, China has emerged as the second largest economy in the world. A growing number of literature has begun to discuss the possible implications of the rise of China. According to some observers, China's growing power might eventually reshape the landscape of international politics at the expense of the influence of the United States (U.S). Proponents of this thesis often posit that China's proliferating trade, investment, and foreign aid accords with other countries made possible by its own rapid development have enabled China to gain markets for its goods, access to raw materials, and international esteem (Lum et al. 2008). It is becoming harder and harder for the U.S. to wield its power in that China is rising and the U.S. is declining (Morrison 2015).

The current development of the China-led Asian Infrastructure Investment Bank (AIIB) provides a vivid example and perhaps strong empirical evidence to support the claim that the shifting balance of power in China's favor has created some problems for the existing hegemon. Both the United Kingdom and Australia, two close allies of the U.S., expressed their great enthusiasm for becoming the founding members of the AIIB despite the opposition from the U.S. The U.S. basically sees China's effort to construct the AIIB as perfect representation of China's ambition to extend its influence in the region. AIIB is definitely rival to the U.S.-led World Bank. While the U.S. United urged its two alliance partners not to follow China's lead, the United Kingdom and Australia still chose to jump on the Chinese AIIB boat (BBC 2015). Despite its vividness, we cannot gain much analytic purchase from the AIIB example because one can easily find other cases where the U.S. successfully convince some countries to side with it on some issue areas. To answer the question whether China has succeeded in translating its increasing economic power into real impact at the expense of American influence, we need to rely on a more systematic and rigorous comparison.

In this research, we seek to explore the possible competition over influence between China and the U.S. by looking at a specific subset of United Nations General Assembly (UNGA) votes: important votes identified by the U.S. Department of State. We are particularly interested in important votes on which the U.S. and China have different positions. While a large number of literature has revealed that voting data from UNGA can possibly be used as a proxy for measuring states' level of similarity or congruence in foreign policy (Russett 1966; Gartzke 1998; Szayna et al. 2004; Moroney et al. 2007), one might argue that votes in UNGA are not useful signals or indices because the votes are not always costly. In this sense, delving into the analysis of UNGA votes might capture too much noise.

Fortunately, focusing on important UNGA votes specified by the U.S. enables us to cancel out the noise and capture the meaningful substance. According to the U.S. Public Law 101-246, the Department of State is required to come up with a list of important votes "which directly affected important United States interests and on which the U.S. lobbied extensively." The existence of list of important votes demonstrates that U.S. cares about how other countries might vote in UNGV. It suggests that U.S. will put significant effort on attracting other countries to side with it on these important votes. For those countries who still choose not to vote in favor of the U.S. position in these important resolutions, they are sending a clear signal that the United States' lobby does not work on them. It shows that these countries do not share policy similarity or political proximity with the U.S. on these important resolutions or issues. In other words, the U.S. has limited influence on these countries.

Foot (2014) has convincing shown that China considers the UN as a very important venue for strengthening its international influence and China has been actively and deeply engaged in the functioning of the UNGA and the Security Council. And Xi Jinping, the President of China, recently publicly announced that China will

provide one billion to aid U.N. development projects around the world in the next five years. We therefore have good reason to believe that China will lobby extensively in UNGA on certain issues it deem important. When China and the U.S. have conflicting point of view on important resolutions, a contest between Beijing and Washington on influence will be inevitable. If China's growing economic power has successfully translated into influence, we might observe that countries reliant on Chinese economic resources (trade or aid) choose to vote in line with China's position if they are forced to choose a side between the United States and China.

In this paper, we focus on how economic ties with China affect countries' UNGAV when China votes against the US on important issues identified by the U.S. Department of State. Will states choose to side with Washington or Beijing when forced to make the difficult decision? What factors might help us explain their voting decisions and patterns? While existing literature tends to only look at whether other countries voted more in line with the U.S. or China, it is important to note that this research design gives greater leverage on assessing the competition over influence between the United States and China in that we draw our inference from cases where other countries might pick a side. Only in these cases that can one clearly see whether it is the United States or China who possesses greater influence on a specific country.

The rest of this paper proceeds as follows. In the next section, we discuss how China's economic weight in the world would affect third countries' UNGAV. Then we propose a research design to test our hypothesis. The empirical results suggest that China's foreign aid and trade would buy some support from the third countries when China and the US have different positions on UNGAV. The final section concludes.

China's Economic Weight on the Scale of US-China Confrontation

In this paper, we ask if economic relations, aid and trade in particular, make a country to align with one great power' foreign policy and deviate from the other' in face of bipolar contestations. Specifically, given the U.S.-China contestation in UNGAV, we argue that a state's trade and aid ties with China determine its alignment with important resolutions identified by the US. Given China's economic prospect and share in global market, other states choose to side with China for the resolutions when the US and China are in conflict if they should have great trade volume with China or receive aid from China. We are innovative in bringing the China factor in the U.S.-China contestation and revisiting the U.S. foothold in one of the most prominent international forums.

Trade relations generate consequential effects on foreign policies. As two states become more and more economically engaged, their foreign policy stances will gradually converge to interlock the well-established interests (Hirschman 1945; Rosecrance 1986). Greater trade volumes harmonize foreign policies across states in international society. On the flipped side, discrepancies in foreign policies may trigger economic sanctions leading to great loss of interests for states. Thus, states are economically motivated to preempt the occurrence of international confrontations by synchronizing foreign policies.

However, states differ in their capacity of leveraging economic weight on the scale of international politics. While great powers can render more economic benefits and suffer more economic loss in exchange for political submission from others, others cannot. Scholars posit that the asymmetrical interdependence grants great powers a privilege to utilize economic tools to engineer other states' foreign policies (Cooper 1972; Keohane and Nye 1977). Other states strategically align with great power's policy stance to secure their economic interests vulnerable to great power's

economic sanctions. Through manipulating economic interests, great powers foster shared policy stances in international politics.

According to existing research, the U.S. governments are found to exploit its foreign aid policies to propel other UN members into casting votes favorable of its stance in the General Assembly (Carter and Stone 2015; Dreher, Nunnenkamp, and Thiele 2008; Wang 1999). For the UN members voting against the U.S. policy preferences, they face the punishment of US foreign aid being curtailed or even suspended. On the contrary, they are rewarded with a bigger check of foreign aid from the U.S. if they should vote in line with the U.S. policy stance.

Casting a vote for the UN resolutions entails influences the economic relations for the dyads of the U.S. and other states, especially for the ones the U.S. governments publicly identified as consequential to national interests. The U.S. Department of State publishes annual report, *United States Practices in the United Nations*, where some of the UN resolutions are earmarked to express the U.S. policy preferences.[1] Based on the report, the Congress annually evaluates the performance of the Department of State so that the US diplomats make efforts in lobbying UN members' votes into supporting U.S. policy stance.

Nevertheless, some states vote against the U.S. preferences because China has joined the game of buying votes in the UN. Trade policy is one of the most important economic tools China gravitates other states into complying with its policy stance. Flores-Maci'as and Kreps (2013) contend that Latin American and African states are more likely to align with China in voting for resolutions with regard to human rights as their trade with China increases. Building on the research on UN resolutions in human rights Strüver (2014) explores other determinants for UNGAV for UN

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[1] For details, please see http://www.state.gov/p/io/rls/rpt/index.htm

members in a broader scope of issues for resolutions. He finds that the similarities in political institutions, military exchange and diplomatic communications enhance the alignment of voting behaviors with China in other issues of UN resolutions. China is ambitious about fostering convergence of foreign policy across dyads of China and its trade partners.

In face of US-China contestation, a third state chooses to violate the U.S. expressed preferences and comply with China's policy stance for two reasons. First, China's rising share and promising prospect in global economy makes a third state more likely to bid for China in the U.S.-China contestations. Since China implemented economic reforms in 1978, its rising share in global economy makes trade with China an attractive alternative for other states to ponder over their foreign policy stances. In 2010, China officially replaces Japan as the second largest economy. Next, the International Monetary Fund releases a report showing that China has surpassed the US as the largest economy in terms of purchasing power in 2014.[2] Moreover, China's economic prospects in world market are promising. In 2014, the Chinese government launched the AIIB and garnered the support of 37 regional and 20 non-regional countries as prospective founding members. AIIB plans to become the largest capital hub for East Asian economies, one of the most economically vibrant regions in the world. China is expected to be one of major drives for economic growth in the world.

Second, domestic citizens build foreign policy bonding with China as their states are economically dependent on China. Kirshner (2008) argues that rising trade volumes between a dyad of states enhance the citizens' inclination to take similar foreign policies. An increasing share in trade empowers citizens with greater political

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[2] For the IMF report, please see
http://www.imf.org/external/pubs/ft/survey/so/2015/CAR081415B.htm

significance and resources in advocating foreign policy coordination (Abdelal and Kirshner 2000; Kirshner 2008). Evan Medeiros and his coauthors' work echoes this line of argument (2008). They present evidence on how East Asian interest groups surrender foreign policy stances in exchange for the economic interests in China.

We set a third state's strategic vote for the UN resolutions for which not only the US emphasizes for national interests, but also the US and China cast the opposite votes. It is only when a third state is forced to an explicit choice between the US and China so that we judge whether China successfully challenges the US in the international forum.

Based on our discussions, the rest of this paper tests the following hypothesis:

Given the resolutions earmarked by the US Department of State and The US and China cast contradictory votes, a higher volume of trade with China makes a third state more likely to cast a consistent vote with China.

Research Design

To test our hypotheses on how the third countries' foreign economic relations with China and the US affect their foreign policy alignment with both big powers, we construct a time-series-cross-sectional (TSCS) dataset on several political and economic variables. Our unit of analysis is the country dyad-year during 1990 and 2007. We discuss more details about our data and operationalization below.

Data. Our sample includes all votes that are specified by the US State Department as "important votes" but not supported by China. Specifically, we analyze important votes in which the US and China explicitly disagree with each other. We exclude those important votes where China abstains or is absent because we are theoretically agnostic about China's intention to abstain or to be absent in these important votes. More importantly, by this construction a third country's vote of yay or nay in the

UNGA would be supportive for the position of either the US' or China. As we discussed before, we believe that this research design would be more effective to capture how the third countries' foreign policy preferences are affected by their political and economic relations with the US and China.[3]

Figure 1 illustrates the distribution of voting convergence between the US and China categorized by important and non-important UNGAV during 1990 and 2007. As shown both panels of Figure 1, the US and China often vote against each other, and there are about 11% of total votes in which the US and China have the same position regardless the importance of the votes. Nevertheless, both countries' voting behaviors seem to differ between important and non-important issues in many aspects. First, while the US sometimes abstains in non-important votes, it always takes a position of either yes or no on important votes. Second, China is more likely to abstain or vote against the US in important votes than it does in non-important ones, especially when the US votes yes. Third, China is less likely to confront with the US when the US votes no on important votes, and both countries never vote no together in important votes either.

The differences in voting behaviors of the US and China between important and non-important votes suggest the need to differentiate the contested and non-contested votes when analyzing how the third country foreign economic relations with both major powers will affect its voting convergence with them.
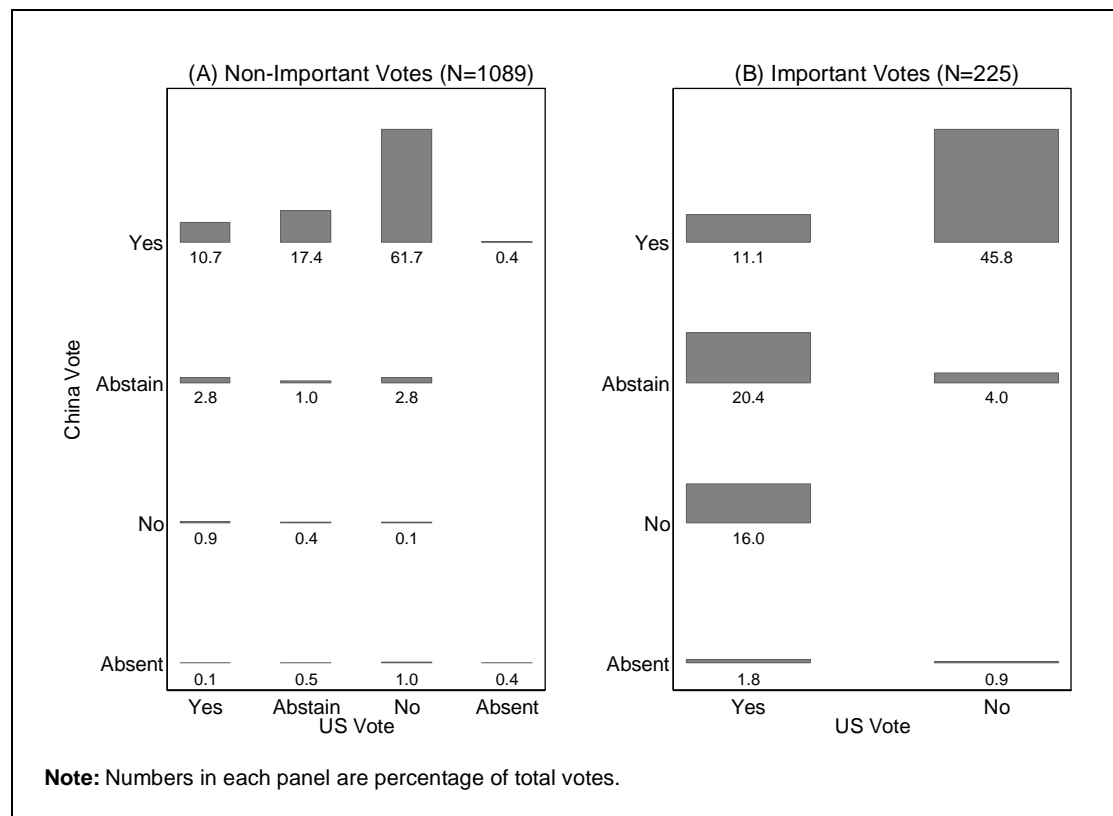
Dependent Variable: Voting Convergence

The outcome of interest in our analysis is whether a third-country votes along with the US but against China in important votes specified by the US State Department. As Figure 1 has already shown, our sample includes 139 UNGA votes in which the US

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[3] Nevertheless, we also analyze those important votes that are not contested between the US and China in the section of robustness checks.

and China vote against each other. In other words, the combination of US vote and China vote should be either (Yes, No) or (No, Yes) in panel A of Figure 1. Following Thacker (1999) and Flores-Macías and Kreps (2013), we operationalize voting convergence as the following. We assign a score of 1 if the country votes in agreement with the US, a score of 0 if it votes against the US; a score of 0.5 if it abstains or absents. We calculate the yearly average by summing up each country's voting scores and dividing them by the number of votes in that year. By way of construction, a higher value of this variable indicates a higher level of voting alignment with the US and lower level of voting alignment with China.

Figure 1: Voting Convergence between the US and China, 1990-2007

Note: Numbers in each panel are percentage of total votes.

Independent Variables

US Aid: A huge body of literature argues that the US aid could have significant

impacts on third countries' voting convergence with the US on important votes, so we include a variable that measures the amount of US military and economic aid to the third countries. The data on this variable is taken from the Greenbook Data on US Overseas Loans and Grants published by the USAID (2011). To address the skewness of this variable, we take the natural log of this variable. In additon, we also create a binary variable to indicate whether a country is a recipient of US aid on the basis of this variable.

Chinese Aid: Since China does not publish its annual amount of foreign aid, we use a binary variable to indicate whether a country is a recipient of China aid. The data on this variable is taken from Strüver (2014).

Trade Variables: To investigate whether trade would affect the third countries vote with the US and against China, we construct several variables that capture different types of trade relationships on the basis of the project on the Correlates of War (version 3.0) (Barbieri, Keshk, and Pollins 2009). First, we construct two variables that measure a country's yearly trade volume with the US and China, respectively. Second, we disaggregate trade into exports and imports. Thirdly, we calculate a country's dependence on the imports from and exports to the US as well as China. For instance, a country's export dependence on the US is operationalized by dividing its export to the US divided by its total export.

US Defense: As the US will lobby its allies to support its position on important UNGAV, we control for the signing of defense agreements with the US. The data on this variable is taken from the dataset on formal alliances (version 4.1)(Gibler 2009).

Level of Democracy: Previous studies have shown that a country's regime type would affect its voting with the US regarding important votes (Carter and Stone 2015), so we include a country's polity score in our empirical models (Marshall and Jaggers 2002)

National Capacity: We include a variable indicative of a country's national material

capacity, including its total population, urban population, iron and steel production, energy consumption, military personnel and expenditure. The data on this variable is taken from the dataset of National Material Capacities (version 4.0)(Singer, Bremer, and Stuckey 1972).

Model Specifications: We estimate different OLS models to specify the relationships between the variables discussed above and voting alignment. To deal with unobserved country-level heterogeneity and to avoid omitted variable bias, we include fixed-effects in all models. We use robust standard errors clustered at the country level to account for heteroskedasticity. We lag all independent for one year to avoid simultaneity between them and the dependent variable.

Empirical Results

Table 1 reports our estimation results. First, we estimate a baseline OLS model with fixed-effects for all important votes during 1983 and 2007. The results are consistent with the conventional wisdom that the US trade and aid could buy some influences from third countries on important votes, because the both coefficients of variables on trade with the US and the amount of US aid are positive and statistically significant at the $p<0.1$ level. However, the statistical significances of these two variables collapse after we include variables that measures China's economic power in Model 2.[4] In other words, third countries' voting alignment with US on important UNGAV may be undermined by China trade and aid. This result suggests the need to investigate important votes contested between the US and China.

In Model 3, we analyze how third countries vote in the important votes contested between the US and China. The results suggest that the US can still use its aid to buy influence from third countries. Being a recipient of Chinese aid, however, decreases

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[4] It should be mentioned that we do not include the variable of Chinese aid because the data are unavailable until 1990.

third countries' level of voting alignment with the US. Meanwhile, trading with US has no significant influences on third countries' votes, but trading with China does. This finding is consistent with what Flores-Macias and Kreps (2013) have found.

The results of Model 3 remain the same if we use a binary variable to indicate whether or not a country is a recipient of US aid (Model 4). Together, those results suggest the existence of "China factors" in American foreign policy.

In Model 4, we further investigate how trade affect one country's voting alignment with the US by disaggregating trade into imports and export. We find that it is the import from China that has significant influences on reducing one country's voting alignment with the US. This result differs from what has found.

To investigate whether the relationship we have specified varies by region, we include regional dummies of Africa, Asia, and Latin America in Model 6. The estimation results indicate that countries in these three regions, on average, have lower level of voting alignment with the US than countries in other regions.

Since our data structure is TSCS, we need to consider the issue of serial correlation. Accordingly, we estimate a fixed-effects model with AR1 correction. The results still suggest that China Aid and Trade with China would decrease a country's voting alignment with the US.

Conclusion

The dilemma is what makes states choose which great power to align with when they cannot simultaneously comply with the two great powers in conflict? To unravel the puzzle, we make a case of US-China confrontations in the UNGAV to demonstrate how China, a rising great power, leverages its trade relations to out-weight the US, a hegemon, on the scale of foreign policies for other UN members as The US and China

both make efforts in soliciting votes in UNGAV. China's success in attracting UN members' votes is of particular significance and implications for the prospect of power status in global politics.

Table 1: Effects of China Factors on Foreign Policy Convergence with the U.S., 1990-2007

Dependent Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	All Important Votes		Contested Important Votes				
US Defense	0.115***	0.039**	0.040***	0.044***	0.051***	0.046**	0.085
	[0.026]	[0.016]	[0.013]	[0.013]	[0.013]	[0.019]	[0.060]
Polity Score	0.004*	-0.003	0.002	0.003	0.003*	0.004***	-0.001
	[0.002]	[0.002]	[0.002]	[0.002]	[0.002]	[0.002]	[0.002]
GDPpc	-0.041	0.019	0.027	0.025	0.028	0.046***	-0.001
	[0.036]	[0.045]	[0.027]	[0.027]	[0.027]	[0.016]	[0.028]
National Capacity	-0.058*	0.009	0.030	0.027	0.017	0.021**	-0.021
	[0.032]	[0.034]	[0.033]	[0.033]	[0.032]	[0.009]	[0.023]
Total Trade	-0.083***	-0.042***	-0.004	-0.002	0.006	0.000	0.035**
	[0.013]	[0.016]	[0.016]	[0.016]	[0.015]	[0.015]	[0.016]
Trade with US	0.017*	0.016	-0.004	-0.004		-0.005	-0.012*
	[0.009]	[0.013]	[0.013]	[0.013]		[0.011]	[0.007]
Amount of US Aid	0.003*	-0.000	0.003**				0.003**
	[0.002]	[0.001]	[0.001]				[0.001]
Trade with China		-0.049***	-0.023***	-0.023***		-0.025***	-0.024***
		[0.007]	[0.005]	[0.005]		[0.004]	[0.005]
Recipient of China Aid		-0.017**	-0.015**	-0.015**	-0.015**	-0.015**	-0.013**
		[0.007]	[0.006]	[0.006]	[0.006]	[0.006]	[0.006]
Recipient of US Aid				0.027*	0.028*	0.016	
				[0.015]	[0.014]	[0.014]	
Export from US					-0.010		
					[0.008]		
Export from China					-0.003		
					[0.004]		
Import from US					0.004		
					[0.009]		
Import from China					-0.024***		
					[0.005]		
Africa						-0.119***	
						[0.041]	
Asia						-0.160***	
						[0.040]	
Latin America						-0.152***	
						[0.036]	
Constant	0.981***	0.926***	0.392	0.388	0.227	0.265*	-0.011
	[0.311]	[0.346]	[0.309]	[0.308]	[0.318]	[0.136]	[0.146]
No. of Observations	3102	2129	2128	2157	2157	2139	1991
No. of Countries	138	137	137	139	139	138	135

Note: Clustered standard errors are reported in brackets in Model 1 to Model 5. Model 1 to Model 5 are fixed-effects models, Model 7 is a random-effect model, and Model 8 is a fixed-effects model with AR(1) correction. * p<0.1, ** p<0.05, *** p<0.01.

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