



Session 2: Understanding Macro Actors

Dr. Milo Jones



How is this different from the last session?

Intro: REEs



Rare Earth Elements

» What are Rare Earth Elements (REEs)?

Rare Earth Elements

La	Ce	Pr	Nd	Pm	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu
57	58	59	60	61	62	63	64	65	66	67	68	69	70	71

Lanthanides

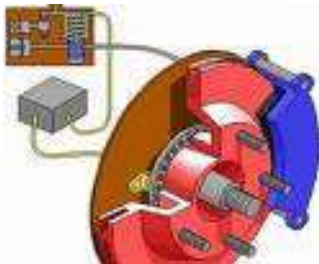
H																			He
Li	Be													B	C	N	O	F	Ne
Na	Mg													Al	Si	P	S	Cl	Ar
K	Ca		Sc	Ti	V	Cr	Mn	Fe	Co	Ni	Cu	Zn	Ga	Ge	As	Se	Br	Kr	
Rb	Sr		Y	Zr	Nb	Mo	Tc	Ru	Rh	Pd	Ag	Cd	In	Sn	Sb	Te	I	Xe	
Cs	Ba		Lu	Hf	Ta	W	Re	Os	Ir	Pt	Au	Hg	Tl	Pb	Bi	Po	At	Rn	
Fr	Ra	Ac	Lr																

» Why did the world care in 2010?

REEs: Why should we care?

» Neodymium (Nd) is in strong, small permanent magnets and capacitors in:

- Smart phones
- Laptop computer hard drives
- ABS brakes
- Air bags
- Solid state lasers
- Magnetic resonance imaging (MRIs)



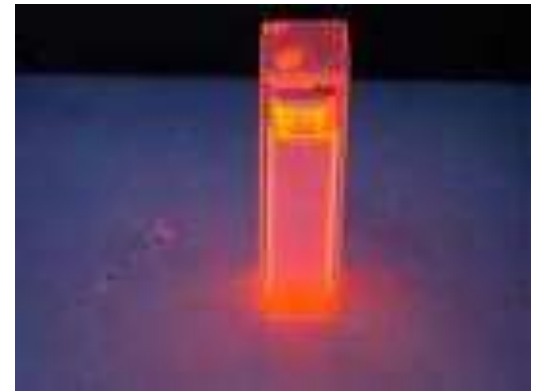
REEs: Why should we care?

- » Lanthanum (La) is used in batteries for hybrid and electric cars
- » The metal in their “nickel-metal hydride” (NiMH) batteries is lanthanum
- » A Toyota Prius contains about 4.5 kilos of lanthanum



REEs: Why should we care?

- » Europium (Eu) is essential as the red phosphor in TV and computer screens
- » It is also the phosphor in fluorescent lighting
- » It is used to make a bio-tag material used in living tissue research



REEs: The CIA has cared for a long time...

CENTRAL INTELLIGENCE AGENCY

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SECRET/NOFORN

50X1-HUM

COUNTRY	East Germany	REPORT	
SUBJECT	1961-1965 Requirements for Rare Earths	DATE DISTR.	30 JAN 1966
		NO. PAGES	2
		REFERENCES	RD
DATE OF INFO. PLACE & DATE ACQ.			50X1-HUM

THIS IS UNEVALUATED INFORMATION. SOURCE GRADINGS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

50X1-HUM

The following is a listing of the expected requirements of rare earths (in kilograms) needed by various East German enterprises during 1961 to 1965:

1. VEB Jenaer Glaswerk Schott & Gen., Jena

	1961	1962	1963	1964	1965
Lanthanum hydroxide (La(OH) ₃)	4000	4280	4600	4875	5165
Thorium oxalate (Th(C ₂ O ₄) ₂)		1167	1254	1330	1408
Ceric oxide (CeO ₂)	500	560	600	640	680
Praseodymium oxide (Pr ₂ O ₃)		20	25	35	45
Neodymium oxide (Nd ₂ O ₃)		100	125	150	175
Thallium carbonate (Tl ₂ CO ₃)		25	30	40	50
Zirconium oxide (ZrO ₂)		100	125	150	200
Zirconium silicate (ZrSiO ₄)		100	125	150	200
Columbium pentoxide (Nb ₂ O ₅)	5	10	15	20	30
Tantalum pentoxide (Ta ₂ O ₅)	20	40	60	85	160
Metallic selenide		25	25	25	25
Metallic telluride		25	25	25	25

M
4875
5165
23 JAN 1966

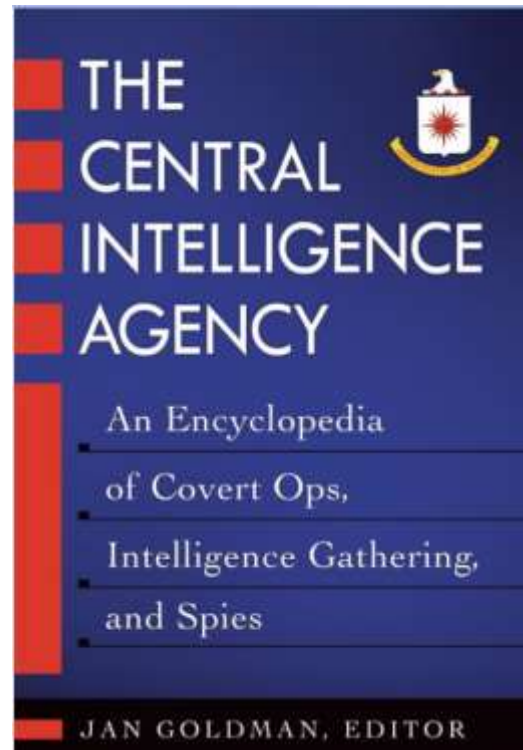


And the CIA and other agencies still care!

- » Each nuclear-powered SSN-774 *Virginia*-class fast attack submarine requires about 9,200 pounds of rare earth minerals
- » Each DDG-51 Aegis destroyer needs about 5,200 pounds
- » Each F-35 Joint Strike fighter needs about 920 pounds
- » Rare earths are also essential to precision-guided munitions, lasers, satellite communications, radar, sonar and other military equipment

Indeed...

It is the position of the United States that access to these rare earth minerals is so important to the security of the United States that it reserves the right to use force (or covert actions such as those executed by the CIA) to maintain this access. This policy is known as the Carter Doctrine after President Jimmy Carter, who after the Iranian Revolution and the Soviet invasion of Afghanistan declared that the United States would use force to protect the Middle Eastern oil fields.

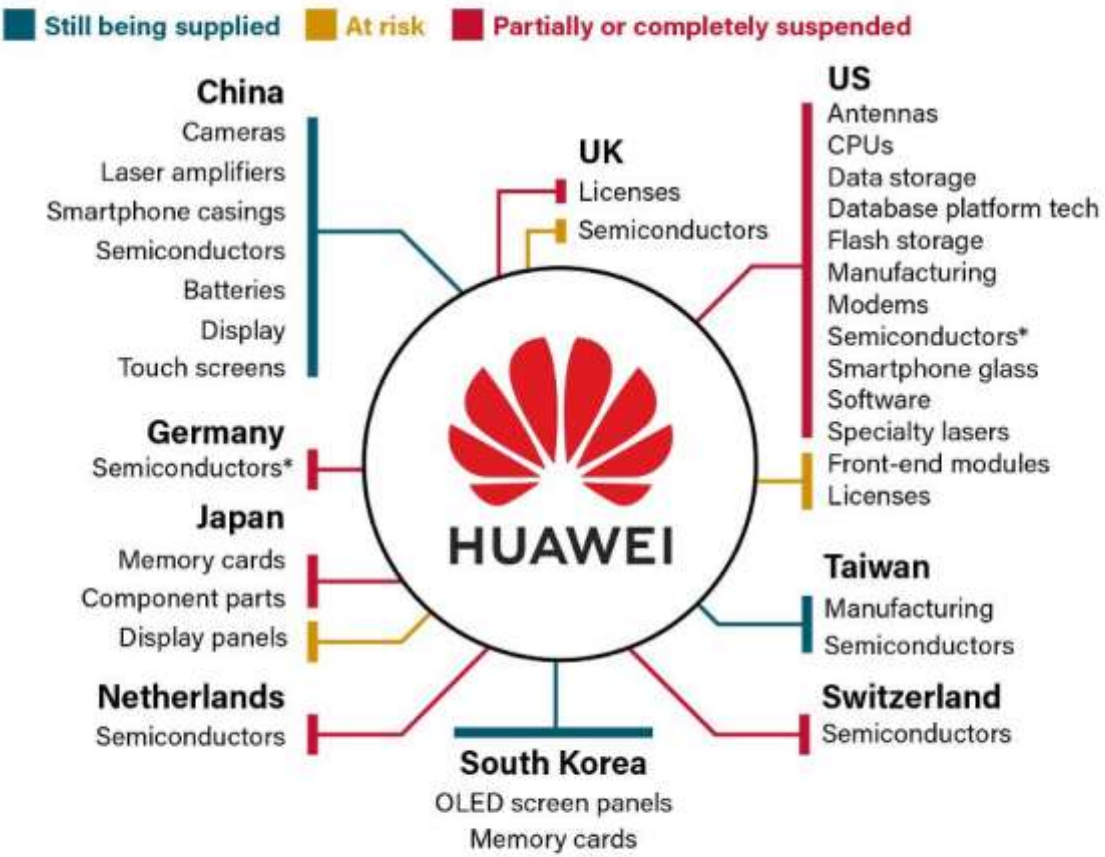


(Page 262)

REEs: Why should we care?

HUAWEI'S TECHNOLOGY BIND

Snapshot of Huawei's supply chain squeeze



*Includes critical design tools essential for making all semiconductors
Subscribe to our global politics newsletter *Signal* at gzeromedia.com
Sources: Eurasia Group, Bloomberg



REEs: Why should we care?

FINANCIAL TIMES

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Latest on US-China trade dispute

US-China trade dispute + Add to myFT

China's state planner suggests using rare earths in US trade war

NDRC statement follows Xi Jinping visit to magnet plant last week

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Paid Post by Z

Xi Jinping reviews the JL MAG Rare-Earth Company in Ganzhou last week © Xinhua News Agency/eyevine

Lucy Hornby and Archie Zhang in Beijing MAY 29, 2019 351

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00:00 04:24

Experimental feature Report a mispronounced word

China's powerful planning body has threatened to use rare earths exports as leverage in the trade war with the US, in a sign of increasing tensions between

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REEs: Why should we care?

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Latest on Rare earths



The weaponisation of China's rare earths



London-listed rare earth producers surge on Pentagon comments



Rare earths: Beijing threatens a new front in the trade war

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US warns China halt to rare earths could cause 'significant shocks'

Commerce department said the US was heavily dependent on foreign sources

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Topic Tracker




© Reuters

Henry Sanderson in London JUNE 5, 2019

The US Commerce Department has warned that any halt to China's rare earth exports would cause "significant shocks" to US and foreign supply chains.

The commerce department said the US was "heavily dependent" on foreign sources of the minerals, which made the country vulnerable to actions by foreign governments.

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The Case



The New York Times

GLOBAL BUSINESS

Amid Tension, China Blocks Vital Exports to Japan

By KEITH BRADSHER

SEPT. 22, 2010

HONG KONG — Sharply raising the stakes in a dispute over Japan's detention of a Chinese fishing trawler captain, the Chinese government has blocked exports to Japan of a crucial category of minerals used in products like hybrid cars, wind turbines and guided missiles.

The New York Times

GLOBAL BUSINESS

China Said to Widen Its Embargo of Minerals

By KEITH BRADSHER

OCT. 19, 2010

HONG KONG — China, which has been blocking shipments of crucial minerals to Japan for the last month, has now quietly halted some shipments of those materials to the United States and Europe, three industry officials said this week.

The New York Times

Energy & Environment

China Is Said to Resume Shipping Rare Earth Minerals

By KEITH BRADSHER

OCT. 28, 2010

BAOTOU, China — The Chinese government on Thursday abruptly ended its unannounced export embargo on crucial rare earth minerals to the United States, Europe and Japan, four industry officials said.

The New York Times

GLOBAL BUSINESS

China Still Bans Rare Earth to Japan

By KEITH BRADSHER

NOV. 10, 2010

The rare earth metal lanthanum is poured into molds at the Jinyuan smelting workshop near the town of Damao in China.

Credit David Gray/Reuters

HONG KONG — The Chinese government is continuing to block shipments of crucial strategic minerals to Japan, according to industry executives, analysts and a Japanese official.

What is going on?

- » Let's ask some simple questions:
- » 1) **Why** is there an apparent stoppage in Chinese REE exports?
- » 2) **Who or what** is responsible for the apparent stoppage?
- » 3) **How** might you explain their actions?
- » Do we need a new toolkit?

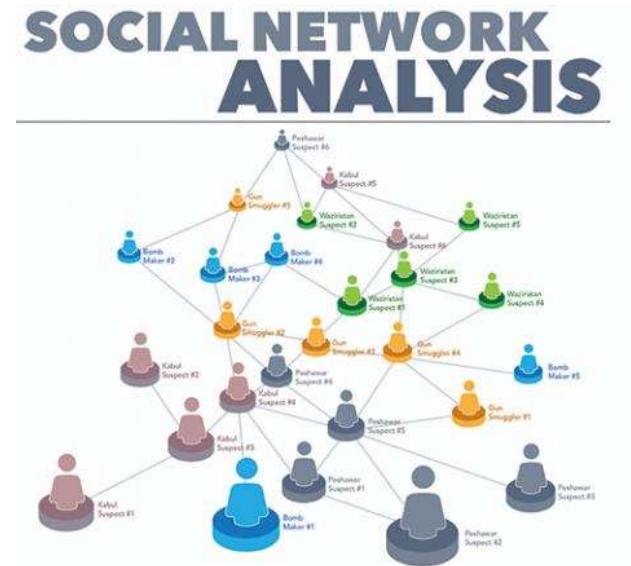
One simple way to begin

- » A Key Tool:
- » 1) Read First (don't highlight)
- » 2) Re-read and highlight the “dots”. For example:
 - People
 - Places
 - Dates
 - Places or locations
 - Actions or future actions



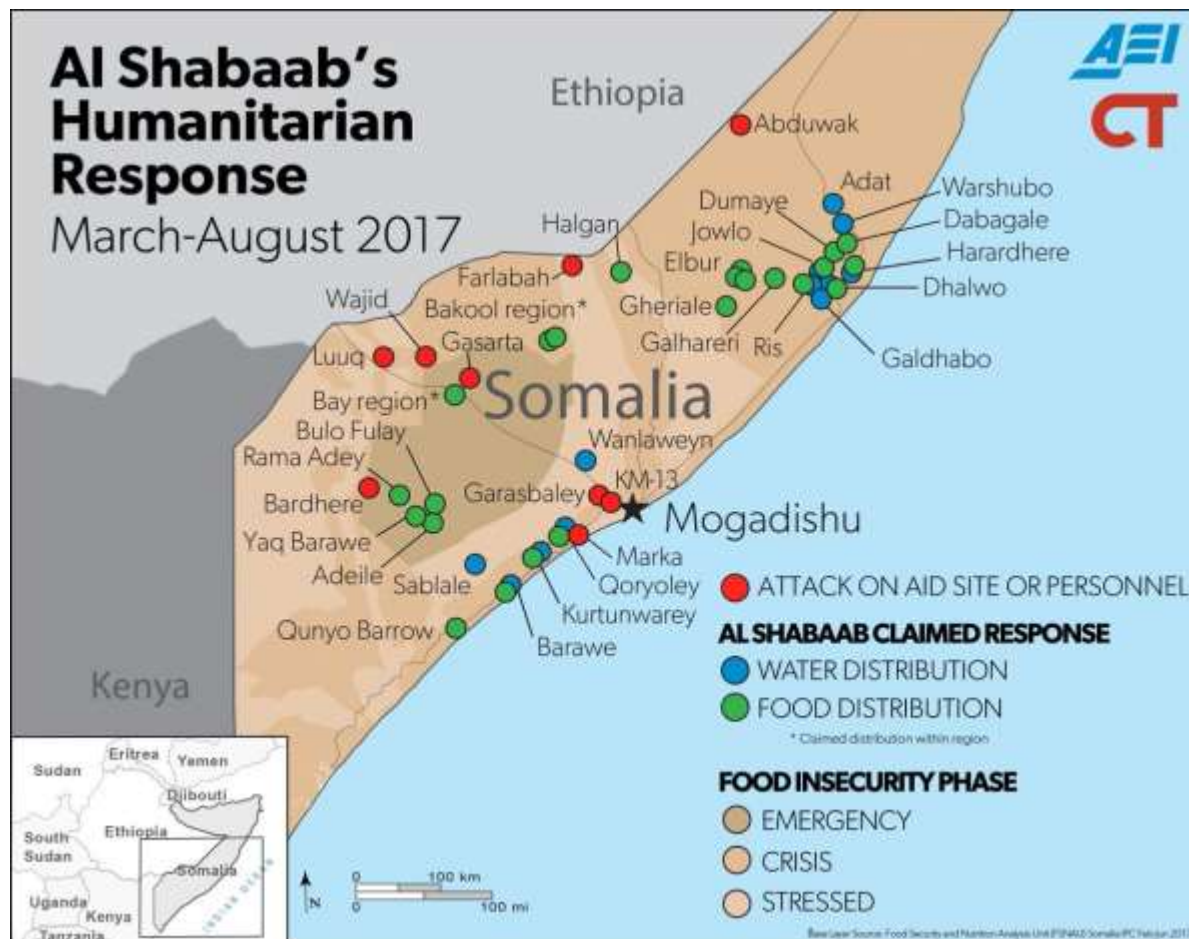
One simple way to begin

- » 3) Then you can do thinks like:
- » Networks analysis (of people)
- » “Geoint” or location mapping (of places)
- » Or...



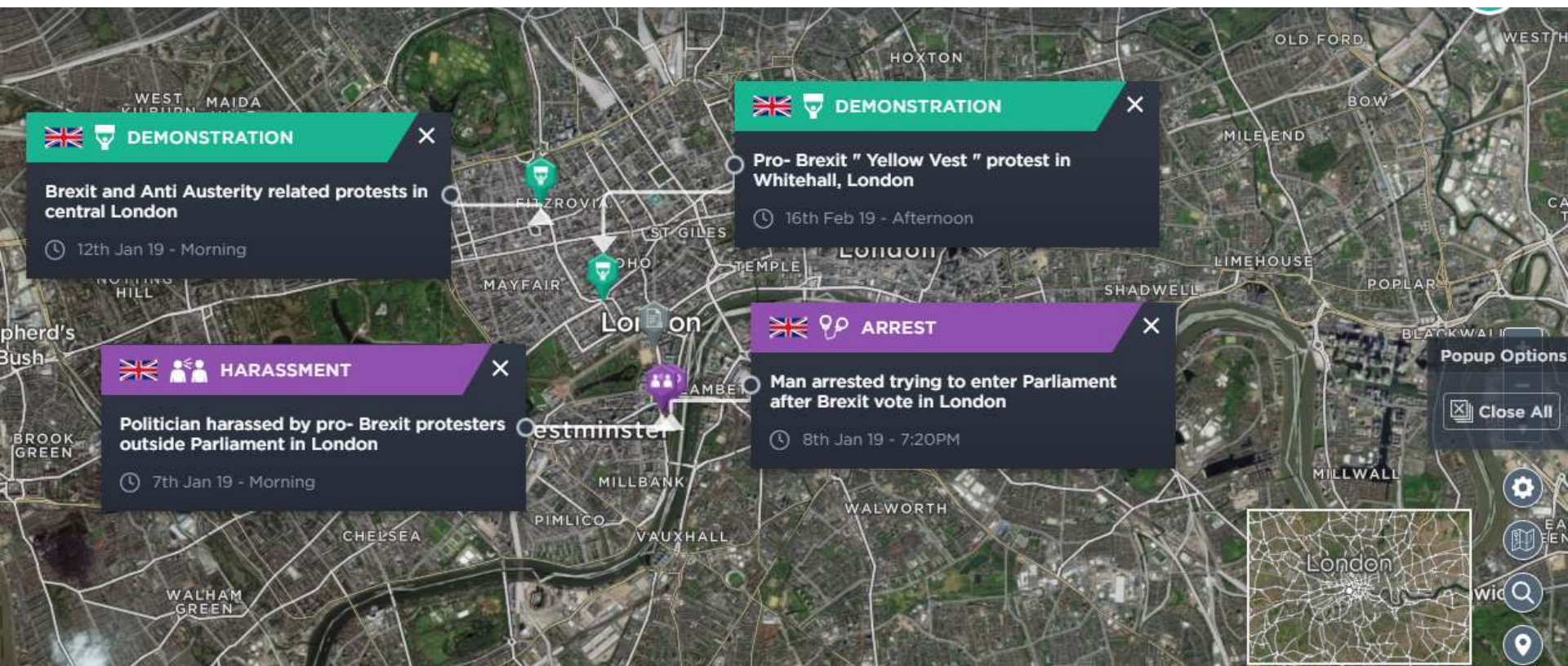
One simple way to begin

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- » “Geoint” or mapping of places/locations



One simple way to begin

- » 3) Then you can do thinks like:
- » “Geoint” or mapping of places/locations



Timelines and Chronologies



Maritime Incident – 7 Sept 2010

» To expand the story (and our chronology) just a little



Tool I: Chronology and Timelines

- » Chronologies and timelines are used a lot in intelligence analysis
- » What is the difference between a chronology and a timeline?
- » A **Chronology** organizes events in time

Date	Event
22 Sept 2010	China blocks vital exports to Japan – Story 1
19 Oct 2010	China widens the embargo to US and EU – Story 2
28 Oct 2010	China appears to resume shipping of REEs - Story 3
10 Nov 2010	China still bans shipping REEs to Japan – Story 4

Tool I: A chronology example

» A **chronology** organizes events time

Then your new facts “flesh out” the skeleton

Date	Event
Sept 2010?	Chinese/Japanese maritime incident (Story 1, but no date)
21 Sept 2010	Chinese PM Wen Jiabao calls for Japan to release the fishing boat captain – (Story 1)
22 Sept 2010	China blocks vital exports to Japan – Story 1
19 Oct 2010	China widens the embargo to US and EU – Story 2
28 Oct 2010	China appears to resume shipping of REEs - Story 3
10 Nov 2010	China still bans shipping REEs to Japan – Story 4

Dates form your analytic “skeleton”

Tool I: A chronology example

» Even a simple **chronology** may start to reveal a story!

Date	Event
22 Sept 2010	China blocks vital exports to Japan – Story 1
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10 Nov 2010	China still bans shipping REEs to Japan – Story 4

Tool I: A chronology example

» Even a simple **chronology** may start to reveal a story!

Date	Event
7 Sept 2010	Chinese/Japanese maritime incident (Story 1, but no date)
21 Sept 2010	Chinese PM Wen Jiabao calls for Japan to release the fishing boat captain – (Story 1)
22 Sept 2010	China blocks vital exports to Japan – Story 1
19 Oct 2010	China widens the embargo to US and EU – Story 2
28 Oct 2010	China appears to resume shipping of REEs - Story 3
10 Nov 2010	China still bans shipping REEs to Japan – Story 4

Tool I: A chronology example

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7 Sept 2010	Chinese/Japanese maritime incident (Story 1, but no date)
21 Sept 2010	Chinese PM Wen Jiabao calls for Japan to release the fishing boat captain – (Story 1)
22 Sept 2010	China blocks vital exports to Japan – Story 1
18 Oct 2010	Chinese officials denounce US trade actions to the press (Story 2)
19 Oct 2010	China widens the embargo to US and EU – Story 2
28 Oct 2010	China appears to resume shipping of REEs - Story 3
10 Nov 2010	China still bans shipping REEs to Japan – Story 4

Tool I: A chronology example

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18 Oct 2010	Chinese officials denounce US trade actions to the press (Story 2)
19 Oct 2010	China widens the embargo to US and EU – Story 2
27 Oct 2010	Secretary Clinton meets Japanese Foreign Minister and calls embargo a “wake up call” to both countries (Story 3)
28 Oct 2010	China appears to resume shipping of REEs - Story 3
10 Nov 2010	China still bans shipping REEs to Japan – Story 4

Tool I: A chronology example

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18 Oct 2010	Chinese officials denounce US trade actions to the press (Story 2)
19 Oct 2010	China widens the embargo to US and EU – Story 2
27 Oct 2010	Secretary Clinton meets Japanese Foreign Minister and calls embargo a “wake up call” to both countries (Story 3)
28 Oct 2010	China appears to resume shipping of REEs - Story 3
29 Oct 2010	High-level China/Japan talks in Hanoi fail (Story 4)
10 Nov 2010	China still bans shipping REEs to Japan – Story 4

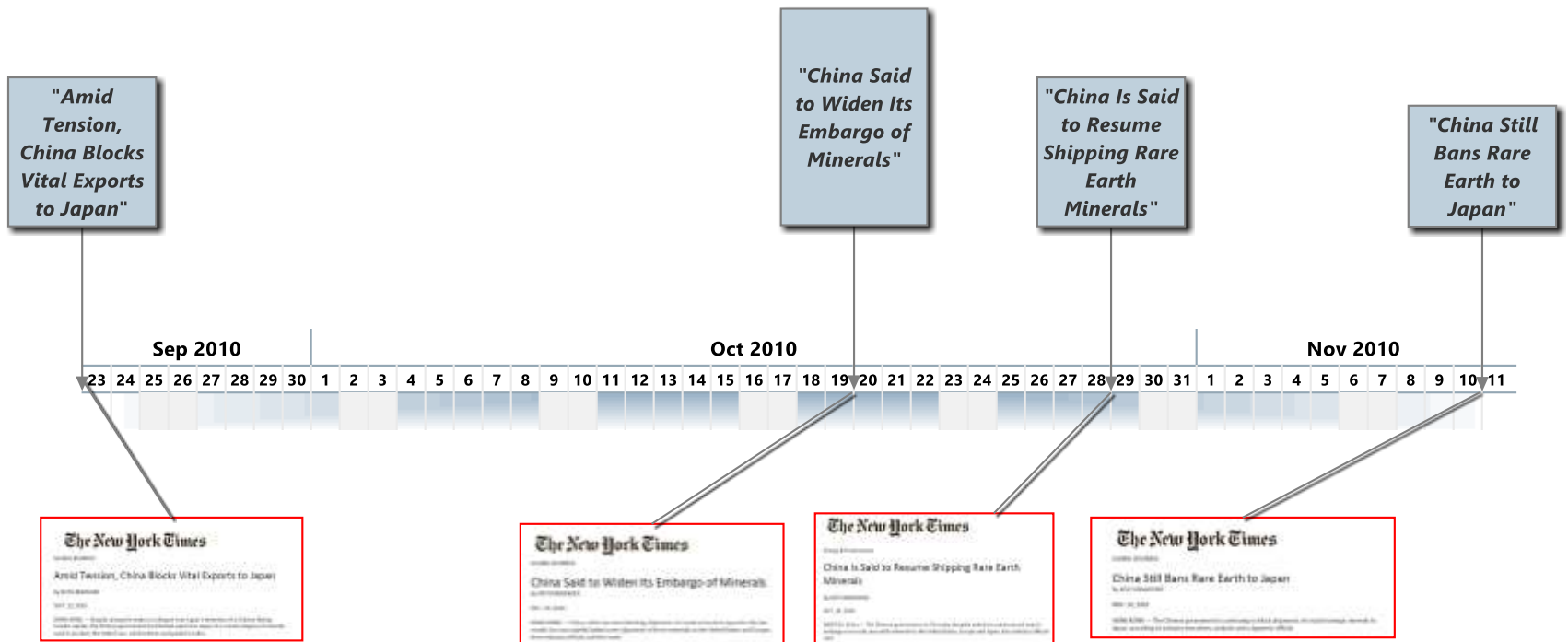
Tool I: Timelines

- » A **timeline** organizes events in time with events labelled at the points where they happened. They add subtlety, but the detail can be hard to follow.

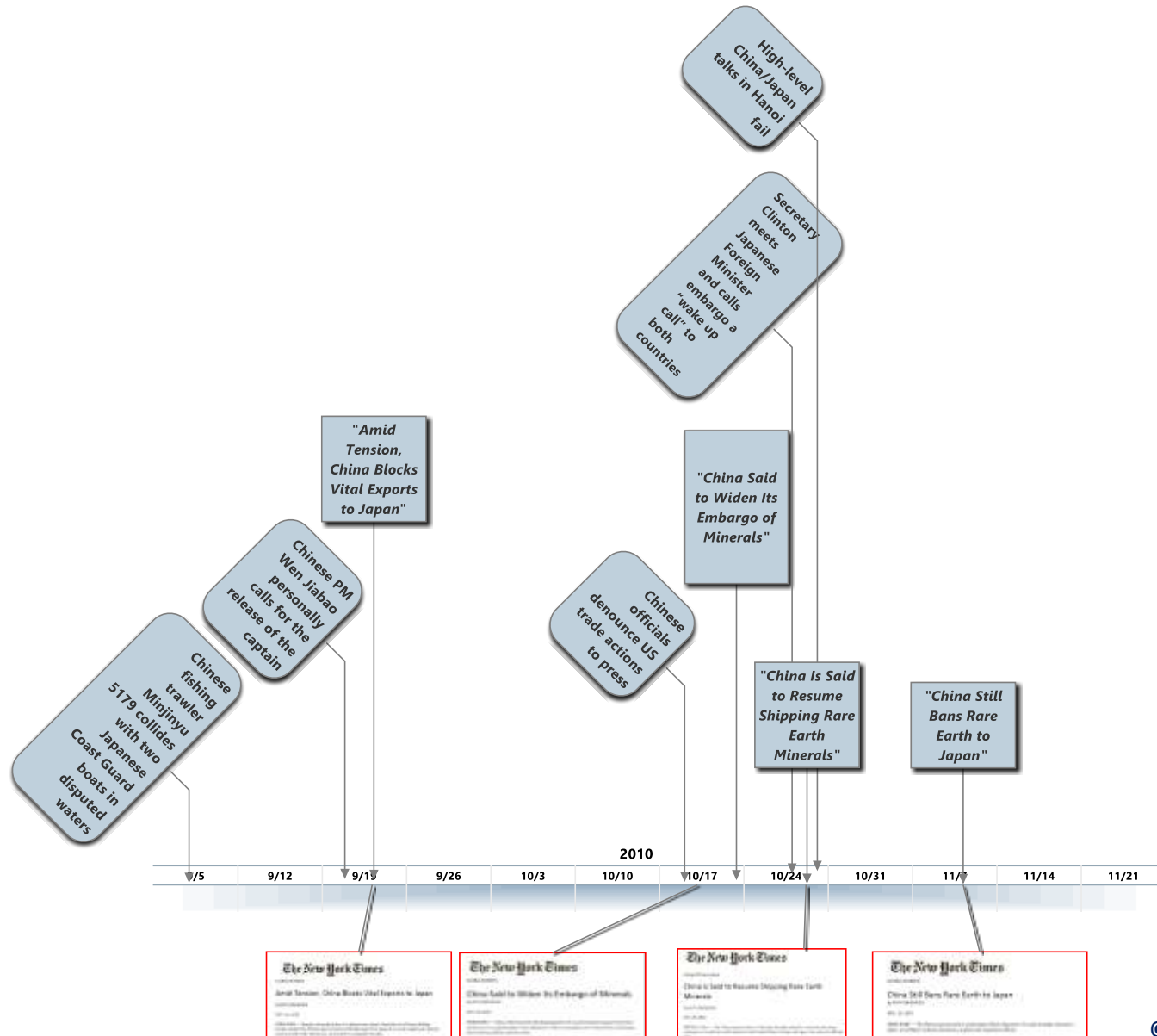


- » The CIA's final 9/11 attack timeline stretched to over 4 KM!

Tool I: A timeline example

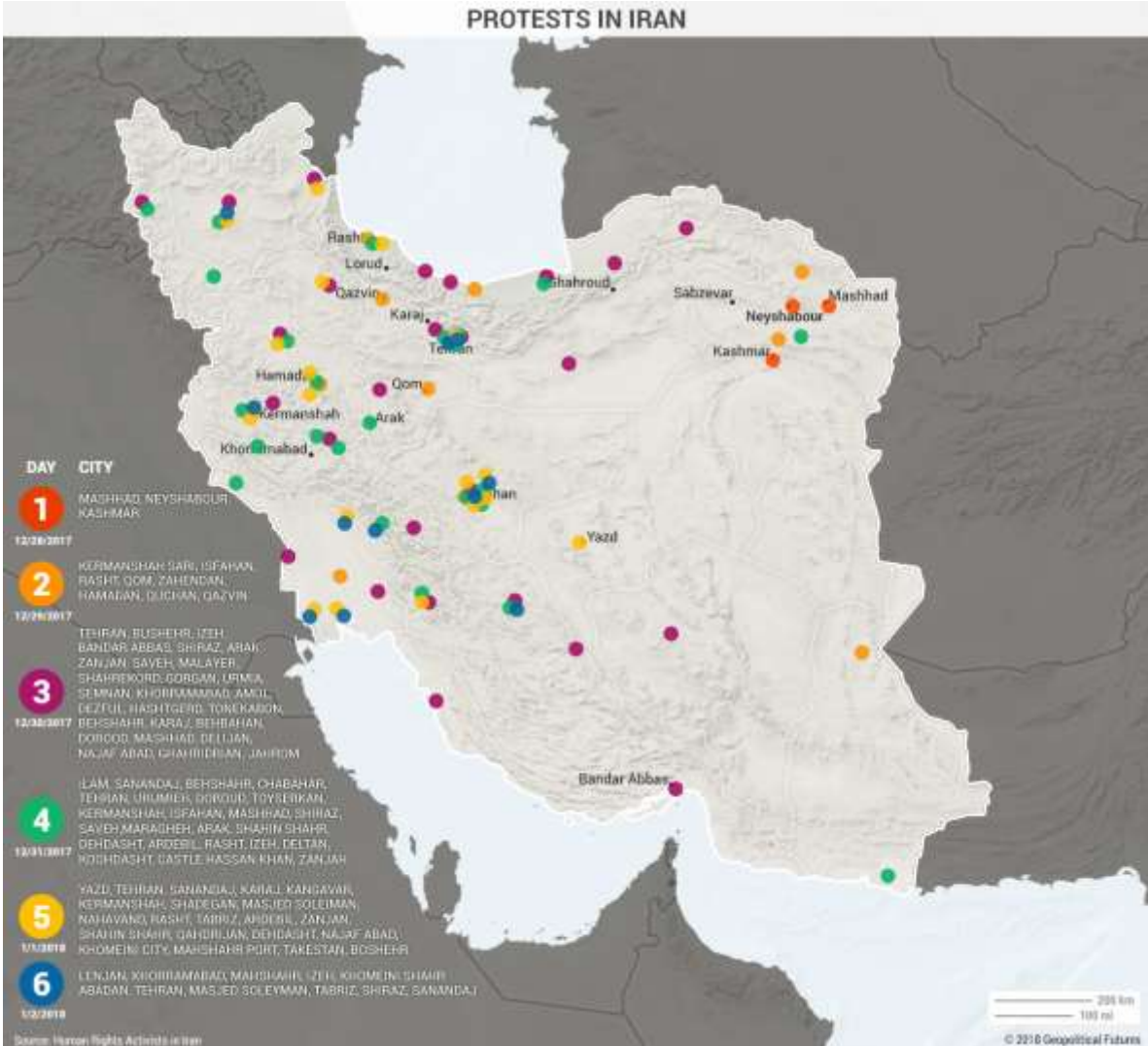


Tool I: A timeline example



Note – no need to be too pure!

» You might combine tools from session 1 and session 2!

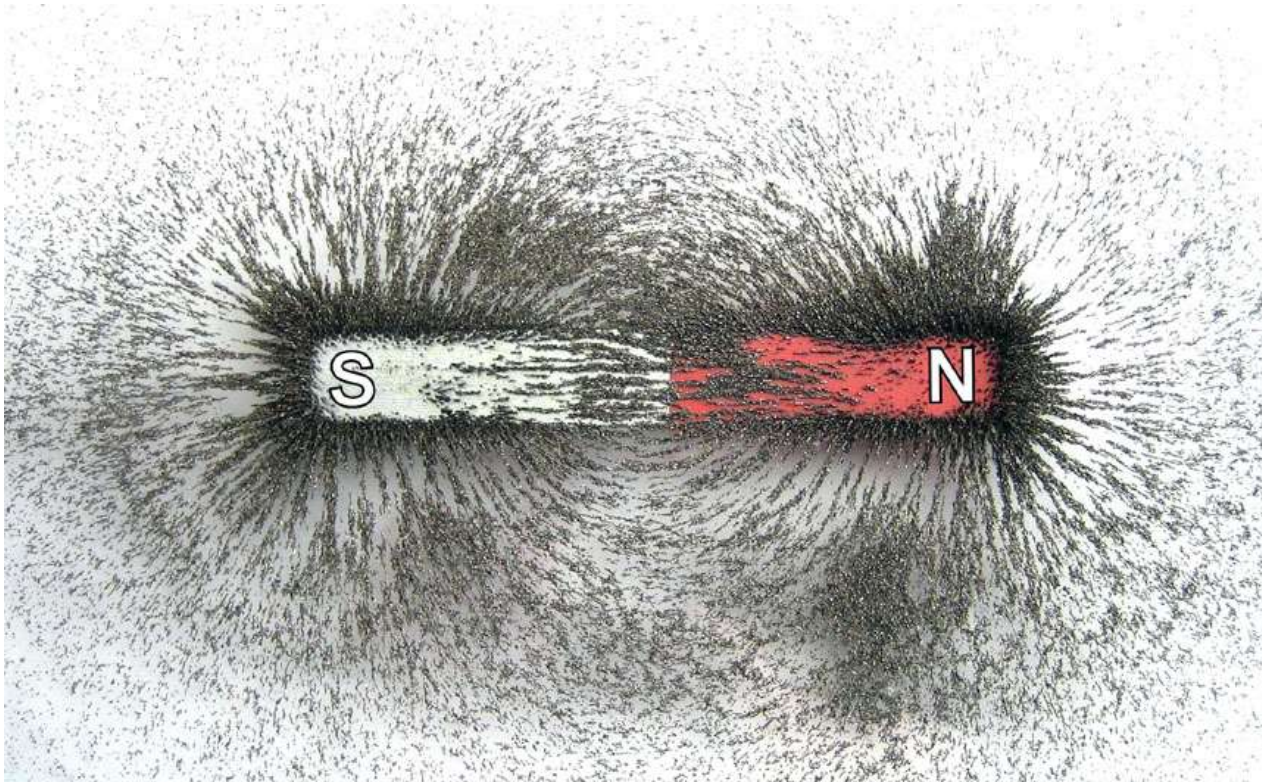


What is going on?

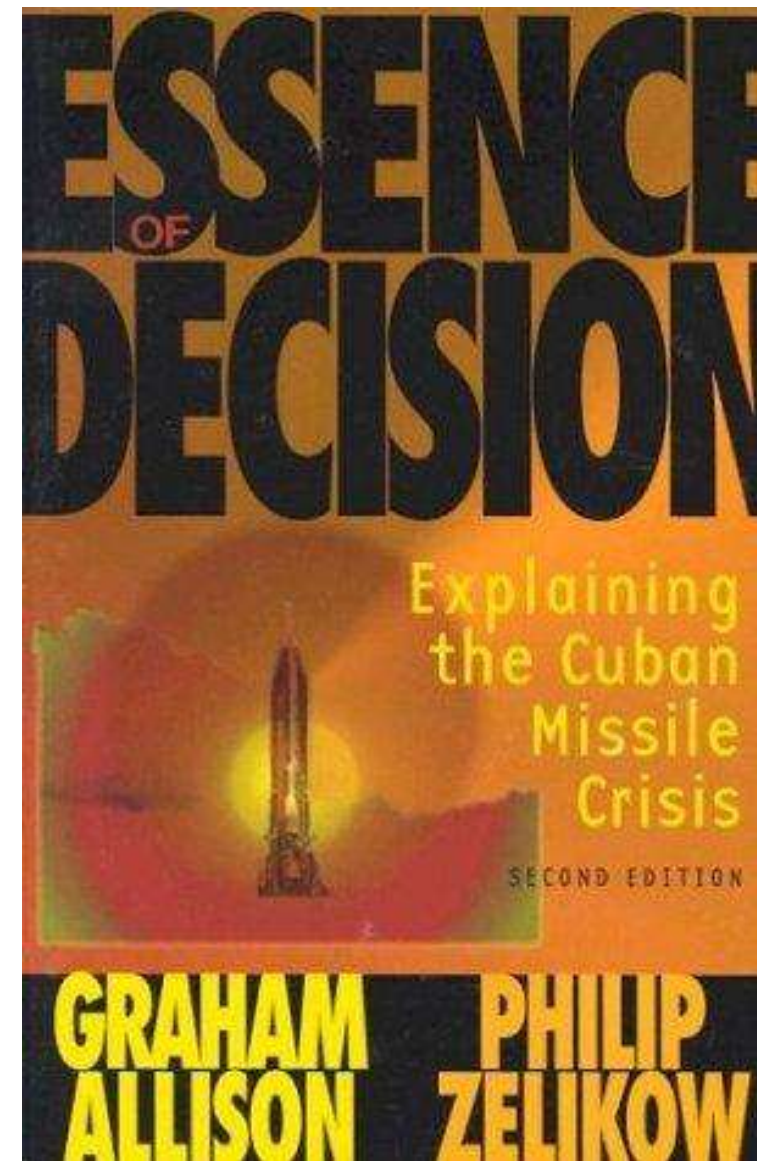
- » Let's return to our simple questions:
- » 1) **Why** is there an apparent stoppage in Chinese REE exports?
- » 2) **Who or what** is responsible for the apparent stoppage?
- » 3) **How** might you explain their actions?

What is going on?

- » How can we be more subtle or explicit about what is going on?
- » Add new theories!



What is going on?



Model 1: The Rational or “Unitary Actor” Model



Model 1: The Rational/Unitary Actor

» MODEL 1: The Rational/Unitary Actor

- **The Unit of Analysis** is a single, optimizing, truthful actor – it is a “rational, unitary actor” that makes “decisions”
- This model assumes that the actor has complete information
- Here, a country is a “black box” that processes information using rational and transparent rules



Model 1: The Rational/Unitary Actor

- » It explains a **country's actions** in terms of an ideal entity that:
 1. Clarifies all its goals
 2. Investigates all alternatives
 3. Prioritizes these goals and alternatives
 4. Calculates the consequences of different actions
 5. Selects a policy
 6. Implements that policy, and then monitors it for goal achievement
- » Many people in business think this way about foreign affairs
- » In other word, this is where most people stop their analysis!

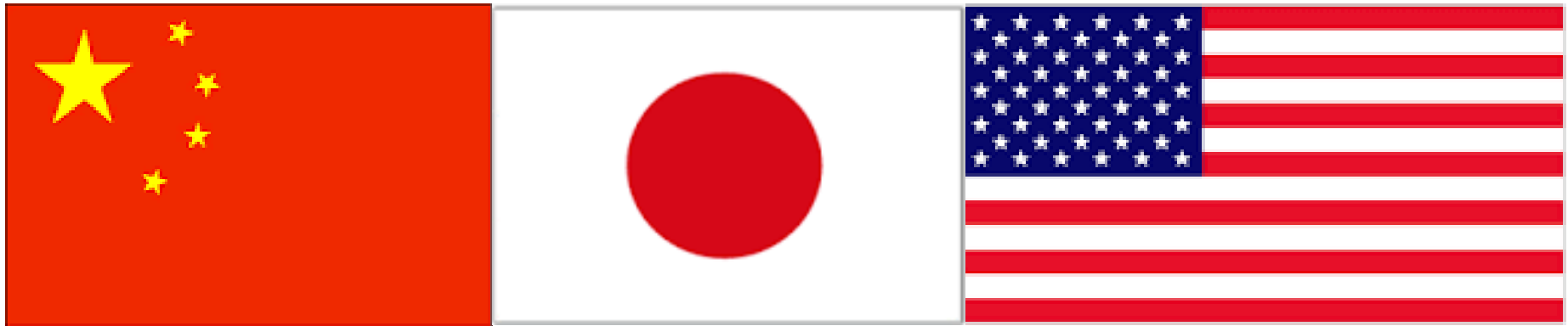
Model 1: The Rational/Unitary Actor

» In the Rational/Unitary Actor Model, the world is a chess board



Model 1: The Rational/Unitary Actor

» Using Rational/Unitary Actor Model, identifying the actors here is pretty simple:



Model 1: The Rational/Unitary Actor

» Story 1 – page 1

HONG KONG — Sharply raising the stakes in a dispute over Japan's detention of a Chinese fishing trawler captain, the Chinese government has blocked exports to Japan of a crucial category of minerals used in products like hybrid cars, wind turbines and guided missiles.

Chinese customs officials are halting shipments to Japan of so-called rare earth elements, preventing them from being loading aboard ships at Chinese ports, industry officials said on Thursday.

On Tuesday, Prime Minister Wen Jiabao personally called for Japan's release of the captain, who was detained after his vessel collided with two Japanese coast guard vessels about 40 minutes apart as he tried to fish in waters controlled by Japan but long claimed by China. Mr. Wen threatened unspecified further actions if Japan did not comply.

A Chinese Commerce Ministry spokesman declined on Thursday morning to discuss the country's trade policy on rare earths, saying only that Mr. Wen's comments remained the Chinese government's position. News agencies later reported that Chen Rongkai, another ministry spokesman, had denied that any embargo had been imposed.

Any publication of government regulations or other official pronouncements barring exports would allow Japan to file an immediate complaint with the World Trade Organization, alleging a violation of free trade rules. But an administrative halt to exports, by preventing the loading of rare earths on ships bound for Japan, is much harder to challenge at the W.T.O.

The United States, the European Union and Mexico brought W.T.O. complaints against China last November after it issued regulations limiting the export of yellow phosphorus and eight other industrial materials. American trade officials have been considering for months whether to challenge China's longstanding and increasingly tight quotas on rare earth exports as well.

Model 1: The Rational/Unitary Actor

» Story 2 - page 8

So far, **China** seems to be taking a similar approach in expanding the embargo to the West.

Wang Baodong, a spokesman for the Chinese Embassy in Washington, said on Tuesday that the Chinese government was putting new restrictions on the mining, processing and export of rare earths to protect the environment. But he said that China was not violating any W.T.O. rules in doing so and that it was not imposing an embargo or trying to use rare earths as a bargaining chip.

“With stricter export mechanism gradually in place, outbound shipments to other countries might understandably begin to feel the effect,” Mr. Wang said in an e-mail. “But I don’t see any link between **China’s** reasonable rare earth export control policy and the irrational **U.S.** decision of protectionist nature to investigate China’s clean energy industries.”

» Story 3 - page 12

Because the **United States** and **Europe** mainly buy highly processed rare earth powders from **China**, the customs policy of blocking shipments of raw rare earths had a limited, mostly symbolic effect. **Japan**, in contrast, is the biggest importer of raw rare earths and tends to process them into industrial materials. So **Japan** is more dependent on the materials affected by **China’s** tightening quotas.

Model 1: The Rational/Unitary Actor

» Story 4 - page 14

The blocked shipments of minerals known as rare earths, despite previous signals that China was lifting the ban, could increase tensions at the meeting of the Group of 20 leading economic powers, now under way in Seoul, South Korea. And it could place China at odds with Germany, which has been an outspoken critic of the rare earths policy but has recently been an ally of China's on a separate matter that is a hot topic for the G-20 — the weak United States dollar.

» Story 4 - page 16

Japan, the biggest importer of rare earths, is still asking China to clarify and correct the situation, the official said. He added that it was Japan's understanding that the United States shared its concern over China's action, and would continue to seek opportunities to discuss and cooperate on the issue.

Model 1: The Rational/Unitary Actor

» Headlines tend to reinforce a Model 1 view of the world!

The New York Times

GLOBAL BUSINESS

Amid Tension, China Blocks Vital Exports to Japan

The New York Times

GLOBAL BUSINESS

China Said to Widen Its Embargo of Minerals

By KEITH BRADSHAW

The New York Times

Energy & Environment

China Is Said to Resume Shipping Rare Earth Minerals

The New York Times

GLOBAL BUSINESS

China Still Bans Rare Earth to Japan

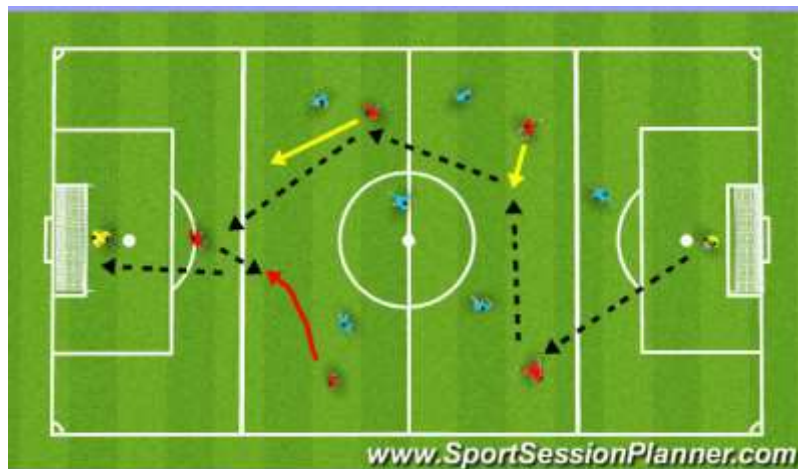
By KEITH BRADSHAW

Model 1: The Rational/Unitary Actor

- » Countries are big and complex
- » Is the Rational/Unitary Actor model completely consistent with big organizations that you know well?



Model 2: Organizational Process



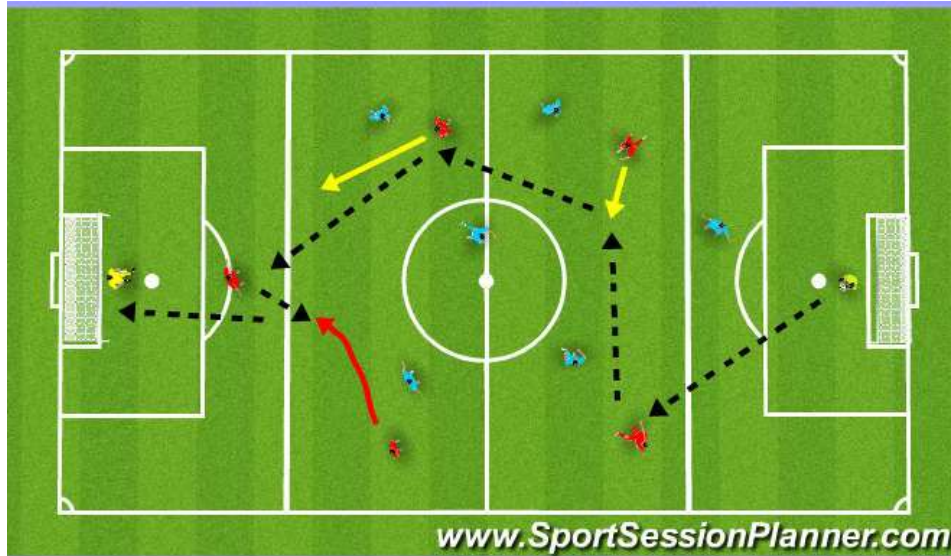
Model 2: Organizational Process

» **MODEL 2: Organizational Process**

- » **Unit of Analysis:** in this model, you take into consideration the Rational Actor's formal parts (e.g. Ministries or departments)
- » We still assume that goals and objectives of the central actor are clear and uniform
- » But each part has "Standard Operating Procedures" ("SOPs")telling them what to do and how to do it
- » In short, the part are not perfect or unconstrained: they "satisfice"
- » i.e. they pursue a course of action that will satisfy the minimum requirements necessary to achieve a particular goal.
- » It also accounts for "the bureaucratic dynamic".

Model 2: Organizational Process

- » The Organizational Process Model reminds you that governments have parts, and each player on the team has a limited “playbook” and training



- » Examples of Organizational Process thinking: “That’s just the way the Ministry of X does things”, or “That task isn’t exactly what the Regulator was built to do”

Model 2: Organizational process

» Under Model 2, who are the **Actors** in this case?



MINISTRY OF COMMERCE
OF THE PEOPLE'S REPUBLIC OF CHINA



中华人民共和国
环境保护部

Ministry of Environmental Protection
The People's Republic of China



中华人民共和国工业和信息化部
Ministry of Industry and Information Technology of the People's Republic of China



Model 2: Organizational process

» Organizations mentioned as actors:

- Chinese Customs Agency
- Chinese Port officials
- Chinese Commerce Ministry
- Chinese Ministry of Industry and Information Technology
- WTO
- US House Committee on Science and Technology
- US House Armed Services Committee
- US Defense Department
- Japanese Foreign Ministry
- Central Committee of CCP
- The European Union
- Office of the US Trade Representative
- G20
- APEC

Model 2: Organizational process

- » What evidence in the *New York Times* stories support a Organizational Process explanation of these events?

Model 2: Organizational process

» Story 1 - page 1

HONG KONG — Sharply raising the stakes in a dispute over Japan's detention of a Chinese fishing trawler captain, the Chinese government has blocked exports to Japan of a crucial category of minerals used in products like hybrid cars, wind turbines and guided missiles.

Chinese customs officials are halting shipments to Japan of so-called rare earth elements, preventing them from being loading aboard ships at Chinese ports, industry officials said on Thursday.

On Tuesday, Prime Minister Wen Jiabao personally called for Japan's release of the captain, who was detained after his vessel collided with two Japanese coast guard vessels about 40 minutes apart as he tried to fish in waters controlled by Japan but long claimed by China. Mr. Wen threatened unspecified further actions if Japan did not comply.

A Chinese Commerce Ministry spokesman declined on Thursday morning to discuss the country's trade policy on rare earths, saying only that Mr. Wen's comments remained the Chinese government's position. News agencies later reported that Chen Rongkai, another ministry spokesman, had denied that any embargo had been imposed.

Discrete parts of “China” or the “Chinese government” are mentioned almost immediately!

Model 2: Organizational process

» Story 1 - page 1

HONG KONG — Sharply raising the stakes in a dispute over Japan's detention of a Chinese fishing trawler captain, the Chinese government has blocked exports to Japan of a crucial category of minerals used in products like hybrid cars, wind turbines and guided missiles.

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A Chinese Commerce Ministry spokesman declined on Thursday morning to discuss the country's trade policy on rare earths, saying only that Mr. Wen's comments remained the Chinese government's position. News agencies later reported that Chen Rongkai, another ministry spokesman, had denied that any embargo had been imposed.

Mixed messages: maybe bureaucrats improvise badly!

Model 2: Organizational process

Strange?! How can you explain these inconsistencies?

» Story 2 - page 7

A few rare earth shipments to the West have been delayed by customs officials in recent weeks, said industry officials in China, Japan and the United States. But new restrictions on exports appear to have been imposed on Monday morning.

Industry executives said there had been no signal from Beijing of how long rare earth shipments intended for the West would be held by Chinese customs officials. A few shipments are still being allowed out of the country for reasons that remain unclear: a fourth rare earth industry official said on Wednesday that one of the 32 authorized rare earth exporters in China had been allowed to export one container of rare earths to the West on Tuesday and hoped to be allowed to ship another on Thursday.

Are these anomalies evidence of very subtle games and messages from Beijing, or just evidence that Chinese Customs is having problems changing the Standard Operating Procedures at short notice?



Model 2: Organizational process

Wait a minute.....



» Story 1 - page 1

HONG KONG — Sharply raising the stakes in a dispute over Japan's detention of a Chinese fishing trawler captain, the Chinese government has blocked exports to Japan of a crucial category of minerals used in products like hybrid cars, wind turbines and guided missiles.

“JAPAN’s detention of a Chinese fishing boat”?! Isn’t it at least possible that the Japanese Coast Guard was just following their SOPs and not a conscious agent of a Rational, Unitary Actor, “Japan”?

Model 2: Organizational process

» Story 2 – page 7

The signals of a tougher Chinese trade stance come after American trade officials announced on Friday that they would investigate whether China was violating World Trade Organization rules by subsidizing its clean energy exports and limiting clean energy imports. The inquiry includes whether China's steady reductions in rare earth export quotas since 2005, along with steep export taxes on rare earths, are illegal attempts to force multinational companies to produce more of their high-technology goods in China.

Similarly, could it be “Standard Operating Procedure” of the Chinese Trade Ministry to use whatever “issue linkage” is handy to gain leverage in their current negotiations? In other words, are you SURE that there is a central actor “pulling the strings”?

Model 2: Organizational process

» Story 4 – page 15

But a day later, Chinese port officials quietly began blocking the loading of ships with containers of rare earths destined for Japan. That reversal came after high-level China-Japan talks in Hanoi on Oct. 29 failed to produce a thaw in bilateral relations, industry executives and analysts said.

Several industry executives said that they had initially interpreted the port difficulties as a minor logistical problem and a coincidence. This week, though, they say it appears to be a continuation of a ban that began seven weeks ago.

Industry and Government “insiders” – correctly or incorrectly - very often interpret apparent anomalies using an Organizational Process Model.

Model 2: Organizational process

» Are you satisfied?



Model 3: Personal & Bureaucratic Politics



Model 3: Personal & Bureaucratic Politics



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» MODEL 3: Personal & Bureaucratic Politics

- **Unit of Analysis:** the focus of the of the Bureaucratic Politics model is **key individuals or groups with conflicting interests**
- Forget “The national interest” and “Standard Operation Procedures”! Focus on the narrow interests individuals and groups (formal or informal)
- This model includes formal and informal power, and it allows for covert alliances, deception and personal ambition
- Private interests often differ from the public positions and the stated goals of the organization or the nation

Model 3: Personal & Bureaucratic Politics

» MODEL 3: Bureaucratic Politics

- Here, an **organization's actions** result from political bargaining among key players based on their independent interests
- Actions are often explained as the first course that all the key players can agree to do together
- In the Personal & Bureaucratic Politics Model, the world is a “Poker Game”!



Model 3: Personal & Bureaucratic Politics

» Using the Personal & Bureaucratic Politics Model, who are the **Actors**?

» Individuals:

- Prime Minister Wen Jiabao
- Prime Minister Naoto Kan
- Secretary of State Hilary Clinton
- “Economic nationalists” in the CCP
- 32 Chinese REE Authorized Exporters!
- Customs officials all over China
- Plus “Smugglers”
- Consultants to the REE industry

» Other Private Actors:

- East China Exploration and other Chinese companies
- Toyota and other Japanese companies
- Molycorp, Northern Uranium of Australia, Lynas, Arafura and other Western companies
- Chambers of Commerce
- *The New York Times* itself?

Can we infer more actors who are “off stage”?

Model 3: Personal & Bureaucratic Politics

- » What evidence in the *New York Times* stories support a Bureaucratic Politics explanation of these events?



Model 3: Personal & Bureaucratic Politics

» Apparent **deception** is everywhere: Story 1 – page 1

A Chinese Commerce Ministry spokesman declined on Thursday morning to discuss the country's trade policy on rare earths, saying only that Mr. Wen's comments remained the Chinese government's position. News agencies later reported that Chen Rongkai, another ministry spokesman, had denied that any embargo had been imposed.

» Why?

Any publication of government regulations or other official pronouncements barring exports would allow Japan to file an immediate complaint with the World Trade Organization, alleging a violation of free trade rules. But an administrative halt to exports, by preventing the loading of rare earths on ships bound for Japan, is much harder to challenge at the W.T.O.

The United States, the European Union and Mexico brought W.T.O. complaints against China last November after it issued regulations limiting the export of yellow phosphorus and eight other industrial materials. American traders have been considering for months whether to challenge China's longstanding and increasing restrictions on rare earth exports as well.

Notice how a feature of Model 2 (rules and procedures of the WTO) may be an explanation of Model 3 (apparent deception).

Model 3: Personal & Bureaucratic Politics

» And of course deception continue through the whole incident

» Story 2 – page 7

Without mentioning whether customs officials were interfering with statements to the West this week, the statement also said that, “China will continue to export rare earth to the world, and at the same time, in order to conserve exhaustible resources and maintain sustainable development, China will also continue imposing relevant restrictions on the mining, manufacture and export of rare earths.”

» Story 3 – page 11

In recent weeks, senior Chinese commerce ministry officials have insisted that they had not issued any regulations halting shipments. They have suggested at various times — implausibly, in the view of industry executives — that the halt resulted from a spontaneous and simultaneous decision by the country’s 32 authorized rare earth exporters not to make shipments, whether because of a deterioration in Sino-Japanese relations or a greater thoroughness on the part of customs inspectors.

Beijing denies an REE embargo was declared from start to finish

Model 3: Personal & Bureaucratic Politics

» Story 2 – page 7

Industry executives said there had been no signal from Beijing of how long rare earth shipments intended for the West would be held by Chinese customs officials. A few shipments are still being allowed out of the country for reasons that remain unclear: a fourth rare earth industry official said on Wednesday that one of the 32 authorized rare earth exporters in China had been allowed to export one container of rare earths to the West on Tuesday and hoped to be allowed to ship another on Thursday.

» Story 3 – page 12

The Chinese government assigns its quotas to the authorized exporters, who often trade those rights like commodities. As recently as 2008, the quota rights themselves had no market value. But lately, with rising demand, the value of the remaining quotas has soared to the point that the right to export a single ton of rare earths from China now sells for about \$40,000, including special Chinese taxes.

What are the quota holders' and REE miners' interests? How well do they align with "China's interests"?

Model 3: Personal & Bureaucratic Politics

» Story 1 – page 4/5

Japanese companies are now setting up rare earth processing factories in northern Vietnam, partly to use small reserves of rare earth elements found there but also to process rare earth elements smuggled across the border from southern China. But the Chinese government has been rapidly tightening controls on the industry in the last four months to try to limit smuggling.

What are smugglers' interests? Do they align with "China's"?



I hope ten more fishermen get grabbed!

Model 3: Personal & Bureaucratic Politics

Think again about all of those “Model 2” actors and all those “anomalies” about problems enforcing regulations at the ports.

What are the individual interests of:

- **Customs Officials?**
- **Environmental inspectors?**
- **Domestic manufacturers that use REEs?**
- **Local government officials with mines in their districts?**
- **Everybody’s cousins?!**
- **Do they align? Are they the same as “China’s”?**

Model 3: Personal & Bureaucratic Politics

- » Where did Model 1's rational and unified "China" go?!
- » Are you still comfortable thinking of countries as single actors calculating each move on a global chessboard?



Models Summary

Models	1 - Rational Actor	2 - Organizational Behavior	3 - Personal & Bureaucratic Politics
Theme	<p>National government is a monolithic block: a single actor with Rational behavior:</p> <ul style="list-style-type: none">• Value-maximizing• Weighing pros & cons• “WHY?”	<p>National government is combination of Organizations: Not a monolithic block</p> <ul style="list-style-type: none">• Organizational context and its pressures seek to get to know “HOW?”	<p>The national government is composed of key players.</p> <ul style="list-style-type: none">• Action as a result of bargaining. Thus, “WHO is in?” is the key question

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Key Concepts	Governmental action as rational choices; Forecasts goals based on observed, supposedly rational Actions (“ Chess ”).	Standard operating procedures (SOPs); Bounded rationality. Predict or explain actions based on existing SOPs or “plays”. (Football).	Stakeholders; power; position in “ Poker game”; action channels; excess of “pulling and hauling”. Predict actions based on power of stakeholders.


Words of warning...

- » The models are complementary!
- » Notice how your conscious or unconscious model often influences what you notice or what counts as evidence!

Expectations shape perception



Expectations shape perception



I got a dig bick

Expectations shape perception



I got a dig bick
You that read wrong

Expectations shape perception



I got a dig bick
You that read wrong
You read that wrong too

Words of warning...

- » The models are complementary!
- » Notice how your conscious or unconscious model often influences what you notice or what counts as evidence!
- » Beware “Homo Economicus” – purely rational models of others
- » “How do you know he’s a fundamentalist?”
- » **REMEMBER: Passions** also play a role in decision-making
- » Pride, fear and humiliation routinely affect geopolitics! **It is irrational to assume that everyone is always “rational”!**
- » Culture and identity matter, too!



Thank you! – Questions?

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