THE RISE OF CHINA IN ASIA: SECURITY IMPLICATIONS

Edited by
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January 2002

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FOREWORD

In March 2001, the U.S. Army War College, the Triangle Institute for Security Studies, and Duke University's Program in Asian Security Studies cosponsored a conference in Chapel Hill, North Carolina. The conference examined the security implications of the rise of China for the international community in general and for the United States in particular.

This book, which includes an introduction and 12 presentations from the conference, comprises some of the major findings of participants and attendees. Sections of the book address China as a rising power, China as a security threat, the other Asian powers in relation to China, the flashpoints in East and South Asia, and Sino-American relations.

The Strategic Studies Institute is pleased to publish this volume as a contribution to the debate on China's increasing role on the world scene.

DOUGLAS C. LOVELACE, JR.
Director
Strategic Studies Institute

CHAPTER 1

INTRODUCTION

Carolyn W. Pumphrey

INTRODUCTION

On March 2-3, 2001, the U.S. Army War College, the Triangle Institute for Security Studies, and Duke University's Program in Asian Security Studies cosponsored a conference in Chapel Hill, North Carolina. The purpose of the conference was to examine the security implications of the rise of China for the international community in general and for the United States in particular. This introduction will synthesize some of the main findings of conference participants and attendees.

IS CHINA RISING?

China boasts the oldest continuous civilization in the world and has been a major power for most of its history. Although China suffered a period of decline in the late 19th and early 20th centuries, recent decades have seen a remarkable resurgence of Chinese prosperity and power. Five years ago analysts were confidently predicting that China would be the giant of the new century.[1] Today, this is less clear. The first task of the conference was, consequently, to ascertain whether or not it is still appropriate to speak of the rise of China.

All agreed that China has made tremendous economic progress since the 1970s when it was one of the world's least developed countries. By the end of the 20th century, it had one of the largest economies in the world (between the

seventh and the second largest, depending upon what sources you consult). In terms of population, it clearly ranks among the great powers. In July 2000, its population was estimated at 1,261,8332,482 people. China is also a rising military power, allocating an increasing amount of its budget towards military modernization and placing increasing stress on the use of force.

China successfully weathered the economic crisis of 1997-98 and does not appear to be in imminent danger of economic stagnation or decline. The future, however, is less certain. Some conference participants prophesied a continued rise in Chinese economic power, while others anticipated the possibility of a dramatic fall (the most likely date for which would be between 2005 and 2010). In the final analysis, we do not know whether China will rise or fall. We would do well to heed the warnings of Kurt Campbell who stressed the disastrous track record of hegemonic prophecies. Over the course of the last half-century, the Soviet Union (1970s), Japan (1980s), China (late 1990s), and most recently India, were hailed as the up-and-coming economic superpowers. American economic power was widely expected to collapse. All of these predictions proved to be unfounded.

ARE GREAT POWER TRANSITIONS THREATENING?

Closely related to the question of whether or not China is a rising power is the question of whether or not the rise of a great power poses a challenge to international security. The answer given at the conference was that *any* change in the balance of power is likely to cause a certain amount of instability as states seek to adjust themselves to the new order. However, *increased* power does not necessarily mean *increased* threat.

Great power transition theories suggest that changes in the balance of power have the potential to disrupt the international order. Conference participants tended to

agree with this generalization. John Garver confirmed that states do go to war to preserve a favorable "structure" of power. The Chinese and the Indians, for example, both believe that their security depends on whether or not they can maintain advantageous positions in key parts of the South Asian Indian Ocean Region. If they think that they are losing their advantage, they may feel compelled to "defend" themselves by going to war.

On a slightly different note, Tsuneo Watanabe pointed out how the collapse of the Soviet Union contributed to rising Sino-Japanese rivalry. Each nation now came to view the U.S. presence in East Asia in a very different way. The Japanese sought to increase military ties with the U.S. and thereby increase their national security. The Chinese, by contrast, hoped that the U.S. would help contain the growth of Japanese power. Kurt Campbell emphasized yet another very important point. The decline of a so-called minor power can be as destabilizing as the decline of a great power. Indonesia, for instance, was the driving force behind multilateralism in Asia. Asia generally lacks formal institutions capable of dealing with either abrupt or subtle shifts in the international balance of power. The collapse of Indonesian power thus added to an already considerable problem.

Interestingly, however, there does not appear to be a precise correlation between increased power and increased threat. Certainly, conference participants differed as to what might result from China's continued economic rise. On the one hand, Joseph Grieco expressed a concern that increased wealth would merely serve to increase Chinese capabilities. Some international relations theories suggest that as a nation becomes more prosperous and more integrated into the world economy, it will become more democratized and more anxious to preserve the world order that has made its prosperity possible. However, evidence from China seems to contradict this. China has indeed become wealthier over the last decades, but this has not prevented it from wanting to change the *status quo* in Asia.

This suggests that increased Chinese wealth will not necessarily result in decreased Chinese aggression.

On the other hand, Michael Chambers was equally worried about the possibility of a Chinese decline. He argued that economic failure would undermine the legitimacy of the current regime. A new regime would, in all likelihood, be more nationalistic and more apt to make a scapegoat of the West. While a weaker China would have more limited capabilities, a weaker China might also have more aggressive intentions. Cost benefit analysis suggests, in short, that world order would not necessarily be well served by Chinese decline.

THREAT EVALUATIONS: ANALYTICAL PROBLEMS

The main purpose of the conference was to evaluate the threat posed by China to international security. Threats result from the combination of hostile intentions and credible capabilities.[2] Consequently, both must be assessed. A persistent, although not always explicit, theme of the conference was the difficulty of this task. The problems included the following.

Limited Access to Information.

Our access to information concerning China is still relatively limited. Despite the fact that China has reformed rather dramatically in some economic areas, it remains in the control of a secretive and authoritarian regime. In some ways, as David Lampton pointed out, our situation is even worse now than it was in the time of Deng Xiaoping, who at least had developed ties with the United States during World War II and who had exposed his junior officers to the West. The gaps and uncertainties in our information inevitably complicate the task of threat evaluation.

Complexity of Asia.

Asia is difficult for us to understand. It is an enormous and complex part of the world, but we must also bear in mind, as Sumit Ganguly, Tsuneo Watanabe, and others warn us, that no one Asian nation speaks with a single voice. We must always take into account the existence of multiple perspectives. To make matters worse, the problems in the region are all inextricably linked. We focus on one area, to the exclusion of others, at our peril.

Human Errors.

Analysis is further handicapped by human errors. Two kinds of "mind-forged manacles"[3] stand out. They are ethnocentrism and *gestalt*. In the case of the former, our preoccupation with the Western world has contributed to our failure to understand China. In the case of the latter, as John Garver observed, we all have a tendency to fit facts into our preconceived ideas. Evidence of this abounds, whether we are talking of Asians who persist, contrary to all evidence, in seeing American decline where there is none, or Americans who see Taiwanese flexibility where the Chinese see Taiwanese intransigence.

Baffling Intentions.

It is particularly difficult to interpret intentions. China's intentions are neither obviously hostile nor obviously aggressive. It does not *appear* to have hegemonic ambitions. Its stated preference is to preserve the *status quo*. However, there are some contrary indications, such as its development of a nuclear warfighting doctrine and its territorial claims to the Spratly Islands. Perhaps the Chinese *do* have hegemonic ambitions and are deceiving us into thinking that they do not. Perhaps they really do not know what they intend. Perhaps the inconsistencies reflect division of opinion within China. Perhaps their intentions are mercurial.

We might hope to find a key to China's intentions in China's past. Unfortunately, as historian Michael Howard once wrote, "History, whatever its value in educating the judgment, teaches no 'lessons'. . . . The past is infinitely various, an inexhaustible storehouse of information from which we can prove anything or its contrary."[4] This is very much true here. The Confucian tradition, with its strong stress on the role of restraint and morality in war is evident in China's history.[5] But so, too, are *realpolitik* and *machtpolitik*. We cannot deduce from China's ambiguous past specifics about its future intentions. Indeed, the inconsistencies in its behavior should make us guarded about leaping to conclusions.

Intentions and Capabilities.

Two final points should be made about capabilities and intentions. First of all, nations do not have to be intentionally aggressive to pose a security threat. John Garver spoke of security dilemmas whereby nations arm to defend themselves against *what might happen*. In so doing, they become a threat to their own neighbors, regardless of whether or not they have aggressive designs against them. In short, capabilities are a threat regardless of intentions.

Second, the perception of threat can matter as much as the reality. Emerson Niou, for example, noted the significance of perception in the standoff between the People's Republic of China (PRC) and the Republic of China (ROC). The *perception* of what the United States will or will not do to defend Taiwan plays a crucial role in determining how far China and Taiwan are prepared to go in securing their own goals.

ASIAN PERCEPTIONS

If we are to understand whether or not China is a threat to the world order, it is important that we pay attention to the perspectives of its Asian neighbors. This will serve as a useful counterweight to our naturally ethnocentric

propensities. China is fringed by three great powers—Japan, India, and Russia—all of whom might have reason to fear a challenge to their security. There are also numerous small powers in the region that might have reason to fear Chinese ambitions. What will their reactions be to the growth of Chinese power?

Positive Views of China.

For the moment at least, China is a continental power.[6] Although it does have some long-range nuclear weapons, it has little ability, beyond this, to project its power *globally*. It is geared, as Chambers observed, to defending the Chinese mainland from attack. China lacks a blue water navy and has no aircraft carriers. Its air force is rather antiquated and lacks long-range capabilities. It does have enough military power, especially in the form of short-, medium-, and intermediate-range missiles, to present a substantial *regional* threat. Interestingly, however, most Asian nations do not seem to perceive China as dangerous. They recognize China's economic and military power and even defer to China's wishes. But they apparently do not see China as a security threat.

This confidence would appear to derive from a perception that Chinese intentions are largely nonaggressive. A number of things have contributed to this perception. In the first place, China has played a rather constructive role in the region in recent decades. It provided aid to Asian countries (notably Thailand and Indonesia) during the economic crisis of the 1990s. It has made efforts to work with other Asian nations to deal with common problems, including transnational threats, religious fundamentalism, and piracy in the South China Sea. Relations with its neighbors have improved since the 1990s, thanks to diplomatic initiatives and confidence and security-building measures.

Chinese foreign policy has also become more pragmatic in recent decades. China (perhaps simply because the

opportunities no longer present themselves) no longer threatens its neighbors by supporting communist insurgencies. It has mended some fences with South Korea. It is, according to Susan Shirk, willing to lower the profile of its relationship with the Pakistanis in order to improve relations with India. It has entered into what Yu Bin called a "marriage of convenience" with Russia, despite the growing ideological divide between the two nations. It has also shown considerable powers of restraint when provoked. The fact that China no longer seems to be guided by crusading impulses doubtless contributes to the limited sense of threat felt by its neighbors.

Asians are certainly also aware that the Chinese can ill afford to be too ambitious at present. The Chinese government faces a number of quite serious domestic problems, ranging from discontented ethnic and religious minorities to social unrest among peasants and workers. For China to alienate its neighbors under these circumstances would be to court disaster. All in all, therefore, one can see why most of China's neighbors do not fear its rise.

Exceptions.

There are, of course, some exceptions. Three nations remain deeply suspicious of China: Taiwan, India, and Japan.

*Taiwan***.** Both China and Taiwan have mutually incompatible goals. China still insists on eventual reunification with Taiwan, while Taiwan wants *de facto* if not *de jure* independence. China has not renounced the use of force and, while it may not have the ability to enforce its will, it already has the power to inflict extensive material and economic damage on the island.

*India***.** According to Sumit Ganguly, many Indians see China as a *Bête Jaune*. The earlier confidence that India did not need to rely on force and that the Himalayas were

impassable was shattered by the Sino-Indian War of 1962. China has not only grown in economic and military power, it has also been successful in developing diplomatic relations with neighboring states such as Burma, threatening India with possible encirclement. Not all Indians have equally serious misgivings about China, however. Extremists believe that the solution lies in an India that "bristles with missiles," while the Bharatiya Janata Party (BJP) balances a respect for Chinese achievements with confidence in India's potential. The Indian National Congress Party, on the other hand, is profoundly terrified of China.

Japan. The Japanese also view China as a threat, though not, perhaps, to the same extent as the Indians and Taiwanese. Their sense of insecurity stems from the hostility that the Chinese still feel towards the Japanese for their wartime atrocities. The younger generation of Japanese, in their turn, are angered by China's unwillingness to forgive and forget, and are increasingly disturbed by Chinese civil rights abuses. Fears of China are aggravated by the fact that, contrary to their expectations, the Japanese have not emerged as the leading world economic power and remain largely dependent on the US for their security needs.

CHINA AND WORLD STABILITY

Asian nations do not, in general, perceive China as a great threat to their individual security interests. Does this mean that China is not a threat to global security?

Clearly, it must be recognized that the Chinese have often played a constructive role on the world scene. We have already noted that the Chinese enjoy good relations with many of their Asian neighbors and, as Kurt Campbell observed, this is a necessary ingredient of world stability. China has shown itself to be a constructive force in other ways as well. Andrew Scobell noted that its successful economic reforms serve as something of an inspiration. The lesson of what happens when you spend too much on the

military—Soviet collapse—combined with the lesson of what happens when you reform your economy—the rise of China—may well be the driving force behind the profound changes taking place in Kim Jong Il's North Korea. To be sure, China fosters multipolarity, which may not be what the United States wants, but this is not self-evidently a bad thing.

At the same time, China contributes in a number of ways to global instability. The threat it poses to the international anti-proliferation regime is perhaps the most obvious example. China is avidly seeking to buy weapons and still more avidly gathering advanced technological knowledge. Its developing ties with Russia, archenemy of the Cold War, is thus more than a little alarming. China has also sold nuclear technology to Pakistan and perhaps Iran, and missile technology to Iran, Libya, Syria, and Pakistan. This is all the more threatening in that none of these are especially stable states.

Flash points.

One way to gauge the impact of China on the world scene is to consider its role in key trouble spots in Asia: the Taiwan Strait, the Korean Peninsula, the South China Sea, and South Asia. All of these have emerged as dangerous flash points, where the balance could easily be tipped towards war, with disastrous implications for the world at large.

Taiwan. The Taiwan Strait is a particularly dangerous region, where there is much room for misunderstanding, and where conflict could very easily lead to a direct confrontation between the United States and China. Susan Shirk spoke of Taiwan as China's one blind spot. The Chinese have shown little ability to compromise over this issue and have made a number of threatening gestures, conducting military exercises in the Taiwan Straits in 1995-96 and claiming (February 2001) that they would not wait forever for an agreement on reunification. While it is possible to have sympathy for the Chinese perspective

(several participants noted that Taiwan has itself hardened its position over time), it cannot be said that China has done much to decrease tensions.

The Korean Peninsula. The Korea peninsula, as Andrew Scobell noted, is another "powder-keg" region. North Korea is a garrison-state, with formidable military forces and nuclear weapons. It has long desired to achieve reunification with South Korea by force or agreement. Tensions have recently been declining in the region and the outbreak of a major war now seems relatively unlikely. Nonetheless, there is still a good chance of smaller-scale conflict, which would almost certainly involve U.S. troops. China, however, seems to be playing a constructive role in the Korean peninsula at the present moment. Although at one time it hoped for reunification of the two Koreas under Pyonyang, it has improved relations with South Korea and now appears to be trying to maintain the *status quo* and to foster gradual, peaceful change.

South Asia. South Asia is another dangerous flash point. The quarrel between India and Pakistan over Kashmir is one that could escalate into a conventional or even a nuclear conflict. Tibet and Burma are both countries of great geopolitical significance to India and China and sources of potential conflict between the two nations. China's role in this region is somewhat ambivalent. Susan Shirk sees the Chinese as a primarily stabilizing force in the region. She offers the example of their mature response to India's explosion of a nuclear bomb. The Chinese first tried to persuade the Pakistanis not to test their bomb and then joined the US in Geneva in an effort to prevent a nuclear arms race. John Garver and Sumit Ganguly, in contrast, both make it clear that China has also contributed to the tensions in the region.

South China Sea. The South China Sea is a region where conflicts are currently more numerous than intense. China, Vietnam, the Philippines, Malaysia, and Brunei have claims to the many resource-rich islands in the area. They

also quarrel over issues like fishing rights and transboundary pollution. The area is also afflicted by piracy. While China is part of the problem—it is one of the nations claiming territory and resources—it must in fairness be said that it is also part of the solution. China is developing a regional code of conduct with ASEAN to govern disputes in the region. It is cooperating on resource management and other issues.

David Rosenberg does warn that the South China Sea could become a still more vital and tempestuous area in the future. China's dependency on oil from the Middle East is likely to increase if it continues to be interested in commercial expansion. Consequently, controlling the Strait of Malacca will be more crucial than ever. China, significantly, is developing an increased interest in sea power. While it currently recognizes the freedom of the seas, it is, as Michael Chambers says, by no means evident that it will continue to do so in the future. The situation could highly explosive were China to cut off vital energy supplies from East Asian nations.

THE UNITED STATES AND CHINA

No analysis of the security implications of the rise of China would be complete without taking a look at Sino-American relations. Conference participants seemed fairly much in agreement here. China is not, they argued, a direct military threat to the United States in the way that the Soviet Union was during the Cold War. The United States has vastly greater military power than does China. Indeed, though China is a nuclear power, some analysts believe that it does not at the moment have even a second-strike capability. The gap is likely to grow over time.

On the other hand, if we define our national security interests rather broadly, to include defense of our values, our way of life, and our allies, it must be conceded that China presents us with some significant challenges. Our concern for the furtherance of democratic values creates a

certain amount of cognitive dissonance when we deal with China. China is a potential threat to our economic dominance. As David Lampton pointed out, the heavy investment of other countries in China and the low pay of Chinese workers mean that we find it hard to compete in some industries. China also threatens some of our allies in Asia and we run the risk of losing credibility if we fail to stand up for their rights.

In addition, China works with other countries to try and thwart U.S. interests. It would like to minimize U.S. interests globally, although it has not, as yet, tried to organize an anti-American coalition. The budding Sino-Russian alliance deserves attention. If we are not careful, in the view of Yu Bin, these unwilling bedfellows will develop ever-closer military cooperation, which will arguably not serve the best interests of world security.

Finally, as we have already noted, the United States has a major military presence in the Far East. The United States might be drawn into a confrontation with China in Korea, or, more likely, over Taiwan. To this extent, China clearly is a potential threat to the United States.

U.S. Policy towards China.

China has not replaced Russia as a significant global threat. Equally clearly, however, Asia is a region in which the United States has important interests and which needs careful consideration. The final goal of the conference was to give some thought to what the United States should do to further its national interests and increase global security. For the most part, discussion at the conference focused on the policy known as strategic engagement, the very thorny debate over missile defense, and how best to deal with Taiwan. David Lampton stressed the fact that Americans are very much divided on policy issues, even within parties, and some of these divisions became clear at the conference.

Strategic Engagement. Strategic Engagement is a strategy whereby the United States and its partners seek to establish vigorous economic ties with China and to draw China into a variety of regional and global economic, political, and institutional arrangements. This strategy rests on the assumption that this interaction will bring about a China that is more accepting of the international order and more committed to bringing about changes through peaceful means. Americans have arguably followed this strategy since President Nixon opened the door to China in 1971. To ensure against problems, Americans have generally tried simultaneously to improve their relations with other Asian nations.

While conference participants seemed generally satisfied with strategic engagement, Joseph Grieco drew attention to a fundamental flaw in its logic. It is not true, he said, that a more prosperous and commercially engaged China will inevitably become a more peaceful and democratic China. We should be wary about implementing a strategy that will ensure that China becomes more capable while not ensuring that it will become more peaceful.

Missile Defense. Still more controversial were evaluations of the wisdom of U.S. plans to build strategic and theater missile defense systems. David Lampton tended to be supportive of the idea, though he recognized the need to lessen Chinese fears by, among other things, reducing American offensive missiles.

Other participants were much more critical and offered a wide range of reasons for their concern. Michael Chambers' chief concern was that reliance on high-tech missile defense systems, while simultaneously pulling back our conventional forces, would erode our regional alliance system in East Asia and undermine our credibility. Yu Bin believed that the Bush administration's determination to deploy missile defense would drive Russia and China towards a 1950s-style alliance at the expense of their

respective relations with the United States. Sumit Ganguly argued that implementing missile defense would incite the Chinese to modernize their nuclear forces, which would in turn provide ammunition for those in India who want to see an expansion of the Indian nuclear weapons and missile programs.

Taiwan. Emerson Niou addressed the complex Taiwan question, offering a defense of "strategic ambiguity." While some analysts believe that the United States should develop clear policy directives, Dr. Niou argued that strategic ambiguity is a constructive policy for the United States to follow. To commit the United States to oppose Taiwanese moves towards independence would only serve to encourage militant activity by China. Alternatively, to clarify policy in such a way as to give the advantage to the ROC might embolden Taiwan to assert its independence and result in violent reaction from the PRC. Strategic ambiguity, by keeping everyone guessing, acts as a double deterrent and has thus far helped to keep the peace.

Lessons.

As well as the more concrete proposals, conference participants offered a number of general principles as guidelines for action. Of these, four stand out. They can be summed up as follows:

1. *Know Thyself!* We should understand our limitations. The United States is only a fraction the size and contains only a fraction of the population of Asia. We should not assume too much about how far we can influence Asian politics or how fully we can grasp the intricacies of the social and political systems of China and its neighbors.

2. *Prepare for Multiple Contingencies!* We cannot know what will happen. While we can learn much from international relations theory and from history, we cannot predict the future.

3. *Remember Linkage!* We cannot afford to concentrate on bilateral relations with China. We must always consider this nation in the broader Asian context and consider how our policies will be received throughout the region.

4. *Cornered Tigers Leap!* China is fundamentally insecure and has an inflated sense of American power. The Chinese have concerns and worries at home and are under pressure from the international community. Little good is likely to come from provoking the Chinese or heightening their sense of unease.

CONCLUSION

So what *are* the security implications of the rise of China? The answers are far from certain. We are not sure whether Chinese economic and military power will continue to grow in the future. Nor are we sure whether a "rising" China will be a greater threat to world stability than a "declining" China. We are faced by considerable analytical challenges when trying to measure the Chinese threat. We must deal with the problems inherent to the task such as the need to overcome prejudice and the difficulty of determining intentions. We must also contend with the huge size and complexity of Asia, the problems of understanding a civilization very different from our own, and a regime that discourages the free flow of information.

Despite these uncertainties, conference participants did achieve some consensus. Two years ago, Paul Bracken, a political scientist at Yale, warned that the power balance of the world has changed. Asian countries (including China) have embraced modern military technology (including nuclear, biological, and chemical weapons) and may well attempt to use them. No one at the conference seemed to share Dr. Bracken's profound sense of alarm.[7] Almost all conceded that China has done many constructive things in the last few decades and has made substantial contributions to international security. There was wide agreement that China is seen in a positive light by most of

its neighbors and that China does not represent a direct security threat to the United States.

At the same time, no one denied that challenges remain. China is still dominated by a repressive regime whose values are at odds with our own. It has a blind spot in regard to Taiwan, where it has shown little or no ability to compromise. Consequently, a confrontation with the United States over the fate of this island, remains a dangerous possibility. To some degree, at least, China's ambitions are in conflict with our own. The Asian nation would like to reduce our global influence and is, increasingly, our economic competitor. There are, moreover, inconsistencies in China's current behavior which, combined with its past track record, make one hesitate to speak too confidently of its future intentions.

In the final analysis, China remains something of an enigma. Its ambiguous intentions, combined with its very real capabilities, make it a threat that should not be ignored. This does not mean, however, that we should exaggerate the "Yellow Peril." Precisely, because there are some very serious issues at stake, the United States must take care to be cautious, to consider Chinese vulnerabilities, and to make thoughtful policy decisions.

ENDNOTES - CHAPTER 1

1. See, for example, David Shambaugh, *Greater China: The Next Superpower*, Oxford: Oxford University Press, 1995.

2. This definition of threat is to be found in a variety of works on threat analysis and glossaries of military and intelligence terms.

3. Sumit Ganguly, following William Blake.

4. Michael Howard, *Lessons of History*, New Haven, CT: Yale University Press, 1992, p. 11. See also Warren I. Cohen, *East Asia at the Center: Four Thousand Years of Engagement with the World*, New York: Columbia University Press, 2000, p. 478.

5. Confucian thinkers stressed that warfare was a righteous activity, to be undertaken only to ensure self-preservation or to get rid of evil. *Sun Pin: Military Method*, with introduction and commentary by Ralph D. Sawyer, trans., Boulder, CO: Westview Press, 1995, p. 189.

6. This does appear to be changing, as Kurt Campbell and others noted.

7. Paul Bracken, *Fire in the East: The Rise of Asian Military Power and the Second Nuclear Age*, New York: Harper Collins Publishers, 1999.

Part I.
GREAT POWER TRANSITIONS

CHAPTER 2

CHINA AND AMERICA IN THE NEW WORLD POLITY

Joseph Grieco

INTRODUCTION

China is likely to be the great American foreign policy problem of the 21st century. The evidence suggests that China will probably be powerful enough to challenge America's preferred order in Asia and may, indeed, wish to do so. One of the interesting paradoxes of the time is that China, which has benefited from the Post-Cold War international system, appears, nonetheless, to be increasingly dissatisfied with the current world order. Indeed, it appears to be so deeply disenchanted with the East Asian political-territorial order that it might use force to alter it. Why might this be so? And how should the United States react to growing Chinese power and growing Chinese dissatisfaction?

The discussion that follows is divided into three parts. The first part presents evidence in support of the view that China is indeed a major winner in recent world affairs but is dissatisfied with the contemporary international (or, more precisely, the East Asian regional) status quo. The second part seeks to understand more fully *why* China is dissatisfied with contemporary world circumstances. Using a variety of international relations theories, it compares the foreign policy orientation of three major winners in recent world politics: China, Japan, and Germany. China's global orientation becomes clearer when seen in this comparative light.

The third part focuses on American policy towards China. It asks what America should do in response to the rise of China. America has had a long-standing and continuing strategy of engagement towards this country. However, the impact of that strategy is not altogether clear. Is it likely to produce a China that is more powerful, but also more democratic, more pacific, and more accepting of the international and regional status quo? Or will it result in a China that is more powerful and committed to revising the international status quo, through force if necessary? Is this policy of engagement constructive? In particular, what are the kinds of research questions that scholars of domestic and international relations should be asking, if they are to shed light on this issue?

I. THE PROBLEM

Chinese Economic Success, Chinese Political Dissatisfaction.

China has been a major winner in the contemporary world system. With the collapse of the Soviet Union, China has found itself in a highly favorable security environment. For the first time in modern Chinese history, no major state has the intention or capability of undertaking significant aggressive military operations against it.[1] Perhaps even more important than this is the fact that China has become one of the great economic growth machines of recent times. From the mid-1980s through the mid-1990s, for example, its real gross domestic product per capita grew at a rate of 6.9 percent per year, a growth experience exceeded by only two other countries during the same period: Thailand and the Republic of Korea.

China's overall growth remained robust even in the face of the terrible economic crisis that swept through East and Southeast Asia and other emerging markets during 1997 and 1998: its annual rate of growth in gross national product from 1997 through 1999, according to the World Bank, was about 7.9 percent per year. By 1999, China had

the seventh largest economy in the world, surpassed only by the United States, Japan, Germany, France, the United Kingdom, and Italy.[2] The Chinese population has enjoyed a spectacular improvement in its standard of living since the end of the 1970's, that is, since China began to integrate with the world economy. As the World Bank noted:

> Over the past 20 years, China achieved both an extraordinary decline in poverty and high levels of education and health status. In 1978, China was among the world's poorest countries, with 80 percent of the population having incomes of less than U.S.$1 a day and only a third of all adults able to read or write. By 1998, the proportion of the population with incomes less than U.S.$1 a day had declined to about 12 percent, life expectancy was an enviable 70 years, and illiteracy among 15 to 25 year-olds was about 7 percent.[3]

Indeed, sources such as the Central Intelligence Agency (CIA) and the World Bank, which based their estimates on purchasing power parity estimates, projected that by the year 2020 China might have the largest economy in the world. Such projections appeared still to be credible at the end of the 1990s.[4]

China's recent economic success can be traced to the structural reforms it undertook in the late-1970s. These reforms brought about the development of freer markets and substantial levels of privatization of national economic activity. The more purely domestic elements of the reform program have undoubtedly played a key role in China's economic transformation. However, other factors were at work, too. Chief among these was China's decision to open its economy in large measure to the world. This resulted in increasingly beneficial economic relations during the 1980s and 1990s. A lively trade developed between China and its East Asian neighbors, the countries of Western Europe, and especially the United States. Between 1989 and 1999, for example, China's exports grew from about $53 billion to about $163 billion (and that excludes exports from Hong Kong. As a result, by the end of the 1990s China had become the world's ninth-largest exporter.[5] China's trade with the

United States has been particularly fruitful. By 1999, according to Chinese figures provided to the International Monetary Fund, China enjoyed a trade surplus with the United States in the range of $22 billion.[6]

The figures above suggest that, while it is just now joining the World Trade Organization (WTO), China has been in recent years one of the biggest beneficiaries of the opportunities for trade that are provided by that regime. China has also been a major beneficiary of the international regimes for money and finance, the International Monetary Fund and the World Bank. It is a member of both organizations. Moreover, as of June 2000, it was the second-largest recipient of total World Bank loans made since the Bank had begun lending activities in the late-1940s. It was also the single largest recipient of outstanding or approved World Bank loans.[7]

Given its tremendously successful economic performance, and the important link between that superb performance and its external economic relations, one might expect that China would be essentially satisfied with the contemporary East Asian and international orders. One might also expect that China would want to do everything it could to ensure continued participation in the international political economy so as to maximize its prospects for future growth and even greater medium-term stature in world affairs. And yet, in recent years, China has shown unmistakable signs that it is dissatisfied with contemporary arrangements in East Asia, and is pursuing a foreign policy toward the region that has revisionist elements.

It now appears as if China would be willing to risk its favorable global economic and political relationships if this would result in an improved position in East Asia.[8] There is some telling evidence of this. In particular, China is putting an increasing emphasis on the use of military instruments both in the region and, through arms sales, in other parts of the world. For example, China has threatened repeatedly in

recent years to use force to prevent the independence of Taiwan. It did so most dramatically, in 1996, at the time of the first democratic presidential elections in Taiwan. China believed that Taiwan was making a concerted effort to move closer to separation from China. In an effort to forestall this development, China tested missiles and engaged in military exercises close to the island. It did so to make credible its warnings that it would prevent Taiwanese independence, by force if needed. It did so, moreover, despite being warned by the United States not to do so, and even as the United States dispatched two aircraft carrier groups to the region.[9]

In addition, China has laid claim to the potentially oil-rich Spratly Islands region and indeed a large portion of the South China Sea, and has applied low levels of force in support of those claims.[10] Moreover, China has sold nuclear weapons related technology and nuclear-capable missiles to Pakistan, and has come close to major sales of nuclear technology to Iran.[11]

Chinese military capabilities still lag far behind those of the United States. Indeed, the information revolution in modern warfare may cause the gap to widen in favor of the United States. In addition, recent careful analyses suggest that now, and for the foreseeable future, China will lack the ability to project sufficient military force to compel Taiwan to accept control from the mainland, or to acquire the Spratly Islands.[12]

Yet, in recent years, China has increased its allocation of national resources to the acquisition of military capabilities. According to the International Institute for Strategic Studies (IISS), for example, Chinese military expenditures, adjusted by International Monetary Fund (IMF) and World Bank estimates of purchasing power parities, may have increased by roughly 40 percent between 1990 and 1995.[13] Finally, as Alastair Johnston has recently demonstrated, China appears to be developing a warfighting, as opposed to a deterrence-oriented, nuclear weapons doctrine.[14]

These actions suggest that, at a minimum, China wants to make it clear that it is a major power in Asia. Evidence also suggests that China may want to bring about a significant change in the political, and perhaps even the territorial status quo in that part of the world. Finally, judging by its actions in Taiwan and, still more ominously, in the South China Sea area, China may be willing to use military force to so effect adjustments in the region.[15]

If this assessment is correct, then it marks a significant change in Chinese orientation. From the late 1970s through the 1980s China appeared to be following a rather different track. During this period China reformed its domestic economy and opened to the world economy. It seemed to be interested in constructing relationships in Asia and with the United States that emphasized mutually profitable economic exchange. It seemingly had decided to shift away from the kind of tough, territorially-aggressive foreign policy that it had pursued in the 1950s (the Korean war), the 1960s (the war with India), and the 1970s (the war with Vietnam). In sum, using terms suggested by Richard Rosecrance, China showed signs of becoming less of a "territorial state" and more of a "trading state."[16]

It should be emphasized that not all of China's recent behavior should necessarily be coded as representing a new interest in national territorial expansion and control. In particular, in the case of Taiwan, the mainland Chinese may not have been initiating a new effort to retake the island. They may well have merely been reacting to efforts by the Taiwanese government to gain new international acceptance. Chinese actions in the Spratlys, however, remain troubling. In this case, China is clearly seeking to establish new facts in East Asia. It is trying to attain a new level of formal, legal control over the area. This type of control would not serve much purpose if the Chinese ended up having to use force to take the Spratlys and became embroiled in conflict with other states in the region and even the United States. If this occurred, the Chinese would be unable to exploit the potential oil resources in the area.

Yet, this is the risk that China appears increasingly willing to run. It does look as if China now favors formal territorial ownership, or at least hegemony, even if this means the enjoyment of fewer economic benefits from such ownership.[17]

If this is true, and China is indeed dissatisfied with the way things are, then we need to address three key questions:

1. Why have top Chinese decisionmakers decided to shift China's orientation? Why, that is, has China, which was seemingly developing into a trading state gone back to behaving more like a traditional territorial state?

2. Why have Chinese leaders apparently come to find intolerable precisely the international framework in which China has been doing so well for the past 10-15 years?[18]

3. If Chinese leaders are dissatisfied with the contemporary international/regional status quo, why do they believe they must act assertively in the near term? With time, and given China's projected rate of future growth, China could become progressively and steadily the hegemon of the region and bring about gradual changes in the regional political status quo. This, in turn, would ensure that the status quo would be more in line with China's interests.[19] Why do they not wait?

Once again, we ought perhaps to distinguish between recent Chinese foreign policy in regard to Taiwan and the South China Sea. To the extent that Chinese leaders believe that it is Taiwan that is seeking to change the regional status quo by its efforts to acquire greater acceptance in the international community, then their behavior may be seen as reactive rather than assertive.

In contrast, China in recent years seems to have been taking the initiative in the South China Sea. At any rate, it does appear to be trying to create a new level of Chinese control/sovereignty over the area. It is precisely China's interest in establishing such control, and its willingness to

use force to do so, which may be indicative of a change in direction. China, in other words, which appears to have been moving in the direction of becoming more of a trading state, now seems to be reviving its territorial goals and seems to be willing to back those goals using traditional instruments of power.

II. PROBLEMS WITH CURRENT EXPLANATIONS FOR THE CHINA PUZZLE, AND POSSIBLE WAYS FORWARD

A number of possible answers have been given to the questions posited above. However, differences between Chinese national strategy since the end of the Cold War and those of Germany and Japan, as well as (less pronounced) differences between German and Japanese national strategies, cast doubt on their validity. German and Japanese foreign policy would appear to have the following key characteristics in recent years.

Germany has responded to the end of the Cold War with a strategy that has made it look more and more like a Rosecrancian trading state. Most important, Germany has markedly reduced its allocation of national resources to military power. For example, German spending on defense decreased from about $46 billion in 1985 (using constant 1993 prices) to $34.8 billion in 1994, and total armed forces have been cut from 478,000 persons in 1985 to 367,000 in 1994.[20] At the same time, Germany has been a principal force (together with France) in European efforts to build stronger regional institutions. These recent efforts include reinvigorating the Western European Union (WEU) military arrangement and, under the auspices of the European Union (EU), the drives toward Economic and Monetary Union (EMU) and a European Common Foreign and Security Policy (CFSP).

Japan during the Cold War was perhaps more of a trading state than was Germany, and it was vastly less oriented to territorial state goals and instruments than was

China. However—and this is very interesting—Japan has responded to the end of the Cold War by undertaking a shift along the trading state-territorial state continuum. But while Germany has moved more and more in the direction of becoming a trading-state, the same is not true of Japan. This Asian country has made a shift that is similar in direction, though not in magnitude, to that of China. As a result, it currently occupies a different point on the continuum from that occupied by its large neighbors.

On the one hand, Japan has not responded to the end of the Cold War by becoming more assertive or bellicose in Asian regional politics. It has not, for example, sought to attain unilateral control of Asian sea lanes or ocean resources as has been true of China. At the same time, and in contrast to Germany, Japan has markedly increased its defense spending in recent years. It is the case that Germany still devotes a larger percentage of its gross domestic product (GDP) to defense (2.0 percent in 1994) than does Japan (1 percent), but in terms of absolute resource allocations Japan has been able to take advantage of its progressively larger economy to spend more on defense while still staying at the domestically and regionally important 1 percent GDP limit. The result has been that while German, British, and French military expenditures (again, in 1993 constant dollars) exceeded that of Japan in 1985, Japanese expenditures exceeded those of all three countries by 1993-1994.[21]Finally, Germany has worked very hard to assure its neighbors that it remains firmly and indeed increasingly committed to regional cooperation, and is willing to reinforce that commitment through concrete institutional initiatives. In comparison, Japan has been highly reluctant to accept numerous invitations from Malaysia to help establish a uniquely East Asian regional economic arrangement, and has played a marginal role in the only multilateral security arrangement in the area, the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF).

Keeping in mind these broad-brush characterizations of German and Japanese post-Cold War national strategies, let us now identify and evaluate four possible explanations for why China has apparently returned to territorialism in world affairs.

1. China has grown in economic power. It thus now has both an interest in changing the East Asian order, and an enhanced base with which to achieve its goals.[22]

Although it is correct that China has greater relative national economic capabilities today than 10 or 15 years ago, this is also true of Germany in Europe and Japan in East Asia. Yet, Germany is not seeking to convert its economic strengths into military capabilities; Japan has not started to do so to the same degree as China; and neither Germany nor Japan is seeking to bring about major changes in the status quo of their respective regions.[23] Economic change, in short, may be viewed as a necessary but not a sufficient cause for the emergence of a "challenger state," that is, for a state able and prepared to use force to alter the status quo. In other words, a major change in relative economic capabilities within a region or within the international system as a whole may be a necessary condition for the rise of a challenger state. An economic change of this sort does not, however, inevitably lead to such a development.

2. A state can best attain security by maximizing its national military power and its control over external sources of important resources.[24]

According to this theory, China, newly empowered with a growing economy, is acting like a normal, security and power-maximizing state. This is a useful argument. However, the examples of Japan and Germany suggest its limitations. Since the end of the Cold War, Germany has experienced an increase in power. Nonetheless, it has avoided efforts to increase its political-military power or territorial control. Japan represents a more difficult case: for several decades after World War II, it declined to convert

its growing economic capabilities into a commensurate level of military power. However in recent years it has enhanced its political-military capabilities quite substantially. At the same time, Japan has given no signs in recent years of wishing to make territorial changes or overturn the Asian regional order.

3. China is acting more assertively because of fear of a resurgent Russia and the possibility of tensions on its borders with that country.

Russia does not obviously look like a resurgent country. From the mid-to-late 1990s to this very day, Russia has been very much preoccupied by its own problems. It faces failed attempts at economic reform at home and the utter collapse of its power position in Europe (symbolized by the expansion of the North Atlantic Treaty Organization (NATO) to Poland, Hungary, and the Czech Republic). It is also engaged in arguments with the former Soviet republics about the disposition of assets and other matters related to the dissolution of the former Union of Soviet Socialist Republics (USSR).[25] However, China may be concerned that present-day Russia will become an adversary at some point in the future. The USSR certainly was an opponent from the 1960s until well into the 1980s. China may, therefore, be enhancing its capabilities and political status in the world in order to meet that potential challenge.

The problem with this argument is that we can point to another state—Germany—which has reason to be afraid of Russia. Yet Germany has not responded with increases in military power or greater assertiveness in world affairs. Instead it has followed a policy of accommodation towards Russia. Moreover, Chinese actions since the end of the Cold War have not brought it into conflict with Russia. To the contrary, China has sought to improve relations with Russia and to resolve some of its long-standing border problems with the country. It has also sought to coordinate policy in some measure against the United States on the key question of America's interest in National Missile Defense

(NMD) and United Nations (U.N.) sanctions against Iraq. It certainly has come into more frequent disagreement and conflict with the (more distant) United States than it has with its Russian neighbor.

4. China has a cartelized authoritarian political regime, and such regimes are highly likely to become more bellicose militarily as they attain greater economic power and face increasing domestic demands for political reform.[26]

This is a strong proposition, and is buttressed by the contrast between China and Germany since 1989. However, rising autocratic states are not unconditionally aggressive. Bismarck's Germany offers a very interesting example here. After its success against France in 1870, Germany had a very fast growing economy with a very conservative foreign policy. In addition, as is moderately suggested by recent changes in Japanese national policy, modern democracies may also shift away (at least slightly) from a trading-state orientation and toward a territorial, military power-conscious orientation.

Clearly, domestic political variations must be taken into account if we are to explain why economic growth has not led to the development of similar national strategies in China, Japan, and Germany. The recent work of such scholars as Jack Snyder and Charles Kupchan offers a partial explanation for why China has returned to a territorialist foreign policy. However, if we are also to understand the differences between the Japanese and German national strategies we would do well to look beyond the domestic arguments.

Both China and even to some degree Japan (the latter in terms of enhancing its military power) appear to be shifting their orientation away from a trading state strategy and toward a more traditional territorial approach to neighbors, while Germany appears to be becoming even more of a trading state. If they really are shifting directions in this manner, we must ask whether there are fundamentally different regional-level (as opposed to either domestic or

global) forces at work today in Asia and in Europe contributing to this differentiation in behavior. These forces in East Asia may be pushing China to move toward a return to territorial-state behavior, and, furthermore, may even be causing Japan, contrary to what we might expect, to make some movement in that direction. At the same time, the absence of such forces may be leading to a different experience for Germany in post-Cold War Europe.[27]

At least two regional-level factors may explain the differences between the strategies of China and Japan on the one hand, and Germany on the other.

1. Regional-level turbulence in relative capabilities. Even with the reunification of Germany, changes in overall relative economic capabilities among the main Western European countries have not changed dramatically since 1990; in contrast, there is a great deal of turbulence in relative capabilities in East Asia.[28] Because of this turbulence, China may be having difficulty in calculating the winners and losers, and the more influential and less influential states, in post-Cold War Europe. The same may be true of Japan, if the latter is basically increasing its capabilities to offset the growing challenges from the former. Germany and its neighbors, by contrast, may not be having problems of this sort.

2. Social capital as a legacy of the Cold War. Kahler's argument offers us an alternative explanation for what is happening. He suggests that the countries of Western Europe enjoy greater institutional density and, thanks to this, more favorable endowments of transnational "social capital," than do the countries of East Asia. A different degree of regional social capital—or mutual trust—might help explain why China believes it must act in the near term to translate its economic growth into a more favorable territorial-diplomatic regional position. This, in turn, may be provoking Japan to enhance its own military capabilities. But why did the two regions develop such different levels of social capital? At least one possible argument would be that

the difference in social capital reflects the different manner in which the Cold War was conducted in the two regions.[29]

On the one hand, geopolitical realities of the Cold War in Europe required the Western states to permit German rearmament. However, in order to offset the risks of German unilateralism the return of German power took place *early* under the auspices of European and Atlantic institutions. The Cold War, in a word, required Franco-German reconciliation and the development of trust between those two countries, and this set the stage and even served as the motor for a wider institutionalization of state relationships in Western Europe.

On the other hand, in East Asia the Soviet and Chinese threat was met by an American network of bilateral defense treaties. As a result, the countries in the region that received American protection did not need to reconcile with Japan. When China, for example, joined the American-led coalition of Pacific-Rim states against the USSR in the 1970s, it entered into an informal entente with the United States rather than a formal regional arrangement involving other regional states. Thus, the Cold War induced cooperation and reconciliation in Western Europe, and set the stage for the formation of institutions and social capital able to withstand the shocks of 1989-90. In contrast, it left Asia without either a habit of institutionalized cooperation or a reservoir of mutual trust able to contain or channel growing Chinese power.

III. WHAT SHOULD AMERICA DO?

Whatever the causes of China's apparent political dissatisfaction with the international status quo, unless circumstances in that country change dramatically, the likelihood is that China will continue to grow in economic and military power. This given, the United States must devise a response to that growing power. The United States during the past decade (and, it may be suggested, in differing degrees and under different guises, since the

opening to China by President Nixon in 1971) has pursued a two-pronged strategy toward China. On the one hand, the United States has sought to engage China. On the other hand, it has purchased insurance against a revisionist China by strengthening its alliance ties in East Asia.

The more interesting and controversial of the two elements of the American strategy toward China has surely been the idea of engaging China. Engagement, in rough terms, is a strategy whereby the United States and its partners seek (1) to establish robust commercial and financial ties with China; and (2) to draw that country into a variety of regional and global economic, political, and institutional arrangements.

The rationale behind these efforts is that they may bring about a China that will be more accepting of the contemporary international order and more committed to bringing about changes in it through peaceful means. These changes may come about through a variety of mechanisms.

- Engagement may generate observable benefits for China (mainly economic) and thereby create in the minds of Chinese leaders a stake in the international status quo;

- Engagement may instill in Chinese officials a stronger awareness of the value of international norms and practices associated with the contemporary world order;

- Engagement may encourage in Chinese officials the belief that they are participating in and helping to construct that world order; and

- Most ambitiously, engagement might prompt economic modernization in China and, in so doing, unleash social change in that country. This social change would be of the sort to push it gradually

toward greater pluralism and, ultimately, lead to greater domestic calls for democratic political change.

During the 1990s, the Clinton administration engaged in many extensive discussions of the meaning and possible benefits of engagement of China, but the new Bush administration appears to be every bit as committed as to the strategy. For example, in the statement he presented to the Senate as a part of his confirmation hearings, Secretary of State-Designate Colin Powell noted that:

> We will treat China as she merits. A strategic partner China is not, but neither is China our inevitable and implacable foe. China is a competitor, a potential regional rival, but also a trading partner willing to cooperate in areas where our strategic interests overlap. China is all of these things, but China is not an enemy, and our challenge is to keep it that way by enmeshing them in the rule of law, by exposing them to the powerful forces of a free enterprise system in democracy, so they can see that this is the proper direction in which to move.[30]

Here, in a nutshell, is the engagement project: to bring the Chinese into the system of international law and international capitalism, and, by so doing, to propel them, slowly or quickly, toward a future of free enterprise and democracy.

The problem with this strategy is that, while there is less than a 100 percent probability that it will succeed in bringing about a more peaceful and responsible and even more democratic China in the years ahead, there is something approaching a 100 percent likelihood that such engagement will produce a more potent China. Economic engagement with China has essentially meant that this Asian nation has exported low-technology goods which have only the most indirect impact on the military capabilities of its trading partners. In exchange, China has been able to shop around the world for goods, such as complex electronics, powerful computers, and sophisticated machine tools, that clearly add to its own military power. China has clearly enjoyed what Albert Hirschman termed the "supply

effect" that comes from economic integration: that it, China has enjoyed access to external supplies of goods and services that materially enhances its national power.

Hirschman, however, also spoke of an "influence effect." The theory here is that a country which enjoys the benefits of trade will become reluctant to put that trade in jeopardy by antagonizing its trading partners. Applied to the case we are considering here, this should mean that China, once engaged in prosperous trade with America and its other partners, will not want to put these benefits at risk, thereby giving these nations the ability to exert an influence on it. However, it remains to be seen whether China's economic involvement with such partners as America will generate a high level of this "influence effect."

Given the strong commitment by the United States to seek to pacify and to transform China through economic and political engagement, an important task for students of international politics might be to identify the conditions under which such a strategy is more or less likely to succeed. Some of the questions that might be usefully pursued in this context might include the following.

1. Does economic integration of a country with one or a number of trading partners lessen the risk of military conflict between that country and its new trading partner or partners?

In the near term, the United States hopes that the fear of losing the benefits of economic integration will decrease the attractiveness and thus the incidence of the use by China of military force in world affairs. Recent systematic studies have revisited and reinvigorated the arguments put forward in the past by such writers as Adam Smith and Immanuel Kant and, in more recent times, Norman Angell. They reached the conclusion that increases in the level of international economic interdependence between countries (measured, for example, by the amount of each country's exports to its partner relative to GDP) may indeed reduce

the likelihood of military conflict between those two nations.[31]

And yet, a very different perspective suggests that increases in international economic interdependence, by increasing the points of contact between countries and therefore the risk of potential disagreements between nations, may contribute to the risk that conflicts might develop between countries.[32] A third argument is that the effects of economic interdependence are contingent on the presence or absence of other conditions. For example, economic interdependence may mitigate conflict between a pair of countries if each of the countries believes that its partner will retain economic openness in the future, or if both partners are democratic states.[33] Given the centrality of the interdependence-peace link in America's engagement strategy toward China, further investigation into these links would be invaluable.

2. A key goal of the United States is to use engagement to enrich China and thereby to instill satisfaction in the Chinese elite when it comes to the international status quo. On what theoretical and empirical grounds should we expect this to happen?

Power-transition theory, as we have seen, suggests that a country that becomes wealthier and hence more capable might become dissatisfied and more aggressive in foreign affairs. Yet, power transitions have occurred between countries without military conflict, suggesting that there may be circumstances in which a growth in power need not translate into enhanced foreign truculence.

3. Will Chinese economic growth produce Chinese democracy?

The literature on the democratic peace finds that democracies are markedly unlikely to fight one another. In light of this, it is understandable that the U.S. ultimate goal is to employ engagement as a mechanism to democratize China: it would, perhaps, serve as the solution to growing

Chinese power in the 21st century. Both theory and systematic empirical analyses, provide grounds for hope. As a matter of probabilities, a wealthier, more economically advanced and sophisticated China is also more likely to become democratic than an underdeveloped China. Here we may turn to modernization theory. This is the line of inquiry initiated by the trailblazing work of Seymour Martin Lipset in the late-1950s, and summarized most effectively as of the late-1990s by constructive critics of the theory, Adam Przeworski and Fernando Limongi. This theory suggests that economic growth may produce political democracy by way of a variety of channels:

- Economic growth produces social complexity, and such complexity defies centralized control;
- Economic growth brings into being middle and professional classes, classes that demand a voice in government as a way of ensuring their economic and political rights;
- These middle and professional classes may establish political ties with the working-class, and together press for liberalization and ultimately democracy;
- Economic growth contributes to urbanization and to a widening of educational opportunities throughout society, and both of these conditions add to societal complexity and to the pool of individuals who are interested in and capable of working within democratic institutions.[34]

Almost every one of these propositions can be found in one or another speech about the engagement of China that was given by Clinton administration officials during the 1990s. They will in all likelihood appear in comparable speeches by members of the Bush administration, as illustrated above in the statement by Powell.

And yet, systematic analyses suggest that while increased economic growth enhances the probability of democracy, it does not by any means guarantee its fruition. Indeed, as Przeworski and Limongi suggest, the probability is quite high that after reaching a moderately advanced level of economic development, authoritarian regimes will remain in power.

Also noteworthy are the sobering statistical findings of Robert Barro. He modeled the attainment of democracy from the 1970s to the 1990s in a large sample of countries. He found that China's actual level of democracy (based on a composite of measures) in 1994 was about one-half the level that would be predicted on the basis of a statistical model that placed great weight on improvements in the economy and society.[35] Indeed, on the basis of modernization theory, one might have expected that China since the late-1970s would have made very substantial progress toward democracy.

- As noted above, since 1978 China has had one of the fastest growing economies in the world, and the associated development of a growing middle/professional class, improved education, and urbanization.

- China has radically expanded its contacts with the world through trade and foreign investment, suggesting that its people have come into contact with foreign political ideas and institutions.

- China's social-cultural contact with the outside world has increased. Among other things, it has trained thousands of young people in foreign universities.

Yet, at least to date, there has not been a strong movement toward national democracy and civil rights and liberties in China. Finally, to the extent that we do observe democratization in China, this democratization is taking place in the countryside, in the areas least connected to the

outside world and where there have been the least dramatic advances in terms of economic growth and modernization.

In sum, given that the U.S. ultimate goal is to use economic (and institutional) engagement of China today as a way of undermining the Chinese regime and its replacement by a democratic order tomorrow, a number of questions about the growth-democracy nexus would appear to cry out for attention.

1. How might authoritarian leaders short-circuit the pathways that, according to modernization theory, lead from economic growth to democratization?[36]

2. Under what conditions might economic growth actually increase the control capacities of authoritarian leaders?

3. Under what conditions might economic growth lead, not to the replacement of an authoritarian regime by a democratic regime, but instead by another authoritarian regime?

CONCLUSION

U.S.-Chinese relations have modestly improved during 1997 and 1998. Indications of this include an exchange of state visits between President William Clinton and President Jiang Zemin, the quieting of Chinese-Taiwanese relations, the smooth take-over of Hong Kong by the mainland, and China's forbearance in the midst of the financial crises of 1997-98. All this might yield the conclusion that fears expressed earlier in the decade about China were misplaced or overdrawn.

Yet, at least two of China's core concerns were not yet resolved as we entered the new century: Taiwan was still a separate entity that showed signs of a desire for independence, and ownership of the Spratly Islands was still an open matter. These two political problems are likely to engender regional tensions in the years ahead; one or

another might even be the basis for a full-fledged political-military crisis involving China and the United States. Given that China showed that it could weather the sort of economic turbulence that brought down a number of East Asia tigers during the last years of the 1990s, it remains likely that China will continue to become an economic powerhouse during the next 20 years. Thus, there is a good chance that we will continue to be faced with the combination of growing Chinese capabilities and growing Chinese ambition in regard to Taiwan and the Spratlys.

Ironically, the peace and victory achieved by America in 1989 have left us a problematic legacy. What will China do with its growing power? What does it want from the international system? What can the United States and its allies do to smooth the way for China as it grows into its new status in world politics? Should the United States engage China, and thereby facilitate the growth of its power, but also perhaps shape the ends toward which that power would be available in a manner that would be more accepting of the contemporary American-centered world order? These are likely to be among the troubling questions that we will need to address in the years ahead.

ENDNOTES - CHAPTER 2

1. On this point, see Jing-dong Yuan, "Threat Perception and Chinese Security Policy After the Cold War," *Pacific Focus*, Vol. 13, Spring 1998, p. 62.

2. See World Bank, Quick Reference Tables, table on gross domestic product using the World Bank Atlas method of calculation, at *http://www.worldbank.org/data/databytopic/GNP.pdf.*

3. See World Bank, "The World Bank and China," at *http://wbln0018.worldbank.org/eap/eap.nsf/a71f97484cde72508525 67c900767289/6049af06c4b92427852567d1006bf6f1?*OpenDocument.

4. See Richard Halloran, "The Rising East," *Foreign Policy*, No. 102, Spring 1996, p. 11. Joseph Nye correctly points out that it is important to be cautious in making straight-line projections about China's future economic status, but even with such caution there are strong grounds to

believe that China will be a major economic center over the next twenty years: see Joseph Nye, "China's Re-emergence and the Future of the Asia-Pacific," *Survival*, Vol. 39, Winter 1997-98, pp. 66-68. For analyses of China's economic challenges regarding both domestic economic restructuring (in particular, in dismantling what is still a very large and inefficient state-owned industrial sector) and external financial linkages, see Neil C. Hughes, "Smashing the Iron Rice Bowl," *Foreign Affairs,* Vol. 77, July/August, 1998, pp. 67-77; and Nicholas R. Lardy, "China and the Asian Contagion," *Foreign Affairs*, Vol. 77, July/August 1998, pp. 78-88.

5. See International Monetary Fund, *Direction of Trade Yearbook: 1996*, Washington, 1996, pp. 3-5; and *Direction of Trade Yearbook: 2000*, pp. 2-10.

6. It should be noted that the bilateral trade figures provided by both states to the International Monetary Fund differ dramatically as a result of the manner in which each country then treated trade that transited through Hong Kong: as noted in the text, according to China, for example, it enjoyed a merchandise trade surplus in 1994 with the United States in the amount of about $7.4 billion; according to the United States, that figure was about $32.0 billion.

7. For figures on cumulative loans to different countries by the World Bank, see World Bank, *Annual Report: 2000*, Appendix 13, available at *http://www.worldbank.org/html/extpb/annrep/pdf/appndx/wb_a13.pdf*. The World Bank notes in that report that it had disbursed from the commencement of its operations in the late 1940s through June 2000 a total of about $470 billion; India was the single largest recipient of such loans (a total of $54 billion); China was the second largest recipient (at $34.7 billion). As of June 2000, total World Bank loans outstanding or approved but not yet disbursed totaled about $169 billion. Of this total, $19.8 billion were committed or already disbursed to China, or 12 percent of the total, while $14.4 billion, or 9 percent, were similarly directed toward the second largest recipient, Indonesia. For these figures, see World Bank, *Annual Report: 2000*, available at *http://www.worldbank.org/html/extpb/annrep/pdf/ibrd_fin.pdf*.

8. For a very helpful discussion of the concept of state revisionism in world politics, see Randall L. Schweller, *Deadly Imbalances: Tripolarity and Hitler's Strategy of World Conquest,* New York: Columbia University Press, 1998.

9. For a chilling account of the events leading up to and surrounding the Chinese-American crisis of March 1996, see Robert S. Ross, "The

1995-96 Taiwan Strait Confrontation: Coercion, Credibility, and the Use of Force," *International Security*, Vol. 25, No. 2, Fall 2000, pp. 87-123.

10. For helpful discussions of the Spratly Islands/South China Sea dispute, see Gerald Segal, "East Asia and the "Constrainment" of China," *International Security*, Vol. 20, Spring 1996, especially pp. 116-123; and Michael G. Gallagher, "China's Illusory Threat to the South China Sea," *International Security*, Vol. 19, No. 1, Summer 1994, pp. 169-184.

11. For a helpful overview of China's proliferation activities and diplomacy in respect to nuclear weapons and delivery systems, see J. Mohan Malik, "China and the Nuclear Non-Proliferation Regime, *Contemporary Southeast Asia*, December 22, 2000, and available through Expanded Academic ASAP; and Robert S. Ross, "China," in *Economic Sanctions and American Diplomacy*, Richard N. Haass, ed., New York: Council on Foreign Relations, 1998, pp. 21-28. It should be noted that Ross argues that China became more cautious about making arms sales to Middle Eastern countries after 1988.

12. See Robert S. Ross, "Beijing as a Conservative Power," *Foreign Affairs*, Vol. 76, March-April 1997, pp. 35-38; Nye, "China's Re-emergence," pp. 68-70; Avery Goldstein, "Great Expectations: Interpreting China's Arrival," *International Security*, Vol. 22, Winter 1997/98, especially pp. 42-54; and Michael O'Hanlon, "Why China Cannot Conquer Taiwan," *International Security*, Vol. 25, No. 2, Fall 2000, pp. 51-86.

13. See International Institute for Strategic Studies, *The Military Balance: 1995/96*, London: IISS, 1995, p. 271.

14. See Alastair Iain Johnston, "China's New "Old Thinking": The Concept of Limited Deterrence," *International Security*, Vol. 20, Winter 1995/96, pp. 5-42.

15. For further discussion of the possibility that China's policies may be highly destabilizing in East Asia (especially if and as they evoke a Japanese response involving a renationalization of its national security policy), see Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security*, Vol. 18, No. 3, Winter 1993/94, pp. 5-33; Richard K. Betts, "Wealth, Power, and Instability: East Asia and the United States after the Cold War," *International Security*, Vol. 18, No. 3, Winter 1993/94, pp. 34-77; and Barry Buzan and Gerald Segal, "Rethinking East Asian Security," *Survival*, Vol. 36, Summer 1994, pp. 3-21. For a critical assessment of

this line of analysis, see David Kang, "The Middle Road: Security and Cooperation," *Asian Perspective*, Vol. 19, Fall-Winter 1995, pp. 9-28. In addition to the issues of Taiwan and the South China Sea, Thomas Christensen points out that Japanese-Chinese relations have the potential of becoming more conflictual in the future: see Christensen, "China, the U.S.-Japanese Alliance, and the Security Dilemma in East Asia," *International Security*, Vol. 23, No. 4, Spring 199, pp. 49-80.

16. See Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, New York: Basic Books, 1986.

17. Robert Ross, a close observer of China who finds that it is generally pursuing a conservative, cautious national strategy, notes that the exception to China's overall caution is its assertive policy regarding the Spratly Islands; see Ross, "Beijing as a Conservative Power," pp. 41-42.

18. That China is becoming disenchanted with the international status quo in spite of gaining from it would appear to be in accord with the power-transition thesis. On its argument that rising powers come to find the existing international order unacceptable, and are willing to use force to change it, see, for example, A. F. K. Organski and Jacek Kugler, *The War Ledger* Chicago: University of Chicago Press, 1980, especially p. 23; and Robert Gilpin, *War and Change in World Politics*, Cambridge: Cambridge University Press, 1981, pp. 93, 186-210.

19. This question is prompted by Michael Gordon's discussion of Germany and Great Britain at the turn of the century. In terms of projected power trajectories, Germany (clearly becoming Europe's economic hegemon) should have been confident and patient. By contrast, Britain (clearly a relative declining power) should have easily provoked, but in fact it was rather reticent to respond to German pressure. See Michael R. Gordon, "Domestic Conflict and the Origins of the First World War: the British and German Cases," *Journal of Modern History*, Vol. 46, June 1974, pp. 191-226. It is also informed by Jack Levy's discussion of the argument by Organski and Kugler that rising challenger-states will display a tendency to use military force to topple the then-hegemon and thereby bring about what for the rising state is a more favorable international order. Levy asks about this posited tendency: "Why should the challenger incur the risks of fighting while it is still inferior? Why doesn't it wait until existing trends in economic and military power, which Organski and Kugler consider to be irreversible, catapult it into the stronger position?" See Jack S. Levy, "Declining Power and the Preventative Motivation for War," *World Politics*, Vol. 40, October 1987, p. 84.

20. See International Institute for Strategic Studies, *Military Balance 1995/96*, p. 264.

21. *Ibid*., p. 264; also see p. 172, at which the IISS reports that this shift between Japan and the three European middle powers occurred in 1993, that it was reinforced by 1995 projected defense spending by the major powers, and that "With the possible exception of Russia, Japan now spends appreciably more on defense on any other country apart from the U.S."

22. This is a line of analysis that might follow the work by Gilpin, *War and Change*, and by Organski and Kugler, *War Ledger*.

23. This is noted by Organski and Kugler, *War Ledger*, p. 51.

24. This view is put forward most effectively by John Mearsheimer in "The False Promise of International Institutions," *International Security*, Vol. 19, No. 3, Winter 1994/95, p. 11; also see Fareed Zakaria, "Realism and Domestic Politics: A Review Essay," *International Security*, Vol. 17, Summer 1992, pp. 190-96.

25. For overviews of Russia's truncated status in world politics, and its interactions with former Soviet republics, see Michael McFaul, "A Precarious Peace: Domestic Politics in the Making of Russian Foreign Policy," *International Security*, Vol. 22, No. 3, Winter 1997/98, pp. 5-35; and Daniel Drezner, "Allies, Adversaries, and Economic Coercion: Russian Foreign Economic Policy Since 1991," *Security Studies*, Vol. 6, Spring 1997, pp. 65-111.

26. The argument linking domestic authoritarianism, and specifically political cartelization, to external state aggression is pursued by Jack Snyder in *Myths of Empire: Domestic Politics and International Ambition,* Ithaca: Cornell University Press, 1991. In addition, see Charles A. Kupchan, *The Vulnerability of Empire*, Ithaca: Cornell University Press, 1994.

27. Such a possible movement by Japan toward traditional national strategy concerns and behavior is especially interesting insofar as recent literature would probably consider that country to be a highly unlikely candidate for such traditional statecraft. For compelling arguments that Japan has moved decisively away from traditional foreign policy goals and means, see Rosecrance, *Rise of the Trading State*. In addition, and for arguments that put special weight on Japan's contemporary culture and internal political structures as constraints on such a return to traditionalism in foreign affairs, see Thomas Berger, "From Sword to Chrysanthemum: Japan's Culture of Anti-Militarism,"

International Security, Vol. 17, Spring 1993, pp. 119-150; and Peter J. Katzenstein and Nobuo Okawara, "Japan's National Security: Structures, Norms, and Policies," *International Security*, Vol. 17, No. 4, Spring 1993, pp. 84-118. For analyses that suggest that Japan's foreign policy is more likely to be a function of external constraints and threats than internal domestic political and cultural conditions, see Barry Buzan, "Japan's Defence Problematique," *The Pacific Review*, Vol. 8, 1995, pp. 25-43; and Michael Green and Benjamin Self, "Japan's Changing China Policy: From Commercial Liberalism to Reluctant Realism, *Survival*, Vol. 38, Summer 1996, pp. 35-58.

28. For the development of this argument, see Joseph M. Grieco, "Systemic Sources of Variation in Regional Institutionalization in Western Europe, East Asia, and the Americas," in *The Political Economy of Regionalism*, Helen Milner and Edward Mansfield, eds., New York: Columbia University Press, 1997, pp. 164-87.

29. For this line of analysis, see Joseph M. Grieco, "Realism and Regionalism: American Power and German and Japanese Institutional Strategies During and After the Cold War," in *Unipolar Politics: Realism and State Strategies After the Cold War*, Ethan Kapstein and Michael Mastanduno, eds., New York: Columbia University Press, 1999, pp. 319-353.

30. Statement of Secretary of State-Designate Colin Powell to the Senate, January 17, 2001, and available at *http://www.state.gov/secretary/index.cfm?docid=443*.

31. *New York Times* international reporter and foreign affairs columnist Thomas Friedman refers to this as the "golden arches theory of conflict prevention," based on his observation that, as of the late-1990s, no two countries had fought each other after they had each had McDonald's restaurants established in their respective territories; see Friedman, *The Lexus and the Olive Tree*, New York: Farrar, Straus, Giroux, 1999. For emirical evidence suggesting that economic interdependence reduces the likelihood military conflicts, see John Oneal and Bruce Russett, "The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950-1985," *International Studies Quarterly*, Vol. *41*, June 1997, pp. 267-94; and Oneal and Russett, "Assessing the Liberal Peace with Alternative Specifications: Trade Still Reduces Conflict," *Journal of Peace Research*, Vol. 36, July 1999, pp. 423-442; Oneal and Russett, "The Kantian Peace: The Pacific Benefits of Democracy, Interdependence, and International Organizations, 1885-1992," *World Politics*, Vol. 52, October 1999, pp. 1-37; and Richard Rosecrance, *The Rise of the Virtual State: Wealth and Power in the Coming Century*, New York: Basic Books, 1999.

32. For this argument, see Kenneth Waltz, "The Myth of National Interdependence," in *The International Corporation*, Charles P. Kindleberger, ed., Cambridge: MIT Press, 1970, pp. 205-23; Waltz, "Globalization and American Power;" Katherine Barbieri, "Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?," *Journal of Peace Research*, Vol. 33, October 1996; and Barbieri Katherine Barbieri, "International Trade and Conflict: The Debatable Relationship," paper presented at the 35th Annual Convention of the International Studies Association, Minneapolis, MN, March 18-21, 1998.

33. For the argument that countries' expectations about future trade openness affect the impact made by contemporary interdependence on conflict, see Dale Copeland, "Economic Interdependence and War," *International Security*, Vol. 20, Spring 1996, pp. 5-41. On the role of domestic regime-type on the impact of economic interdependence on conflict between countries, see Paul A. Papayoanou, "Interdependence, Institutions, and the Balance of Power," *International Security*, Vol. 20, No. 4, Spring 1996, pp. 42-76; and Christopher Gelpi and Joseph M. Grieco, "Democracy, Interdependence, and the Liberal Peace," unpublished manuscript, October 2000.

34. Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, Vol. 53, March 1959, pp. 69-105; Adam Przeworski and Fernando Limongi, "Modernization: Theories and Facts," *World Politics*, Vol. 49, January 1997, pp. 155-183. Also important on this topic is Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*, Norman: University of Oklahoma Press, 1991.

35. See Robert J. Barro, *Determinants of Economic Growth: A Cross-Country Empirical Study*, Cambridge: MIT Press, 1997.

36. As Lindsay Cohn pointed out in a seminar at Duke University, February 27, 2001, Chinese leaders may be expected to be fully aware that the United States is pursuing engagement in the hope that the economic growth engendered by such engagement will ultimately increase Chinese domestic pressures for democratic change, and with this awareness they would have both the motive and the opportunity to take counter-measures to ward off what would likely be their own personal political (and perhaps physical) demise.

CHAPTER 3

HEGEMONIC PROPHECY AND MODERN ASIA: LESSONS FOR DEALING WITH THE RISE OF CHINA

Kurt Campbell

INTRODUCTION

The purpose of this chapter is to discuss hegemonic transitions and great power politics in Asia as a whole.[1] The chapter will be divided into three parts. First, we will look at the past. We will examine the attitudes and assessments made by the key players of the region over the last 25 years. What changes in the balance of power did they expect? Were they right in their assessments? Second, we will look at the present. We will examine each of the three great powers of the region—China, Japan, and the United States. What do they perceive their position to be in terms of great power rivalry and politics? What adjustments have they made to the overall hegemonic pattern? Third, we will consider the future. We will evaluate the institutional and big power options available to the countries in the region.

I. THE PAST AS PROLOGUE

1975: Predicting the Fall of the United States.

Let us begin in April 1975. Picture in your minds American helicopters rising in defeat off of the roof of the American embassy in Saigon. This moment, which is locked in our own national imagination, animated the thinking about the United States of a whole generation of Asian

leaders. The autobiography of Lee Kuan Yew goes into great detail assessing American power in the wake of a devastating loss.[2] He saw the American withdrawal from Vietnam as the death knell of American power. He thought that we were witnessing the end of a proud era of American greatness (1945-75), and that it was highly unlikely the United States would be able to resurrect itself. Admittedly, Lee Kuan Yew later realized how wrong he had been, but the book offers us an interesting indication of what he and other key players of the region thought at the time.

Another book that is now long forgotten and gathering dust on our bookshelves was also published in 1975. This was *On Watch*, the memoirs of the great naval leader, Admiral Elmo Zumwalt.[3] Zumwalt opens the book by telling a story about a fierce argument he had with Henry Kissinger in 1975, which was one of the reasons he decided to leave the service early. He and Kissinger were debating about American and Soviet power. In the course of the debate, Kissinger pulled Zumwalt up short and said [I paraphrase], "I don't think you understand, Admiral, what our goal here is. We're trying to get the best possible agreement we can from the Soviet Union. Think of it in a historical sense: we are playing Athens to their Sparta, right?" The whole book, then, is based on the Kissingerian premise that, from the 1970s onwards, the United States was really in a period of dramatic decline. The driving force of American foreign policy was the desire to get the best possible deal from the Soviet Union. In retrospect, this exchange is very interesting since Zumwalt is relatively unknown and Kissinger is regarded as the greatest American diplomat of the last 50 years. It is fascinating to contemplate the fact that his one overarching strategic belief was fundamentally flawed.

1986: Predicting the Rise of Russia.

Let us now move a little closer to our own times, and consider the year 1986. It was in that year that a relatively

young leader—young at least in Soviet terms—Mikhail Gorbachev, traveled to Vladivostok and gave a speech about the future of Soviet power in Asia. This speech is often referred to as the "Vladivostok speech." Many in the strategic community, particularly in the Soviet strategic community—I would count myself as one of these unfortunate souls—then made some predictions. They argued that this speech was likely ushering in a whole new era of Soviet power in Asia. The Soviet Union, they said, could well be the next power to dominate Asian politics. In retrospect, this is laughable. Fifteen years later the notion that the Soviet Union was on the march in 1986 and would be the next power to hold hegemony in Asia, appears to be totally implausible.

Late 1980s and Early 1990s: Predicting the Rise of Japan.

In the late 1980s and early 1990s, the animating belief in much of the strategic community in the United States was that Japan's unrivaled economic and political power would inevitably be translated into military power. The expectation now was that we would be facing, before too long, a military challenge from Japan. Books now pictured Japanese destroyers streaming out of the harbor in Yokosuka, affirming the notion that the United States and Japan would almost inevitably come to blows in the late 20th or early part of the 21st century.

This belief in the resurrection of Japanese imperial, or post-imperial, power was associated in the early 1990s with a belief in a dramatic and substantial decline of American power. A new spate of writings echoed some of the worries earlier voiced by Lee Kuan Yew. America, it was said, had just lived through a great period, but had used up all its wealth and power to win the Cold War for us all. Now the United States was charged with protecting Japan, yet could not afford a taxi ride or a cup of coffee in any downtown Tokyo hotel. American greatness was over.

1996-97: Predicting the Rise of China.

In the last several years, especially between 1996 and 1997, a new view has emerged. This latest prophecy holds up China as the new great power on the horizon. After 100 years of absence from the international community, it is said China is now resurrecting itself. Except in terms of population, China is not by any real measure a great power. Nonetheless the expectation that China will become a great power has already started to affect our thinking. We think of Asia as a great market, try to determine its future, and predict that China will be a great power.

One of the most animating features of political thinking over the last few years has been the absolute expectation of Chinese success and power. There is an alternative, which ought to be considered. There is, in fact, a very real possibility that, in the years ahead, China will be weak, indeed, dramatically weak. Just as we never anticipated the collapse of the Soviet Union, we have given remarkably little strategic thought to the possibility of future Chinese weakness. This is a subject to which we will return.

2001: Predicting the Rise of India.

Finally, if we turn to cutting edge publications on Asia, we will find one more set of predictions. In the *Financial Times*, *Asian Wall Street Journal*, and the *Far Eastern Economic Review* we will find that the country now viewed as posing a major power challenge in the 25 or 30 years ahead now, the new "hot" country as it were, is not China, but India.

Lessons.

Many things have been predicted over the last quarter of a century: the rise of Russia, the rise of Japan, the rise of China, the rise of India and the collapse of the United States. Yet, in retrospect, the most interesting development throughout that period has been, ironically, the

resurrection of American power. One of the most dominant features of international relations today is the unsurpassed, unparalleled power of the United States commercially, culturally, politically, and economically. In fact, one can make an argument that never has a country had this kind of power in the history of modern international relations.

The lesson of all of this is that when you think and talk about hegemonic transitions, it is generally not good to think in such short periods of time. When we look back at the predictions made during the last 25 years, what is most striking is just how wrong many of the pundits and thinkers were when making judgments and assessments of great power.

Therefore, we should not just look at the predictions themselves. Rather we should pay attention to what it is that drives the predictions. Asians have something of what might be described as the "Washington syndrome." That is, they are daily preoccupied with thinking about who is up and who is down. In my view, this is because Asia, at its core, is an incredibly insecure region. Their concern to achieve some kind of international balance and their worry over what country is in ascendancy and what country is in decline drive their thinking on a day-to-day basis. As we turn to our consideration of the future, we should bear in mind what we have learned from our study of reactions over the last 25 years. We should be humble enough to recognize that we have only a limited ability to judge the future.

II. THE CURRENT SITUATION

Now that we have considered the power predictions of the last quarter of a century, it is time to take a closer look at today's situation. The goal here is to examine the three great powers—the United States, China, and Japan. How do they perceive their own power? How is their power perceived by the other great powers? What adjustments have they made to the overall pattern of Great Power politics?

Perceptions of Power.

The United States. As we said earlier, the dominant feature in modern international relations is American power. How do Americans perceive their power? Consider here for a moment Mr. Hansen, the American recently caught spying for Russia. His views, perhaps unexpectedly, shed some light on this issue. Mr. Hansen sees the United States as a country that does not really understand its power, as a sort of giant, clumsy child, unaware of its tremendous sway and dominance.

Generally speaking, secretly, Asians share this view of American power. America, in fact, combines great power and tremendous unpredictability, two things that are greatly troubling for Asians. These characteristics are an integral feature of American power. It does not matter, from an Asian standpoint, whether one is dealing with a Democrat or a Republican. Asians may want American power, and they may want American involvement in the region; however, on one level, American power is deeply worrying.

Another important question is to ask whether or not countries in Asia are generally seeking to work with the United States or generally seeking to undercut American power. What are the signs here? The record is mixed. Most countries tend to take advantage of American power. A well-known Asian diplomat in Washington recently compared the Asian reaction to America to Microsoft. We appreciate the operating systems that both provide but seek every opportunity to subtly undermine their power.

Overall, it seems likely that Asia will become increasingly nervous about American power in the years ahead. But will the Bush foreign policy radically depart from that of Clinton? Joseph Grieco thinks not.[4] However, we should remember that what matters in Asia is not so much actions as perceptions of actions and the perception is

already that there will be substantial differences in foreign policy.

China. China is the second of the three Great Powers of Asia. How do the Chinese interpret power in the region? The most interesting aspect of China's rise is how they see and interpret the United States. There is a wealth of strategic—especially military—writing about the United States. It has developed into something of a cottage industry, which fascinatingly, until very recently, clung to the notion that the United States was in the midst of a profound and dramatic decline. As late as 1998 and 1999 some Chinese continued to claim that American power was illusory, that the United States was in the midst of a major downward trend. It has only been in the last year that a few, fairly brave individuals have voiced a different view. These writers tend to live away from the center of things in Beijing (most of them are based in Shanghai). They admit, albeit cautiously, that they may have misjudged the situation. While they continue to argue that the United States will likely decline over the long-term, they now say that in the short term and even medium term, American power is something that they will have to deal with.

Many Chinese writings reflect deep discomfort about the United States and American power. The Chinese are not just alarmed about American regional alliances and American support of Taiwan, but by American power per se. The Chinese would very much prefer a multi-polar world, one in particular, in which they have a role to play.

Japan. The third great power in the region is, of course, Japan. When Fumio Hayashi, the great Japanese journalist, coined the term, the "Lost Decade," he was referring to Japanese economic and political power and to the application of that power in the international realm.[5] When we think about the 1990s as a lost decade, we have to consider what fundamentally animates Japanese foreign policy. In many respects Japanese foreign policy—and I mean this in the most benevolent way—has never really

been driven by strategic objectives. There is probably more sentimentality associated with Japanese foreign policy than with any other great power in modern history. The "lost decade" is best seen as an adjustment to the failure of a model. Japan realized that it would not, after all, be able to prevail economically against the United States, and dealing institutionally with the demise of the dream of economic victory over the United States has been difficult. Interestingly, over the last decade, the top priority of our Japanese friends was to try and develop a better relationship with China. This has been in many respects, a dismal failure.

Russia. Before we move on, a brief word should be said about Russia. Generally speaking, two inaccurate things animate our thinking about Russia. First, we tend to assume that Russia will always be preoccupied with European affairs rather than Asian affairs. Second, we tend to think that they are in the midst of a decline that cannot be reversed. Both of these views are, in my opinion wrong. However, for the sake of brevity, we will not dwell on this point, especially since the Russians do not play an important role in the power politics of the region, excepting their policies viz-à-viz China.[6]

Adjustments to Changing Power.

Lack of Multilateral Institutions. The first thing that an observer should note about Asia is the rather troubling lack of working, formal, international institutions capable of dealing with abrupt or subtle changes in the international system.

In many respects the most important development in power in Asia in the last 5 years has been associated not with the big powers (Japan, the United States, or China) but with a sub-power, Indonesia. It was Indonesia, supported by Singapore, that drove the process of multilateralism in Asia over the past 5 years. Indonesia's dramatic plummet from power to merely hanging on by a thread to political stability

is one of the most animating and misunderstood developments in Asia today. If one were to draw up a list of countries who are important to the United States and yet whose importance is not understood by the United States, Indonesia would top that list.

What of the Association of Southeast Asian Nations (ASEAN) Regional Forum? This, unfortunately, has proved to be a bit of a disappointment. Over the last several years we had really tremendous opportunities to move ahead with a broader agenda on confidence building and maybe on conflict prevention. The leadership of the organization, unfortunately, was primarily interested in gathering new members, as opposed to deepening an agenda. It was also very afraid to alienate the major powers, especially China; therefore, remarkably little of the things that needed to be done got done. Much of the attention and the creative time associated with the last ASEAN Regional Forum meeting was, in fact, devoted to the evening of entertainment. Every country had to put on a skit to showcase its wares. This initiative was intended to be a fun opportunity for the representatives of different nations to get together in a relaxed fashion. Of course, in great Asian style, it became a hyper-competitive event, in which every nation basically ran true to form. Our Japanese friends hired the best drum players in the world, sneakily brought them in on diplomatic protocol, while the United States tried to do last minute duets with Russia and then get out of town. That was the sort of thing that happened. In short, Asia, unlike Europe, lacks institutions that can help it adjust to changes in the international scene and enable it to mellow and deal with hegemonic transitions.

Bilateral Relationships. In the United States, the Bush administration has highlighted its desire to revitalize the bilateral relationships. Revitalizing the security relationships is extremely important, and is a process that substantially predates the Bush presidency. Secretary Perry in fact, began it in the mid-1990s. However, Asian ears like to hear two things simultaneously: engage China

and revitalize the bilateral security relations. The perception, at least in Asia, seems to be that we intend to do the one without the other.

The most dramatic diplomatic achievements of the last five years have taken place in China. Beginning in about the middle of the last decade, China set about establishing very substantial confidence and security building arrangements with every country on its border, with Russia, the Central Asian Republics, India, Burma, and throughout Southeast Asia. These arrangements were made in rapid succession.

III. THE FUTURE: BIG POWER OPTIONS

Finally, let us consider what appear to be the big power options of China, Japan, and the United States.

China.

The indications are that a dramatic change in Chinese orientation is underway. The Chinese leadership seemingly now recognizes, with a mixture of hope and trepidation, that 1,000 years of history is about to be relegated to the ash-bin. For 2,000 years, China's primary focus has been towards the land. Now they are increasingly coming to believe that, in order for China to prosper, they must turn to the sea. They are looking to establish sea lines of communication, especially to the east. They are attempting to develop major relationships with the United States, Japan, and Korea.

This is something that the United States should notice. We tend to concentrate our attention on the magnitude of China's power, which is important. However, we should not, in so doing, forget to think about China's orientation. The Chinese are moving dramatically away from their landward orientation and are increasingly coming to appreciate that trade, energy supplies, and sea lines of communication are important to it. These are areas in which the United States and the international community will have the greatest

potential for positive engagement with China. They are possibly contentious areas as well.

What of future Chinese bilateral relationships? Of late, the Chinese appear to have decided to enter into a tactical embrace with Russia. This is the more worrying the longer it goes on. China has procured from Russia a really substantial amount of military capability, primarily designed for a potential Taiwan scenario, possibly involving the United States. This is not a welcome development. It is creating more and more concern in the region as a whole.

Japan.

As for Japan, the last 10 years have been the "lost decade". Its political and foreign policy elite have, more than anything else, wanted to develop a better relationship with China. For a whole host of reasons they have been unsuccessful. Especially daunting is what we learn from public opinion polling in Japan. The vast majority (60-70 percent) of Japanese above age 45 believe that it is in Japan's interest to have a good strong relationship with China. In contrast, among Japanese between the ages of 18 to 43-44, that interest in a better relationship with China totally and completely evaporates. Polls suggest that this coming-of-age group of Japanese citizens have had it with China. They do not feel that China has the moral wherewithal to criticize Japan the way they have been doing. They feel, moreover, that Japan has become a different country over the last 60 years, and is no longer the Japan of 1937-38.

The United States.

Over the last 10-15 years, 80-90 percent of American strategic creativity, interests, and activity has been devoted to three major issues, all of them in Europe. First, Americans have focused on dealing with the transformation of the Soviet Union into Russia. This process, which is still underway, is messy and has wide ramifications in both the

military-political and economic spheres. Second, Americans have been preoccupied with the reunification of Germany and the associated task of forging a new NATO for the 21st century. Third, they have been picking up the mess from Tito's Yugoslavia. For the past 10 years, 90 percent of American strategic creativity, energy, and activism, both in the latter years of the Bush administration and the entire Clinton administration, have been devoted to these three challenges.

Over the next 10 years we will likely see a perceptible shift in American attention away from Europe and towards Asia. What are likely to be the major challenges and preoccupations of the future?

- Topping the agenda will be the inevitable changes and developments associated with change on the Korean peninsula. This process is underway and cannot be stopped now that the two Koreas are in the process of a very significant strategic embrace. The process will be difficult under all circumstances.

- The rise of China will also likely engage American energies. The United States will not only have to deal with China but also with Japan as part of that process. China's rise has tremendous implications for the United States. The rise will affect us in what we might call a psychic and philosophic way. Long before it affects us, however, it will affect our friends in Japan and in a much more direct and significant fashion. Thus, as we increasingly think about this relationship, it is important that we think about it less in terms of a bilateral context and more in terms of the trilateral sense. You cannot have profound peace and prosperity in Asia unless the three great powers of Asia can somehow find a way to work together in the future.

- Indonesia will also be an area that will need our attention. This country looks as if it is coming to the

end of incoherence. Here we will need to pick up the pieces.

- Just after these top three items, would be an Asian economic crisis. The possibility of such a crisis lurks immediately on the horizon. Most Asian countries failed to make the changes that were needed in 1998 to ensure continued prosperity. The American economy, which served as a global engine of growth, is slowing down. This will only aggravate matters, especially since those countries, which have regained their prosperity since 1998, did so exclusively because they found it easy to penetrate American markets.

CONCLUSION

What then are the lessons to be learned from a study of the patterns of hegemony in Asia? First, to reiterate, one must be very cautious about making predictions. If the past quarter-century has made anything clear, it is that it is very hard to foresee with any accuracy which powers will gain or lose power. This book is devoted to the study of the security implications of the Rise of China: we should remember that it is by no means self-evident that China *will* rise.

Second, we must always consider not only the realities, but also the perceptions of power, which are often the driving force of international politics. Third, we should take note of some of the destabilizing forces that face us in Asia. Asians are insecure and worried about American power. They also lack the kind of multilateral institutions that can ease tensions caused by rising and falling patterns.

Fourth, we should always be aware of the overall Asian context and not focus on great power politics to the exclusion of all other things, nor on the bilateral relations of the United States. The importance of sub-powers should not be underestimated. The rise and fall of Indonesia, though it is not a great power, has played an enormously important role in Asia in the last 5 years. Again, we should never lose sight

of the fact that the overall stability of the Asian region depends on the development of good relations among all the Asian powers. While the rise of China is of real importance to the United States, we should equally bear in mind how this rise may affect Japan.

Finally, let me close by insisting on the importance of paying strategic attention to Asia, and by thanking the Army for supporting this work. It is very much a tribute to this institution that it is willing to take an interest in a part of the world in which it is likely to play a decreasing role in the future.

ENDNOTES - CHAPTER 3

1. For those interested in reading more on the challenges facing the United States vis-à-vis China, the best book of its kind is by David M. Lampton, *Same Bed, Different Dreams: Managing U.S.-China Relations, 1989-2000,* Berkeley: University of California Press, January 2001.

2. Lee Kuan Yew, *The Singapore Story: Memoirs of Lee Kuan Yew*, Singapore: Times, 1998.

3. Elmo Zumwalt, *On Watch: A Memoir*, New York: Quadrangle/New York Times Book Co., June 1976.

4. Dr. Greico addresses this issue in Chapter 2 of this book.

5. Fumio Hayashi and Edward C. Prescott, *The 1990s in Japan: A Lost Decade,* Minneapolis: Federal Reserve Bank of Minneapolis, November 2000.

6. Their impact on China is, however, appreciable, and we will devote some time to this later in the chapter.

Part II.
IS CHINA A SECURITY THREAT?

CHAPTER 4

RISING CHINA: A THREAT TO ITS NEIGHBORS?

Michael R. Chambers

INTRODUCTION

Whether or not China poses a threat to its Asian neighbors has been an issue debated by many since the mid-1990s. The occupation of Mischief Reef by the People's Republic of China (PRC) in early 1995 set off alarms in the region that China's rapidly developing economy and increasing budgets for the modernization of the People's Liberation Army (PLA) could lead to a Chinese threat to the region. These concerns were reinforced in the East Asian region and in the United States in spring 2001 when the PRC announced that it was increasing the PLA's official budget by almost 18 percent to approximately $17.2 billion.[1] Impressions of a more militarily assertive China were strengthened, at least in the United States, by the mid-air collision of a Chinese F-8 fighter jet and a U.S. EP-3 surveillance plane on April 1, 2001, and the 11-day standoff over the detained American crew.

While these incidents and developments have played into the fears of some of a "China threat," others have sought to remind us that these fears are exaggerated, at least for now. Whether focusing on China's military capabilities or a combination of its intentions and capabilities, they argue that the PRC is a conservative, middle power that may not really matter—at least to the degree that the alarmists would have us believe.[2]

Is rising China a threat to international security, and in particular a threat to its East Asian neighbors? This chapter will address this question, and, in doing so, will side with those scholars who are less alarmist about China's threat to the East Asian region today. The PRC lacks the capabilities at present to seriously threaten the security of its neighbors, with a few exceptions, and its intentions are also more inclined toward maintaining the regional status quo for the moment. However, this could change in the near-to medium-term future, based on the success of China's economic development.

I. CURRENT THREATS

China is Not a Global Threat.

As we evaluate China's potential ability to threaten international security, it is important to consider the geographic scope of that threat. Aside from threatening the international proliferation regimes, with consequences primarily in the Middle East, China's ability to threaten security is restricted largely to the East Asian region (defined as both Northeast and Southeast Asia). As others have noted, China has not replaced the former Soviet Union as a global threat to U.S. interests and to the security of regions all over the world. China is not seeking to construct a network of client states all over the globe through which to challenge U.S. and Western interests. The Chinese will work with coalitions of other countries on certain issues—such as human rights—to oppose U.S. interests and advance Chinese interests. However, we do not find a large Chinese-led coalition seeking to oppose the United States on a broad agenda of issues. Nor is China seeking to spread a specific ideological vision of the world and to gather other countries under its ideological leadership. (It is also not clear that a stronger China in the future would be leading a crusade for some new ideology and seeking adherents under its leadership.)

Certainly, China wants to curb U.S. influence globally by promoting multipolarity, with China as one of the great powers, but this is not necessarily a threat to international security. In fact, a five-power multipolar configuration of power was advocated by Richard Nixon and Henry Kissinger when the former was president, with China serving as one of the great powers in this system. Whether or not you see China's support for the emergence of multipolarity as a threat depends, perhaps, on your assessment of whether multipolarity or unipolarity (or some hybrid of the latter) will do more to secure international stability and security.

Most importantly, China lacks the capabilities to try to project power globally, and it does not seem likely to develop such capabilities in the near future. China is a continental power, with a military that is geared primarily toward defending the Chinese mainland from attack—dating back to the "people's war" strategy of the Maoist era. The People's Liberation Army (PLA) Navy lacks a blue water navy and has no aircraft carriers with which to project seapower. Similarly, the PLA's air force is still rather antiquated and lacks long-range capabilities. China's military modernization program over the last several years has sought to develop and acquire new naval and air weapons systems, such as Su-27 and Su-30 fighter aircraft and two *Sovremennyy* class destroyers from Russia, that would enhance the PLA's capabilities to defend China out away from its land and sea borders, but these do not bring it longer range power projection capabilities.[3] The one area in which the PRC does have some global reach is in nuclear weapons; China has approximately 20 nuclear-tipped intercontinental ballistic missiles (ICBMs) and a single ballistic missile submarine (still not fully in service) that can carry perhaps a dozen nuclear-tipped submarine-launched ballistic missiles (SLBMs).[4] These serve as China's nuclear deterrence against the United States and other nuclear powers. In addition, China has hundreds of short-, medium-, and intermediate-range

ballistic missiles and is developing more of these, but the range of these missiles prevents them from presenting more than a regional threat. As mentioned above, Chinese sales of missile technology to Iran, Libya, and Syria, as well as to Pakistan, threaten the international non-proliferation regimes, but China is not itself threatening regional security in the Middle East.

Does China Threaten Its Asian Neighbors?

If China is not a global threat, does it present a threat to East Asian regional security? Does the PRC threaten its neighbors in East Asia? Generally speaking, China does not currently threaten its neighbors, with two principal exceptions: Taiwan and other claimants to the Spratly Islands in the South China Sea. China has some capabilities, particularly in terms of its missiles, to threaten its regional neighbors. The PRC has deployed a combination of short-, medium-, and intermediate-range ballistic missiles that together give it the ability to strike all of its neighbors.[5] And its modest air and naval capabilities do provide it the ability to threaten the security of nearer, weaker neighbors. Nevertheless, this threat is limited by China's inability to project air and sea power far from its shores. With these qualifications to China's threat capacity, it could be argued that China's ability to threaten the countries of East Asia today is less than it was in the 1960s, when it supported various communist insurgencies (often with a core of ethnic Chinese) struggling to overthrow the regimes of Southeast Asian countries such as Thailand, Malaysia, Laos, and South Vietnam. The PRC also had ties to the Communist Party of Indonesia, which was destroyed following its complicity in the aborted leftist coup attempt of October 1965. While not as high-tech as ballistic missiles, this support for communist insurgencies was a capability well-suited to the political situations in the countries of Southeast Asia, and the threat to the political orders of these countries was quite pronounced at the time.

The current threat posed by China is limited inasmuch as its capabilities are limited. It is further limited in that China appears not to have aggressive intentions towards its neighbors. The PRC is still preoccupied with its economic reforms and its desire to create economic growth. The legitimacy of the post-Mao leadership has rested heavily on its ability to foster economic development, which has required significant reform of the economy to include market forces. China's effort to join the World Trade Organization has become an important element of this strategy, yet one that will require even greater changes to its economy and policies. The leaders in Beijing need to cope with the political and economic consequences of continuing economic reforms, especially those which affect the state owned enterprises and which are likely to result in heavy unemployment. China is increasingly troubled by labor demonstrations: workers who have been laid off have engaged in large scale demonstrations while peasants have demonstrated against government corruption and illegal taxes.[6] While economic in nature, such unrest could pose a political challenge to the government.

The Chinese leadership also remains extremely concerned about domestic political stability. This is most evident in the continuing campaign against Falun Gong, but can also be seen in government calls for vigilance against ethnic separatism and religious extremism, both of which can be found in western Xinjiang province as well as elsewhere.[7] To achieve these economic and political goals, China needs a stable international environment in which it can focus its attention on its domestic needs. Such an environment cannot be attained if the PRC is acting in a hostile manner towards its neighbors.

In terms of relations with its East Asian neighbors, China seems to have two principal goals.

1. To foster a regional international environment that takes China's interests into account.

China sees itself as a (or perhaps *the*) regional power, and believes that it deserves respect and deference. This self-perception derives in part from China's past role as the center of a Sinic cultural world, of being the "Middle Kingdom," in which the Chinese emperor was the Son of Heaven and all other countries in the region were in some degree of subordinate tributary status to China.

One of the primary goals of the PRC's foreign policy since the founding of the communist regime in 1949 has been to return China to this status of regional power, and the Chinese leaders feel they have now achieved this goal. We can point to several examples of deference to Chinese interests. Recently, for instance, Beijing tried to prevent an international conference on Falun Gong from being held in Thailand, and the Thai government acceded to China's demand, pressuring the local Falun Gong adherents to call off the conference.[8] Similarly, the ASEAN Regional Forum (ARF) has been hesitant to move faster than China is willing in progressing from mere discussion of security issues to becoming a forum for conflict prevention.

2. To develop military capabilities to defend Chinese interests and territory out at a distance from the PRC's borders.

This is an important thrust of China's military modernization program. These capabilities, such as developing a "green water" navy that can meet threats to the PRC off-shore rather than relying on coastal defense, will be useful in a conflict in the Taiwan Strait or in the South China Sea over the Spratly Islands. Chinese analysts emphasize that these capabilities will be defensive in nature, although they position the new maritime outer defense perimeter well off the mainland, stretching from the Korea Strait in the north, to the Ryukyu Islands in the east, to the Spratly Islands in the south.[9] The Su-27s and the two *Sovremennyy* class destroyers that the PRC has purchased from Russia are part of this defense plan, as are the new

domestically produced *Jiangwei II* class frigates and the *Luhai* class destroyers.

While China wants to have its interests taken into account by the countries of the East Asian region, this does not mean that China will seek to dominate its neighbors the way the Soviet Union did its neighbors. China simply lacks the capabilities to do so. Without power projection, the PRC lacks the ability to threaten coercive power against these countries, which would be necessary if they do not listen to diplomatic persuasion.

In fact, China has developed cordial, cooperative relations with nearly all of its neighbors save Taiwan. Even there some progress has been made recently regarding economic interactions.[10] China has good bilateral relations with all of its neighbors in East Asia. It concluded long-term cooperative agreements (including political, economic, and security cooperation) with all ten of the Association of Southeast Asian Nations (ASEAN) during 1999 and 2000. It also entered into a "Partnership of Friendship and Cooperation for Peace and Development" with Japan in 1998 and a "full-scale cooperative partnership" with South Korea in October 2000. While it may be true that China originally joined regional organizations such as the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Regional Forum (ARF) so as to ensure that they would not be used to harm Chinese interests, it is only fair to say that China has been a useful and cooperative participant. It has also participated in the recently inaugurated ASEAN Plus Three summits, which bring the PRC, Japan, and South Korea into discussions with the members of ASEAN.

China has sought to resolve many of its outstanding territorial disputes. In the last 2 years it has signed agreements and protocols with Russia and Vietnam, resolving almost all of their remaining land border disputes. Where no immediate solution could be found, China has sought to reach agreement with its neighbors to shelve the

issue and to move ahead cooperatively on other fronts. Examples here include the Senkaku/Diaoyu Islands dispute with Japan, and the Spratly Islands dispute with Brunei, Malaysia, the Philippines, and Vietnam. (The Chinese are currently involved in discussions with the other claimants to the Spratlys on a Code of Conduct to reduce tensions in the South China Sea.)

China further sought to demonstrate its good regional citizenship by contributing a civilian police contingent to the United Nations (U.N.) Security Council-sanctioned international force in East Timor (INTERFET) in 1999. Finally, the PRC contributed to the bailout of the Southeast Asian countries in the wake of the 1997 financial crisis. It provided $1 billion each to Thailand and Indonesia, and pledged $4 billion dollars overall.[11] Beijing also promised not to devalue its currency, which could have undermined the ability of some of the Southeast Asian countries to use exports to help drive their recovery from the crisis.

Whether one looks at bilateral or multilateral relations, at economic or security issues, the evidence points in the same direction. China today is pursuing a non-aggressive foreign policy toward its neighbors and, to a large extent, is attempting to maintain the status quo in the East Asian region. This approach is likely to last for at least the next several years. Before turning to consider what might happen after that time span, let us first briefly examine the subregions neighboring the PRC.

Northeast Asia: the Korean Peninsula.

China has been a strong supporter of the status quo in Northeast Asia, particularly on the Korean peninsula. While the PRC has enjoyed close relations with North Korea since 1950, and has given support in the past to North Korean aspirations for reunification of the peninsula under Pyongyang's rule, Beijing has backed away from that position. Since the late 1980s, Sino-South Korean relations have flourished, particularly in the economic realm.[12] China

no longer wants a reunified Korea, especially since such a Korea would likely be ruled from Seoul and closely allied with Washington. China would prefer a divided Korea, although it would like North Korea to become a more stable and prosperous state than it is at the moment.

To help bring this about, China has for many years now sought to promote economic reform in North Korea. It would like Pyongyang to follow Beijing's path and undertake economic reforms while maintaining political control over the society. As part of this promotion strategy, the Chinese leadership has hosted two visits by North Korean leader Kim Jong-Il in just 8 months during mid-2000 and early 2001. In short, the Chinese think that they will be better able to influence a Korea that remains divided and so, where Korea is concerned, they essentially want to maintain the status quo.

North East Asia: Japan.

Regarding Japan, China has sought to develop good relations with this major power, but there are still significant points of friction. Since Chinese President Jiang Zemin's November 1998 visit to Japan, Prime Minister Keizo Obuchi traveled to Beijing for a summit in July 1999, and Prime Minister Zhu Rongji returned the favor in October 2000. The two countries resumed a bilateral security dialogue in October 1999, and exchanged visits of senior military as well as political figures in 2000.

Despite these efforts, the legacy of Japanese actions in World War II and the existence of territorial disputes have continued to hamper smooth relations. Problems over history flared most recently in spring 2001, as the Chinese once again took offense to a Japanese textbook that glossed over its wartime actions in China. Beijing also expressed its outrage at the August 13, 2001, visit of Prime Minister Junichiro Koizumi to the Yasukuni Shrine honoring Japan's World War II dead. These problems have arisen primarily due to Japanese domestic politics. Nevertheless,

they have set back the progress made by Prime Minister Zhu's fall 2000 visit, during which he downplayed the need for an apology from Japan and otherwise avoided stressing problems stemming from the troubled past.

In terms of the territorial dispute, conflicting Chinese and Japanese claims to the Senkaku/Diaoyu Islands present a minor Chinese threat to Japanese (claimed) territory. Nevertheless, Beijing was very restrained during the 1996 flare-up of this dispute, and has sought to shelve this issue in order to pursue other avenues of more cooperative interaction. However, this goal has been partially undermined by the fact that China has continued to send maritime research and even military vessels into Japan's maritime exclusive economic zone (EEZ) near the Senkakus and other areas. This issue has, consequently, remained as an irritant. Fortunately, China and Japan agreed in mid-February 2001 to a mechanism for prior notification of maritime research activities in the disputed waters.[13]

While the PRC has sought good relations with Japan, it has also sought to prevent Japan from significantly expanding its military capabilities or operations. The Chinese continue to be wary of any return of Japanese militarism. Beijing has issued many public protests and expressions of concern over the last several years regarding Japan's potential support of U.S. military operations in the Taiwan Strait area. The concerns date back to the 1997 revision of the U.S.-Japan Defense Guidelines. These security arrangements outlined in the document allow for mutual cooperation between the United States and Japan "in situations in areas surrounding Japan."[14] The Chinese see this as an attempt to include Taiwan within the scope of U.S.-Japan defense cooperation.

Another recent example of this Chinese concern occurred in March-April 2000, when the Japanese government floated a proposal that some of their Coast Guard vessels be included in a multilateral force seeking to

combat piracy in the South China Sea. This would have resulted in Japanese vessels patrolling seas more than 1,000 nautical miles from the Japanese home islands. While the ASEAN countries were amenable to Tokyo's proposal, the Chinese vehemently opposed it.[15]

Finally, the PRC is wary of the U.S. proposal to establish a theater missile defense (TMD) system which would shield Japan and South Korea (allegedly from a missile attack from North Korea). The Chinese oppose TMD in part because they are afraid Taiwan would be included in the system, but also because it would undermine their primary means of threatening these two neighbors. TMD also would more closely integrate the defense relations between the United States and these two regional allies at a time when China is trying to weaken U.S. influence in the area.

North East Asia: Taiwan.

Taiwan of course is the one neighbor that China very seriously threatens. While the PLA currently lacks the air and amphibious naval capabilities to invade the island, it has sufficient missile capabilities to destroy Taiwanese property and lives, and it has a sufficient number of submarines and surface vessels to threaten the island with a blockade, which could severely disrupt the Taiwanese economy. And as mentioned above, the PLA is currently seeking to enhance its ability to threaten the island.

Yet even with these threat capabilities, the PRC *at a minimum* wants to maintain the status quo of Taiwan's ambivalent international status: the status quo means that Taiwan does not achieve any real degree of independence in the international realm. Of course, Beijing's most preferred outcome is a peaceful reunification of the island with the mainland.

The recent tensions in the Taiwan Strait, in 1995-96 and in 1999, are a product of the interaction of these minimum and maximum interests. China engaged in military

exercises in 1995-96—including the firing of missiles into the Strait—and threatened to repeat these exercises in 1999 due to fears that President Lee Teng-hui was trying to push Taiwan toward greater independence and international recognition. Thus, these tensions were caused by Beijing's pursuit of its minimum interests: China thought that Taipei was seeking to change the status quo.

But these tensions were also caused in part by the PRC 's pursuit of its maximum interests. Since early 1995, when President Jiang Zemin laid out eight points to govern the reunification of Taiwan in his Chinese New Year's Eve speech, Beijing has sought to accelerate the reunification process to ensure that it would occur during Jiang's leadership, thereby building up his historical legacy.

Where Mao Zedong had claimed that the problem could be solved in 100 years and Deng Xiaoping felt the issue could wait at least a generation, Jiang Zemin's government issued a White Paper in February 2000 which asserted that the PRC would not wait forever for an agreement on reunification. Media leaks via Hong Kong claimed that an agreement needed to be reached by sometime around 2007-10.

Supporting the status quo in Northeast Asia—including in Taiwan—is therefore in China's interest for the moment. It keeps Korea divided and thus more easily influenced by the PRC, and it prevents Japan—China's chief Asian rival—from expanding its power in the region. It also prevents Taiwan from altering its status in ways inimical to Chinese interests and buys time for the mainland to persuade the Taiwanese to agree to reunification.

Southeast Asia.

Since the end of the Cambodia conflict in the early 1990s, the PRC has enjoyed good relations with both the non-communist countries of ASEAN and the Indochinese countries. In fact, with the conclusion of the Paris

Agreements in 1991, China achieved its long-standing goal of preventing any other country—whether a power from outside the region or one of the Indochinese countries themselves—from dominating that subregion. Even Vietnam has accommodated itself to China's preeminent influence in Indochina. Moreover, Chinese cooperation with the ASEAN countries during the Cambodia conflict helped to alleviate the fear of China, which had been generated by its previous support for the communist insurgencies in many of these countries.

At this time, China appears satisfied with the political status quo in Southeast Asia, with the exception of the dispute over the Spratly Islands. Not only has it created good bilateral relationships with the Southeast Asian countries, it has entered into various dialogues and regional organizations with its neighbors to the south, such as the ASEAN Regional Forum and the ASEAN-China dialogue. As mentioned above, during 1999-2000 the PRC concluded long-term cooperation agreements with all ten of the ASEAN member states, covering economic, political, and even military cooperation (e.g., exchange of official visits), among other issue areas.

It also has acted as a good neighbor during some of the crises that have plagued the region of late. China's response to the harassment and killings of ethnic Chinese in Indonesia brought on by the economic crisis there in 1997 was notably muted.

Moreover, the PRC played a very constructive role during the economic crisis, contributing to the International Monetary Fund (IMF)-led bailout of Thailand and Indonesia and refraining from devaluing the *renminbi* despite China's own slumping exports. As an aside, it is worth noting this devaluation pledge: it points to an important nonmilitary capability the Chinese can use to threaten the economic security and social stability of countries such as Thailand, Indonesia, and the Philippines. China is competing with these countries for export markets,

and the PRC has an advantage over them with regard to cheap labor. A sharp devaluation of the Chinese currency could undermine the efforts of these Southeast Asian countries to regain the growth patterns they enjoyed in the early to mid-1990s.

Analysts interested in assessing potential Chinese threats in Southeast Asia have focused their attention on the Spratly Islands in the South China Sea. This is primarily because China has grabbed several of the islands and reefs in this island grouping over the last few years. In 1988, China seized seven islands from Vietnam after a brief naval clash. In 1995, China occupied Mischief Reef, which is claimed by the Philippines, and placed markers on several other reefs and shoals in the area claimed by Manila. A few stand-offs between Chinese and Philippine vessels have occurred since then. Moreover, the Chinese have continued to build on Mischief Reef: a recent photo carried by Reuters showed several concrete structures and construction cranes in addition to the original bamboo shacks built by the Chinese "fishermen."[16]

Since China did not occupy any of the Spratly Islands prior to the seizure of the Vietnamese-controlled islands, these actions have been seen as acts of aggression designed to change the status quo. Despite this, however, it must be noted that Beijing has been willing to discuss the dispute with the Southeast Asian claimants—Brunei, Malaysia, the Philippines, and Vietnam. It appears that China and the Southeast Asian claimants are relatively close to agreement on a code of conduct to govern their behavior in the Spratlys, with one of the major stumbling blocks being Vietnamese insistence that the code also cover the Paracel Islands in the northern part of the South China Sea (which China seized from South Vietnam in 1974).[17] A bilateral Sino-Philippine code of conduct is also under discussion. Moreover, the PRC has not seized any islands or islets since 1995.

The inconsistency of Chinese behavior in the Spratlys complicates our analysis. There are a number of possible

explanations for these inconsistencies, all of which lead one to different interpretations of Chinese intentions. One possibility is the sporadic, or partial, efforts to occupy islands may be a reflection of bureaucratic infighting in Beijing. It may be, for example, that the PLA Navy is striving to occupy islands while other ministries (e.g., the Ministry of Foreign Affairs) are attempting diplomatic efforts to defuse the situation.[18] A second possibility is that the Chinese made some initial efforts to stake their claims to the islands but backed away from further occupations because of the international uproar that followed their movements on Mischief Reef.

A third possibility is that China seized these islands, some from Vietnam and one from the Philippines, as a preemptive measure. The PRC may have feared that these two claimants—and others—might take steps vis-à-vis the Spratlys that would harm Chinese interests in the islands and in the potential mineral wealth that lies beneath them. Occupying several of the islands would ensure that China would have a strong voice in any decisions reached concerning the islands and the resources associated with them. This third interpretation reinforces the view of China as a nation primarily intent on preserving the status quo.

While China's intentions regarding the Spratlys are somewhat obscure, its determination not to back down from its claims is very clear. However, the threat here may not be as serious as it is sometimes made out to be. Certainly, all states want to maintain their territorial integrity, and none are willing to allow the forcible seizure of any part of their territory to go unchallenged.

Still, the threat should be kept in proportion. In the first place, the Spratlys do not form part of the core territories of any of the claimant states. They are of peripheral not core interest. In the second place, China no longer poses a political challenge to the claimant states. In the 1950s and 1960s, by contrast, the PRC sought to undermine the political regimes of many of these states by its support of

communist insurgencies. This it no longer does. In the third place, as we have already mentioned, Beijing has tried not to let this dispute preclude the pursuit of cooperative relations with these neighbors in other areas.

South Asia.

Thus far our analysis has focused on the potential threat China poses to its East Asian neighbors. South Asia is another important region neighboring the PRC and potentially threatened by China. Let us briefly examine China's relations with its South Asian neighbors.

China has, by and large, sought to establish cooperative relations with countries in South Asia (including with its one-time foe, India) just as it has in Northeast and Southeast Asia. However, in Northeast and Southeast Asia, China's policy is not based on threatening any of the countries save Taiwan. This is not the case in South Asia, where China's policy is based intentionally, if only implicitly, on threatening a regional country: India.

China has sought to prevent India from gaining the upper hand over Pakistan, thereby maintaining something approximating a balance of power in the region. India has sought to enhance its security against Pakistan through the development of new weapons systems, such as nuclear weapons and ballistic missiles. Meanwhile, China has quietly supported its ally, Pakistan, so as to counterbalance these Indian efforts. Among other things it has provided assistance to the Pakistani nuclear weapons and ballistic missile programs.

Some in the United States argue that these Chinese actions undermine international security, particularly by violating the international nonproliferation regimes. China, however, sees its behavior in a different light. As far as China is concerned, it is ensuring a somewhat even distribution of power in South Asia. In so doing, it is not

disrupting but rather supporting the status quo. India is the country seeking to alter the status quo, not China.

Despite this implicit threat, China continues its efforts to forge good relations with the countries of South Asia, including India. In May 2001, Prime Minister Zhu Rongji visited Pakistan, Nepal, the Maldives, and Sri Lanka to boost cooperation between the PRC and these neighbors. Shortly after this trip, the Indian Defense Ministry announced on May 24 that a Chinese destroyer and replenishment ship would join with Indian naval vessels later in the week for 1-2 days of exercises in the Arabian Sea, the first time such an event has occurred in 7 years.[19]

The Chinese Threat Today.

To summarize the situation today, it is clear that the PRC lacks the capabilities which would permit it to pose a serious threat to the security of any of its East Asian neighbors other than Taiwan. China does pose a threat to Southeast Asian countries inasmuch as it also claims the Spratly Islands, but this is a threat to peripheral territory of these countries—albeit territory with the potential for mineral wealth. As to India, China is indeed threatening it. However, it is doing so to maintain rather than overturn the regional balance of power and the status quo.

Equally important, China's intentions toward these neighbors are largely nonaggressive. China wants a peaceful international environment in the region so that it can focus on its domestic economic and political goals, which will allow it gradually to build up its power resources. Towards this end, the PRC has sought good, cooperative relations with its neighbors, and supports the status quo in the region. However, this support of the status quo does not guarantee that China will remain satisfied with it over the long-term. Rather, it is a calculated and instrumental support for the current situation based on Beijing's current needs and future goal of regional power.

II. THE CHINESE THREAT IN THE FUTURE

China's calculated support for the status quo is likely to last for several more years, perhaps 5 to 10. After that, the potential Chinese threat to its neighbors will probably begin to increase. The nature of the increase and the exact timing of this change depend to a large degree on the success of the economic reform program and continued economic growth. Two basic scenarios thus unfold, one based on the success of these economic efforts and the other on their failure.

Scenario 1: Economic Success.

It is possible that China's economic reforms will succeed and that its economy will continue to grow strongly. Should this happen, around the years 2020-25, we may envisage a scenario whereby China will carry much economic weight in the world. It may not have overtaken the United States as the largest economy in the world, as has been forecast by some analysts, but it will certainly be closing in on that position. At the same time, the pursuit of economic success will have driven China to become more economically dependent on international trade. By 2020-25 one may assume that it will be relying heavily on imported oil and other energy sources (from both Central Asia and the Middle East).

In this scenario, the Chinese will be dependent on trade and imported energy. They will also have the enhanced economic resources that will permit them to increase their military capabilities. As a result, we may expect several developments. The Chinese will likely increase their air and naval capabilities for power projection and seek the ability to keep the sea lanes through Southeast Asia open to Chinese trade and energy imports from the Middle East. The PRC will pursue this goal to ensure that its economic security is not disrupted by another power.

This would be particularly vital should conflict break out in the Taiwan Straits. If the Taiwan issue has not been

resolved to Beijing's satisfaction, the PRC will need to ensure that the United States cannot cut China's economic lifeline. The United States currently maintains freedom of the seas through these sea lanes as a "collective good" for all trading countries.[20] Most of the countries of East Asia are willing to enjoy this collective good. However, China will want insurance against the possibility that it becomes an excludable good. It will, therefore, develop the air and naval capabilities (such as aircraft carriers) that will allow to keep the sea routes open to Chinese trade and energy imports. Of course, these same capabilities may also enable the Chinese to threaten to close these same routes to other East Asian trading states, such as Japan, South Korea, and Taiwan, thereby threatening the security of these neighbors. U.S. interests in the region would be similarly challenged.

In addition to developing military capabilities to ensure continued trade and energy imports, China will likely take a stronger interest in what happens in Indonesia, Malaysia, and Singapore because of their location along the important Strait of Malacca and other major Southeast Asian sea lines of communication. Indonesia in particular could be of strategic interest to the PRC based on its geographic position astride the major Southeast Asian sea lanes as well as its possession of oil and natural gas fields.

Having regimes in these countries that are friendly to Beijing will become important to the PRC, and we could see increasing intervention by the Chinese in the domestic politics of these countries. This could become problematic for the United States, especially if Islamic fundamentalists gain control over Indonesia or Malaysia. The recent historical record suggests that the Chinese would be much better able than the United States to work with such regimes. The PRC and the United States might well come to disagree over whom they wanted to govern in these countries. This would raise tensions more broadly between these two countries. Even if nothing as drastic as this ever happens, it is possible that the PRC will seek more actively to shape the politics of the region. They may try to make

sure that neighboring governments adopt policies that are in keeping with Chinese interests. Great powers, whether regional or global, have frequently tried to control the policies of their neighbors in this way. This Chinese interventionism could very well lead to threats against the political regimes of some of its East Asian neighbors.

This interventionism could also affect other areas where China will have increasingly strong interests, such as in Central Asia and in the Middle East. Because countries in these areas will be principal suppliers of China's energy needs, the PRC may find itself intervening to create or maintain regimes that are more to its liking. Such activity will pose a threat to some leaderships and states in these two regions. It could also threaten U.S. as well as Russian interests in these regions. In particular, the PRC might be more willing to support nondemocratic regimes than the United States would be, although our history suggests that this might not necessarily be the case.

Finally, the power projection capabilities that China will develop under this scenario will give it the ability to threaten its East Asian neighbors in ways that it currently lacks. In particular, these new capabilities could provide it the ability to militarily resolve the Taiwan issue as well as the dispute over the Spratly Islands—and the Senkaku Islands for that matter. Certainly, China's neighbors will seek to enhance their own military capabilities as those of China rise, and these countering actions may offset the increased Chinese threat. But we could also get a regional arms race that would aggravate tensions and misperceptions. The fundamental point here is that the continued rise of China will likely give it new interests and new capabilities, and these could threaten the interests and security of its East Asian neighbors.

Scenario 2: Economic Collapse.

A second possibility is that China's economic reforms and growth will stall or even collapse. This would likely

result in (and could also be caused in part by) internal tumult. This could happen any time between now and 2020, although the most likely date would be between 2005 and 2010. This is because at the moment the Chinese economy seems to be continuing to make progress and seems to be in no imminent danger of collapse. At the same time, if the Chinese economy continues to prosper, it will be very strong towards the end of this period and therefore less likely to be vulnerable to collapse.

If economic collapse occurs, the Chinese Communist Party will doubtless meet its demise. Since the start of the reform period in late 1978, the basic source of legitimacy for the Party has been its ability to produce economic benefits for the country. The ideological basis of the Party's rule, which had been the foundation of its legitimacy, was undermined by the pragmatic policy approach adopted by Deng Xiaoping and the turn from a planned state-owned economy to a heavily market-based economy led by the private sector.

This fall of the Chinese Communist Party will not necessarily lead to the rise of a democratic political system in China. To the contrary we are most likely to see a new authoritarian regime emerge, one based heavily on the military as well as some of the former Communist Party reformers and technocrats. This regime will likely resemble the bureaucratic-authoritarian regimes of Latin America and the authoritarian regimes that led Taiwan and South Korea in the 1970s and early 1980s. It is also likely that without an ideological basis for their legitimacy, and with an economic crisis to cope with, the primary source of the legitimacy of this leadership will be nationalism. This will mean a heightened emphasis on defending national sovereignty and territorial integrity against perceived threats.

In such a situation, one of the big questions will relate to the military leaders. If they come from the more hawkish sections of the PLA, we could see a very serious security

threat emerge. First, it is highly likely that, in an attempt to build up their power at home, this Chinese regime will seek to make the West in general, and the United States in particular, scapegoats for China's problems. This is certain to lead to increasing tensions between China and the United States, and possibly Japan and other U.S. allies in the region. Second, the authoritarian leaders of China will likely increase their repression of human rights, thereby exacerbating further the tensions between China and the United States.

Third, such a China would certainly increase the pressure on Taiwan to agree to rapid reunification, and would likely use military threats to coerce the Taiwanese to accept reunification in the very near future. This could trigger military conflict in the Taiwan Strait, which would draw in the United States and possibly also Japan (since the United States would use its bases there for logistical and other support of its activities in the Strait). Fourth, we should expect to see similarly more assertive Chinese claims to the Spratlys, the Senkaku Islands and other territories. This stronger Chinese assertiveness would increase the threat to China's regional neighbors. Finally, China might try more aggressively to support opponents of the U.S. around the globe in an effort to reduce U.S. influence and hegemony. This could come in the form of arms sales to opponents of the United States in the Middle East or other regions.

There is a silver lining to this dark cloud, however. The China envisaged in this second scenario would not be as capable of threatening its neighbors, or U.S. interests in the region, as would the China of the first scenario. If China collapses economically it will not have the resources to pump into the military. If the collapse takes place around 2005 to 2010, as we think likely, China will not as yet have developed the kind of deep power projection capabilities that it might have well acquired by 2020-25. It might have acquired one or two aircraft carriers, but these would not necessarily be fully operational and integrated into the

Chinese navy. It might have increased its nuclear weapons and would certainly have built more ballistic and cruise missiles with which to threaten its neighbors. However, the lack of broader air and naval power projection capabilities would limit the ability of China to challenge the security of its East Asian neighbors and the United States in the region.

CONCLUSION

For the moment, China supports the status quo in East Asia. It does not threaten any of its neighbors in the region, save Taiwan and, to a lesser degree, those nations with claims in the Spratly Islands. However, the Chinese support the status quo because they believe that this will help them accomplish their long range goal of achieving great power status in the region not because they are satisfied with the current situation. Moreover, this condition could change in only a few years, perhaps as early as 2005-2010. As Chinese economic power grows, so will its military power. As this happens, Chinese interests are likely to change and it may well become more of a threat to its neighbors and to U.S. interests in the region. And if the Chinese economy fails instead of succeeding, we are even more likely to see a hostile China threatening its neighbors.

The two scenarios sketched out in this chapter suggest a trade-off for the United States and the countries of East Asia. In the first scenario, an economically successful China will likely develop significant military capabilities by 2020-25. Thanks to these new capabilities it could seriously threaten the security of most of its regional neighbors as well as challenge U.S. interests in East Asia. The interests that China would develop through its enhanced dependence on international trade and energy imports could lead it into conflict with its neighbors and the United States. The question is how likely this is to occur. In the second scenario, economic failure will more than likely lead to an aggressive China as it seeks to blame its problems on others; this will

be especially true if the military leaders in the regime come from the more hawkish faction in the PLA. But while we will see a more hostile and aggressive China in this case, it will also be a less capable China, as it will not have had the time and economic success to fully develop power projection capabilities with which to threaten more than its immediate neighbors.

Thus we are faced with two alternative possibilities. On the one hand, we may be faced by a China which experiences economic failure and which is less capable, but more hostile in the near term. On the other hand, we may be faced by a China which continues to enjoy economic success, and which is more capable, but perhaps, in the long term, less aggressive.[21] The current policies of East Asian countries as well as the United States seem to prefer the latter. The hope is that this aggressiveness will be diminished and tamed as China is involved in international organizations, as economic interdependence between China and its neighbors grows, and as the possibility of democratization in China is realized. We will have to wait to see whether these factors have the desired effects.

What will the rise of China and its increasing threat mean for the U.S.-constructed system of alliances in East Asia? Some analysts are concerned lest countries in the region accommodate themselves to Chinese interests to the detriment of the interests of the United States, especially as Chinese pressure is likely to increase as it asserts itself as the regional great power. So long as the United States remains engaged and committed to the region, Chinese pressure should not break these alliances apart. Balancing behavior will predominate over bandwagoning, so long as the smaller states in the region have a credible counterbalance to China.[22] But if the U.S. commitment to the region becomes uncertain, Chinese pressure on regional states may well lead them to accommodate Chinese interests. This is more likely to be the case for the smaller countries in the region and for those more immediately on China's borders.

This has important implications for U.S. defense strategy in the region. There are some analysts who believe the United States should reduce or eliminate our troop presence in East Asia, relying instead on high-tech, long-range weaponry and missile defense systems to cope with security threats there.[23] If we were to do this, it would reduce our presence in the region and seriously undermine our credibility as an ally for several of the regional countries, thereby leaving them more vulnerable to Chinese pressures. We could then see regional states bandwagoning with China, rather than following their preference to balance against Chinese pressures. This could lead to the erosion of our regional alliance network. The best way to limit the spread of Chinese influence in the region will continue to be the maintenance of a strong and active U.S. presence in East Asia.

ENDNOTES - CHAPTER 4

1. This official budget greatly underrepresents the true size of the PLA's actual budget, with some analysts estimating that the actual budget is anywhere from three to ten times the official figure. See Institute for International and Strategic Studies (IISS), *The Military Balance*, *2000-2001*, London: Oxford University Press for IISS, 2000, p. 183; and Richard Bernstein and Ross H. Munro, "The Coming Conflict with America," *Foreign Affairs*, Vol. 76, No. 2, March/April 1997, p. 25.

2. See Gerald Segal, "Does China Matter?" *Foreign Affairs*, Vol. 78, No. 5, September/October 1999; Robert S. Ross, "Beijing as a Conservative Power," *Foreign Affairs*, Vol. 76, No. 2, March/April 1997.

3. On the PLA's current capabilities and modernization program, see IISS, *The Military Balance, 2000-2001*, pp. 183, 186-187, 194-197; and Zalmay M. Khalilzad, *et al.*, *The United States and a Rising China: Strategic and Military Implications*, Santa Monica, CA: Rand Corporation, 1999, Chapter 3.

4. *The Military Balance, 2000-2001*, pp. 179, 194.

5. IISS, *The Military Balance, 2000-2001*, p. 194; Khalilzad, *et al.*, *The United States and a Rising China*, Table 3.1, p. 43.

6. See, for example, Willy Wo-Lap Lam, "Sowing Seeds of Rural Discontent," *South China Morning Post*, February 9, 2000, p. 13; as well as reportage by Jasper Becker on demonstrations that appeared in the *South China Morning Post* on May 14, August 30, November 16, and December 14, 2000, and May 12, 2001.

7. For an example of these calls for vigilance, see "Top Party Official Says Social Stability Continues as China's Top Priority," Xinhua News Agency, Beijing, December 2, 1999, carried in BBC *Summary of World Broadcasts*, Part 3 Asia-Pacific, Hong Kong, FE/D37809/G, December 4, 1999.

8. See Reuters, "Thai Falun Gong Meeting Shelved after Pressure from China," carried in *South China Morning Post* on-line updates, February 20, 2001; and John Martinkus, "Thailand's Quiet Crackdown," *South China Morning Post*, March 8, 2001.

9. Ji Guoxing, "SLOC Security in the Asia Pacific," Honolulu: Asia-Pacific Center for Security Studies, Occasional Paper series, February 2000, available at *http://www.apcss.org/Paper_SLOC_Occasional.htm*, pp. 12-13.

10. In December 2000, Taiwan announced the creation of the "mini three links" legalizing trade and travel from the Taiwan-controlled off-shore islands to the mainland; the PRC consented to the establishment of these linkages. In mid-May 2001, Beijing hosted a visit by former Taiwanese Premier Vincent Siew during which he lobbied for the creation of a common market between the PRC and Taiwan.

11. See BBC *Summary of World Broadcasts*, April 6, 1998, Part 3 Asia-Pacific; ASEM Summit in London; China; FE/D3194/S1.

12. Sino-South Korean trade hit U.S.$34 billion in 2000, a 40 percent increase over 1999 and a ten-fold increase since the normalization of diplomatic relations in 1992. See Scott Snyder, "Consummating 'Full-Scale Cooperative Partnership'," *Comparative Connections: An E-Journal on East Asian Bilateral Relations*, December 2000, available at *http://www.csis.org/pacfor/cc/004Qchina_skorea.html*.

13. On this issue, see the quarterly chronologies by James J. Pryzstup in *Comparative Connections*, July 2000-April 2001, available at *http://www.csis.org/pacfor/cc/archive.html*.

14. U.S. Information Agency: *Foreign Media Daily Digest*, edited Kathleen I. Brahney, October 6, 1997, available at *http://www.fas.org/news/japan/97100601_rmr.html.*

15. *The Military Balance, 2000-2001*, p. 181.

16. The photo was published with Reuters, "Vietnam Says Archeology Proves Its Claim to Spratly Islands," in *South China Morning Post*, on-line version, February 16, 2001.

17. Carlyle A. Thayer, "ASEAN Ten Plus Three: An Evolving East Asian Community?" *Comparative Connections*, January 2001, available at *http://www.csis.org/pacfor/cc/004Qchina_asean.html.*

18. For an analysis of the PLA Navy's interests in exerting control over the Spratlys, see John W. Garver, "China's Push Through the South China Sea: The Interaction of Bureaucratic and National Interests," *The China Quarterly*, No. 132, December 1992, pp. 999-1028.

19. See Reuters, "India, China to Conduct Joint Navy Exercises," *South China Morning Post*, on-line updates, May 24, 2001.

20. I would like to thank Susan Shirk for this observation, which has forced me to clarify my thinking on this point.

21. I would like to thank Steven Biddle, University of North Carolina-Chapel Hill, for helping me clarify this point in my argument.

22. For a discussion of the conditions under which balancing and bandwagoning behavior will occur, see Stephen M. Walt, *The Origins of Alliances*, Ithaca, NY: Cornell University Press, 1987, Chapter 2.

23. This suggestion was made in an early draft of the quadrennial defense strategy review conducted in 2001. See Michael R. Gordon, "Pentagon Review Puts Emphasis on Long-Range Arms in Pacific," *New York Times*, May 17, 2001. Ted Galen Carpenter has made a similar suggestion, although he advocated relying on a new regional balance of power to replace the old alliance network and troop deployments. See his "Washington's Smothering Strategy: American Interests in East Asia," *World Policy Journal*, Winter 1997/98.

Part III.
ASIAN GREAT POWERS

CHAPTER 5

ASSESSING INDIA'S RESPONSE TO THE RISE OF CHINA: FEARS AND MISGIVINGS

Sumit Ganguly

INTRODUCTION

This chapter will focus on India's responses to the rise of China. By the rise of China, I mean the growth of Chinese military and economic power and the increasing power of the Chinese state (though clearly, whether or not the power of the Chinese state is, in fact, increasing, is a matter of some debate.) I speak of responses (plural) advisedly, because there is no single Indian response to the rise of China. Rather, there are many responses. India is, after all a very messy, cacophonous democracy, and likely to remain so. As one might expect in a pluralist society, different interest groups or congeries of interest groups have very different reactions to the rise of China. My intention is to spell out three distinct perspectives. For analytic purposes I have tried to make them three discrete analytic frameworks or foci, though you will notice that there is some degree of overlap among these views. Broadly speaking, there are those who appease and muddle through, those who advocate strategic engagement, and those who take a confrontational approach.

Some Indians belong to what can best be called the "Appeasement and Muddling Through School." Their defining traits are a desire to appease China and an ad hoc way of responding to crises, whether we are looking at the sale of Chinese ballistic missiles to Pakistan, problems on

the Sino-Indian border, or trouble with the Tibetans. The second group (which broadly speaking includes the present government in New Delhi) advocates a "Policy of Strategic Engagement" with China. In essence this policy involves keeping one's powder dry and holding the feet of the Chinese to the fire, while at the same time, cautiously recognizing that there are areas of potential cooperation. Finally, a third group is emerging in India. This group is gathering some momentum, though its influence on policy at this point is limited. I call this group the "Confrontationalist School." Members of this group say that India should bristle with missiles, that India should ratchet up its ballistic missile and its nuclear weapons programs, and otherwise, as it were, "take the Chinese on."

At this point, we should consider each of these schools in turn and, after taking a closer look at the world-views they espouse, ask ourselves some questions? Who belongs to these schools? Who are their partners? Where do they stand in the Indian political spectrum? Whence do their ideas stem? What impact are they likely to have on future Indian policy?

I. APPEASEMENT AND MUDDLING THROUGH

The appeasement and muddling through group includes Congress. By Congress, I mean the Indian National Congress Party, now a mere shadow of its former self. Congress is the party that brought India independence. It is the party of Jawarharlal Nehru, India's first prime minister and essentially the architect of modern India's foreign policy. The permanent bureaucracy of India—the Ministry of External Affairs (MEA)—in good measure also shares the perspective of Congress on China.

The perspective of this group is in large part based upon fear and awe of China. This fear in turn largely stems from the traumatic experience of the 1962 border war. This war may well be a scratch on the minds of most China-watchers, but we should not underestimate what it means to Indians.

From the perspective of Indian strategists and Indian security analysts, the 1962 border war is a watershed event, perhaps *the* most significant event to take place between 1947 and the present date. They see it as more important than either the Indian nuclear tests of 1998 or the 1971 victory over Pakistan. Indian defense strategy, foreign policy, and security planning were fundamentally altered by the war of 1961.

The traumatizing impact of 1962 still pervades the thinking of much of the Indian foreign policy bureaucracy. They see China as something larger than a mere *bête noire*—or, more aptly, *bête jaune*. They are absolutely terrified of China. As a result, they are convinced that it is vital to accommodate the Chinese. They try as far as possible to oblige China and avoid rocking the boat. They periodically beat up Tibetans in India. They do this especially—and with considerable vigor—when Li Peng is in town.[1] They reiterate at every official function that Tibet is an autonomous part of China and do not get any commensurate statement from the Chinese on India's vexing problem in Kashmir. In short, the policy of this school involves genuflection before the Middle Kingdom.

Fear of China, which drives the approach of this school, has been reinforced in the last 10 to 15 years by the phenomenal growth of the Chinese economy. Those Indians who belong to this group envy the growth of Chinese economic power. They envy the fact that the Chinese have made significant progress towards eradicating rural poverty. Congress, their foreign policy authorities and, in particular, the permanent bureaucracy, feel besieged and threatened. They feel that India is in an acutely vulnerable state. They think that India can ill afford to do anything to provoke this extraordinarily economically and militarily powerful state that just lies beyond the Himalayan mountains, mountains which proved, contrary to Nehru's view, unable to protect India in perpetuity.

The Ministry of External Affairs and Congress pursue a largely unimaginative set of policies. They also lack a clear sense of strategic objectives. They do not seem to know what they ultimately want from the Chinese. They have no sense of an end game, which is why I refer to this group as the "Muddling Through" group. This quality is especially visible in the Sino-Indian border talks. These have been going on since 1981. Entire careers have been built on the border talks. And yet participants do not seem to have the any idea at all of what they finally hope to achieve.

Rank anti-Americanism is also a feature of this world-view. Members of the "Appeasement" school want to oppose the sole remaining superpower. They believe that India, China, and possibly Russia can make common cause against America. They think that an alliance of this sort would enable them to challenge global regimes over a number of issues, including international climate change, human rights, sovereignty, and global trade. They also harp at great length on the importance of multipolarity. The members of this school are easily consumed by the logic (or rather illogic) of their own rhetoric. They are, for example, easily taken in by the occasional Chinese statements to the effect that India should be included in a multipolar universe. They are quick to believe this, despite the fact that important differences continue to separate India and China on all substantive issues.

II. STRATEGIC ENGAGEMENT

The current government is a coalition government dominated by the Bharatiya Janata Party (BJP) party. This party is rather jingoistic, and is often referred to, quite correctly in my view, as a Hindu Nationalist party. The position of this party and its coalition partners (to the extent that the coalition partners have any interest in foreign policy and, particularly, in China) is one of strategic engagement. This approach requires India to build up its own military and economic might.

I have argued in other articles that India is finally becoming a "normal" state, that is to say a state that recognizes the utility of force in international politics. Indians no longer use the namby-pamby language of universal nuclear disarmament. If they do, it does not derive from any real conviction; no one in their right mind in New Delhi really believes that such a goal is desirable or attainable. The Nehruvian/Wilsonian vision of the world is increasingly being tossed aside. Instead it is coming to be replaced by a view that force in and of itself and forces in being both constitute very important elements of national power. The use of force, moreover, involves the use of force well beyond South Asia.

The recognition of the importance of force came belatedly to India but is finally sinking in and taking very deep roots. To be sure, some analysts point to the Indian use of force to liberate Goa from Portuguese rule in 1961.[2] They say that this shows that Indians abandoned the ideational view of the world many decades ago. However, this is simply not true. Goa was a colonial enclave. Colonialism had been discredited, and the Portuguese had to go. India had negotiated with the Portuguese in good faith and to no avail. The Goans were utterly intransigent, and the use of force was India's only remaining option.[3] The fact is that the invasion of Goa was only a minor episode and should be seen as a departure from the norm. Indians did not seriously consider the utility of force until recent times. Today all that is changing.

A fundamental change is taking place in other areas as well, notably in economics.[4] Members of the current regime emphasize the need to for India to develop its economic might. They are eager to catch up with China although aware how far the Indian economy lags behind that of the Chinese, particularly in the area of attracting foreign investments. They argue that the economic liberalization program must continue because, since 1991, it has yielded rich results. India has, at long last, broken out of what the eminent Indian economist Raj Krishna used to call the

"Hindu" (as opposed to the secular) rate of growth. For many years, all India could hope for was an effective growth of about 1 percent a year thanks to the fact that its 3 percent growth in gross national product (GNP) was paralleled by an annual 2 percent population growth. Now the Indian economy is enjoying a steady growth of 6 percent. If this growth were to increase to 7 percent per annum and keep at that level for 10 years, the national income would be doubled by 2011. That is the talismanic figure that Indians are aiming for. Indian economists are now suggesting that double digit growth might be possible provided that they can find ways to deal with such exogenous shocks as hikes in oil prices. In all, the members of this party both recognize that much needs to be done, but at the same time are eager to catch up with Chinese economic might.

Strategic Engagement also calls for improved relations with Southeast Asia, a part of the world long neglected in Indian Foreign Policy. India has increased its presence in Burma (note the visit to this country by foreign minister Jaswan Singh); demonstrated a willingness to cooperate with Malaysia (upgrading its aircraft and assisting its airforce); signed a security pact in Indonesia; held naval exercises in the recent past with Vietnam; and sent naval vessels to visit Japan. All this represents, no pun intended, a sea change.

At the same time, strategic engagement does not simply call for the use of force and the development of Indian military might. It also calls for a continuing dialogue with China. The current government appreciates the need to engage in discussion with the Chinese. There are some serious areas of contention between India and China such as the border problem, the supply of ballistic weapons and nuclear weapons technology to Pakistan, and most recently the alleged dumping of cheap Chinese goods in the Indian market. Whereas previous regimes would have simply swept these things under the carpet, the BJP, for all of its flaws, is forthrightly confronting these issues.

Related to this is one last component of this perspective or strategy. The current government does recognize potential areas of cooperation between India and China. Most notable is its attempt to wean China away from Pakistan by emphasizing an issue that is of common concern, namely the rise of radical Islam. Of course, when the BJP talks about the rise of radical Islam, one has to take it with not only a few pinches of salt but also an entire saltshaker full of salt! However, the Chinese are now facing a problem from radical Muslims in Xinjiang.[5] Consequently, this line of argument sells well. The Indians can try to convince the powerful Chinese that the Chinese alliance (or, more accurately, their "client relationship") with Pakistan is not serving them very well any more. They can point out that the Pakistanis are in bed with the Taliban who have obvious connections with Islamic zealots in Central Asia. They can suggest to the Chinese that, under these circumstances, it might be in their best interest to recalculate their options vis-à-vis the Pakistanis. Indeed, they might be advised, to make common cause with the Indians against "Islamic terror."

III. THE CONFRONTATIONALISTS

Finally, we come to the lunatic fringe, namely the Confrontationalists. Fortunately, they also constitute the weakest of the three positions in the Indian political spectrum. What exactly do these Indians have in mind? It can be summed up in one word as "confrontation." They call for a policy of unremitting hostility towards the People's Republic of China. They believe that India should adopt a far more confrontational stand towards China. They argue that India should dramatically expand the scope of its nuclear weapons program and expand the reach of its ballistic missiles. India should, moreover, adopt a far, far tougher negotiating stance on the border question. Indians should try to obtain Chinese acquiescence on the Kashmir issue with Pakistan. If the Chinese do not prove to be tractable, Indians should exploit the Achilles heel of the

Chinese: Tibet. Tibet, the confrontationalists stress, constitutes the soft underbelly of China. India should take advantage of that soft underbelly, kick the Chinese where it hurts. If the Chinese do not prove to be tractable on the border question or on the Kashmir question, Indians should remind them that they can raise the cost in Tibet. They have done this before and are prepared to do it again. At the very least, the confrontationalists say, the Tibetans are getting restive, and this is a good time to try and milk the situation to their advantage.

Interestingly enough, some members of this group are also viscerally anti-American but in spite of their viscerally anti-American position, they nevertheless feel that they can make common cause with the United States. Certain (unnamed) senators and representatives in the United States have made remarks about how India could serve as a possible counterweight to China. Such remarks have animated this group of Indians even further, leading them to think that India might be able to make common cause with the United States and tie China down. Even though the confrontationalists are angered by American sanctions against Indian nuclear power, they see this area as one where their interests do dovetail.

IV. THE FUTURE

The future hinges, in my estimate, on three important factors.[6] First, it depends on who is in power. Should the BJP regime collapse and were Congress or a variant of Congress to return to power, we would once again see a policy of appeasement and muddling through. This is the only policy that the so-called foreign policy experts in Congress know how to pursue.[7] This is because they are unimaginative, because they are absolutely terrified of China and because they do not recognize India's inherent strengths but only see its vulnerabilities. It is above all because they are still locked in a Nehruvian prism or rather one should say "prison," since they are certainly shackled by

what William Blake would call "mind-forged manacles." I do not think, however, that there is any imminent danger of a collapse of the present regime.

Second, the future hinges on how the Sino-Pakistani relationship evolves. Relations between India and China could improve significantly should China, by some miracle, be weaned away from Pakistan. The ballistic missile issue, the Kashmir issue, and the nuclear issue, are all key here. In this eventuality, in my estimation, a number of differences could be settled. However, I think that such a development is highly unlikely in the foreseeable future.

Third, and finally, nuclear developments will affect the future of Indian-Chinese relations. Much depends on how the Chinese react to the growth of Indian nuclear and ballistic missile programs and, by the same token, how the Chinese develop their nuclear and ballistic missile capabilities. This in its turn is likely to be affected by American talk of deploying missile defense systems. If America proceeds with its Strategic Defense Initiative (SDI), will the Chinese respond by carrying through further modernization of their own nuclear forces? Will they expand the scope and capabilities of their weapons? If they do, this will provide ammunition for those in India who want to see an expansion of the ballistic and nuclear weapons programs. It will do so regardless of whether or not these expanded forces are targeted on India or are even *capable* of being targeted on India. The lunatic fringe will point out that the Chinese are modernizing. They will remind us that, to quote American realists, it is not intentions but capabilities that matter. If it is good for the Americans, they will say, it is good for us. Nuclear weapons can be brought to bear on us and can be used to coerce us.[8] Of course the lunatic fringe still remains fairly small and a fringe. However, that too, may change.

ENDNOTES - CHAPTER 5

1. Li Peng visited India between January 9-17, 2001. It was part of an effort on the part of the two Asian nations to try and repair frayed relations. Li Peng, a former prime minister and current number two in the Chinese hierarchy, is the chairman of the National People's Congress.

2. After the British left India, the Portuguese refused to give up their colonies. After years of negotiation, in late 1961, the Indian government deployed its armed forces in an effort to evict the Portuguese from Goa and other Enclaves. Portuguese Governor, Manuel Anonia Vassalo De Silva, signed the surrender document on December 19, 1961.

3. See, for example, Arthur Rubinoff, *India's Use of Force in Goa*, Bombay: Popular Prakashan, 1971.

4. On the Indian economy, see T. N. Srinivasan, *Eight Lectures on India's Economic Reforms*, New Delhi: Oxford University Press, 2000.

5. China's troubled western Xinjiang region borders Kazakhstan. On radical Islam, see Dru C. Gladney, *Muslim Chinese: Ethnic Nationalism in the People's Republic*, Cambridge: Council on East Asian Studies, 1996.

6. See especially John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century*, Seattle: University of Washington Press, 2001.

7. I am personally acquainted with every one of them and so speak here from personal experience.

8. Ashley J. Tellis, *India's Emerging Nuclear Posture: Between Recessed Deterrent and Ready Arsenal*, Santa Monica: Rand, 2001.

CHAPTER 6

CHINESE PERCEPTIONS OF INDIA: BRIEF COMMENTS

Susan Shirk

This chapter will offer a few brief comments on Chinese perceptions of India. Sumit Ganguly and I are currently involved in a study project on Sino-Indian relations sponsored by the Asia Society, and will be travelling together to India and China this summer, so the topic is very much on my mind. Three years ago in the fall of 1998, I was sent to India by the State Department to talk about China. It was a very interesting experience to be an American official coming to New Delhi and Mumbai (Bombay) to talk about China right after the Indian nuclear tests. My impression at the time, and my reaction today listening to Dr. Ganguly discuss Indian views of China, is how very different are Chinese and Indian attitudes toward the world and toward one another.

My first reaction was one of surprise. Indian international attitudes reminded me of those of the Chinese 10 or 15 years ago. They combined anti-Americanism with resentment against global regimes. These feelings were intense. China, by contrast, had come to see its interests as more aligned with those of the international regimes. I had never before realized the extent to which China had started to become a status quo power.

My second observation was to note how similar Indian attitudes towards Chinese economic success were to those of Americans towards the Japanese a decade ago. While in Mumbai, I had a fascinating discussion with some Indian

businessmen. Their view of China was one of admiration and envy. They did not simply envy China's position as an openly acknowledged nuclear power. They also envied its economic success. They admired and resented the fact that Indian markets were being deluged with Chinese exports and that this was making things very difficult for Indian industry. When they visited China to see for themselves, they said they were impressed by the designs of the new plants, by the hardworking and disciplined Chinese workers, and by the willingness of the Chinese people to work for so little money and live in houses that were little more than rabbit hutches. The kind of language they used was just like the language we in the United States used in the early 1980s and 1990s when we were feeling challenged by the powerhouse of the Japanese economy.

Chinese reactions to India are very different from those of India to China. China has a very pragmatic foreign policy. The response of the Chinese to the Indian nuclear tests of 1998 illustrates this asymmetry.

For a decade after the 1962 war between India and China, relations between the two countries can best be described as that of a hostile standoff. Beginning in 1979, however, some years before the end of the cold war, China started to try and build better relations with India. The new initiatives were stimulated by Chinese domestic development strategy. When Deng Xiaoping embarked upon these very ambitious Chinese economic reforms, he also embarked on an omni-directional Chinese foreign policy designed to improve relations with all of China's neighbors. The goal was to resolve border disputes and develop friendly relations with all of China's neighbors so that friction between them would not hamper Chinese progress. The improvement of relations with India was basically part of that effort.

The Chinese diplomatic initiative towards India, although motivated more by the shift in China's domestic development strategy than by international factors, was

reinforced by the disappearance of the Soviet threat and Cold War alignments. In 1997 and 1998, before the nuclear tests, then Chinese Foreign Minister Qian Qichen and American Secretary of State Madeleine Albright always set time aside during their meetings to have some "strategic dialogue." During this time, they got beyond the highly contentious bilateral issues of Taiwan, nonproliferation, and human rights to discuss informally various foreign policy situations of common concern. Whereas Americans tended to want to talk about Korea, the Chinese often turned the subject to India and South Asia. Qian Qichen said that the Chinese were trying to develop a more balanced set of relationships with the countries on the South Asian subcontinent. He implied that China and America had become involved with Pakistan during the Cold War largely because the Soviet Union had developed a close relationship with India. China and the United States were both undertaking to disinvest from Pakistan and improve relations with India and so there was quite a lot of common ground here.

So, in 1998 China was engaged in a diplomatic effort to improve relations with India. In the Spring of 1998, Chief of General Staff of the People's Liberation Army of China Fu Quanyou visited India. Just after he left and before he even made it back to Beijing—he went on to tour a few other countries in Europe—Indian Defense Minister George Fernandez started talking about China as the number one threat to India, and, a few days later, India tested its nuclear weapons.

What was China's reaction? To begin with, it was quite mild. Then, however, the Chinese found out that Prime Minister Vajpai had written a letter to President Clinton blaming the tests on the fact that India was threatened by the giant neighbor to the north—China. At this point China had to speak up. It criticized the tests and defended itself against the charge that the Chinese were ultimately to blame for the Indian tests. From China's perspective, India had behaved in a provocative fashion; it had tested nuclear

weapons, and had pointed the finger of blame at China, and it did so hard on the heels of a visit by the Chinese Chief of General Staff.

I am struck by the way in which China turned the other cheek and how pragmatic its response was. What it did, first of all, was defend itself, rhetorically. Then it joined with the United States in an attempt to develop a concerted response to try to persuade the Pakistanis not to react by testing their own nuclear weapons. This was a lost cause, but the Chinese did try (as did we). Then the Chinese joined us in at a meeting of the five permanent members of the United Nations (U.N.) Security Council in Geneva in an effort to prevent a nuclear arms race. They helped to determine a series of benchmarks that both India and Pakistan should strive to achieve in order to prevent a nuclear arms race in South Asia and to preserve the international nuclear nonproliferation regime. This was a highly responsible, multilateral response on China's part. Washington and Beijing worked things out in a series of phone calls between Secretary Albright and the new Minister of Foreign Affairs, Tang Jiaxuan.

During this first phase, the persons in the Chinese Ministry of Foreign Affairs (MFA) in charge of arms control and relations with the United States took the lead, not the Asia Department. They took advantage of the opportunity to highlight China's sense of responsibility toward the international arms control and non-proliferation regime and to expand cooperation with the United States on the eve of President Clinton's June state visit to China. By July, however, the regional bureau in the Chinese Foreign Ministry regained control of the India policy process. Not surprisingly they wanted to resume the diplomatic initiatives that they had begun before the nuclear tests. Within a matter of months, they were engaged in pre-talks for the next round of the strategic border talks, and other diplomatic meetings were back on track. Of course, the MFA arms control bureau and the People's Liberation Army did needle us quite a bit, claiming that we vacillated on the

Indian nuclear program. They said that we were acquiescing to India's nuclear status and they objected to the fact that President Clinton went to visit India. Of course, the Chinese were doing exactly the same thing. The fact is that both the Chinese and we had more at stake in relations with India than just nonproliferation. We did not want to cut the Indians off simply because of the nuclear tests.

Has there been any shift in Chinese strategic or military posture in response to the Indian nuclear tests? As far as I can tell there has been none. The strategic focus of Chinese military and strategic planning continues to be (1) Taiwan, and (2) the South China Sea. Their major concern is that they have to be prepared to engage against the United States in a Taiwan contingency. India is no more viewed as a threat today than it was before the May 1998 tests. The Chinese have, in fact, been factoring in India's nuclear capabilities since the initial tests in 1974. They see nothing new about a second round of tests. If India actually weaponized and deployed its nuclear weapons, this might result in a new calculation. China might feel the need to reassess the situation and defend itself against the danger. At present, however, the Chinese really do not see India as any kind of strategic threat to China.

Pragmatic diplomacy seems to characterize the Chinese style of diplomacy toward all its Asian neighbors save Taiwan and Japan. We can see it in Chinese policies toward Korea and South East Asia, and, as we have seen, toward India. This is why China's Asian neighbors do not necessarily see the growth of Chinese power as a problem for them. They recognize China's importance on the regional scene. They realize that they must take Chinese power into account and perhaps even defer to it. However, they do not see Chinese power as a threat to their own security.

If we perceive China's increasing power as a threat to our position in the region, this perception would be almost

unique. We do have cause to be concerned. After all, Taiwan is China's one blind spot. However, we should be aware that China's Asian neighbors, with the exception of Japan, do not share our view.

A final point should be made. China has for several decades had a close alliance-type relationship to Pakistan, but over time it is reducing its commitments to Pakistan. It has done so partly in order to accommodate the United States, which objects to transfers of missile technology; partly because it sees its own foreign policy interests in having a more balanced set of relationships on the sub-continent; and partly because it is very worried about radical Islamic terrorism and the inability of an internally disintegrating Pakistan to control it. Over the past 5 years or so, China has been exercising much more caution and restraint in its transfers to Pakistan. In 1997 it committed to cutting off all cooperation with unsafeguarded nuclear facilities in Pakistan. By and large, we believe they have lived up to that commitment. Over the past couple of years, moreover, the Chinese have also started to disinvest on the missile technology side. In November 2000 they agreed to cut off missile technology exports to Pakistan. They also agreed to put in place export controls including dual use items. In short, while some degree of support for Pakistan continues and will continue in the future, it is obvious that the Chinese are lowering the profile of their relationship with this country.

CHAPTER 7

HISTORICAL IRONIES, DIVIDING IDEOLOGIES AND ACCIDENTAL "ALLIANCE": RUSSIAN–CHINESE RELATIONS INTO THE 21st CENTURY

Yu Bin

INTRODUCTION

In terms of both power and ideology, Russia, perhaps more than any other country, has good reason to see the rise of China as a threat. The historical decline of Russia and the steady rise of China in the past 20 years have been accompanied by a growing gap between the domestic political systems of the two nations. At the turn of the millennium, however, Sino-Russian relations are perhaps more equal and more mutually beneficial than they have been at any other time during the past 300 years.[1]

There are a number of visible indicators of this more mature bilateral relationship. Despite fluid internal and external environments, the relationship between Russia and China is relatively stable. High level exchanges have been taking place, with top officials frequenting each other's capital on a regular basis. There is now a busy and profitable border trade along what was once the longest fortified peacetime border. Whereas Russia and China used to stand on the brink of nuclear war, with Russia prepared to launch a nuclear strike against China, now China and Russia have mutually pledged not to use nuclear weapons against one another. This is especially striking in that

Russia recently dropped its no-first-use policy towards other countries. In July 2001, the two countries signed a major and comprehensive friendship treaty, 30 years after the first one expired on February 14, 1980.

At least three factors contributed to these ironic changes. First, the changes have been against the backdrop of centuries of difficult and complex Sino-Russian relations. Second, China's historical rise and Russia's unprecedented peacetime decline during the last decade of the 20th century resulted in a structural equilibrium. Finally, the post-Cold War "chill" has driven the two powers together in spite of a growing gap in their domestic politics.

I. THE AGONY OF HISTORY

On July 19, 2000, the young (only in relative terms) Russian President Vladimir Putin attended a 36-hour "working summit" in Beijing. While the former KGB colonel was amazed by the glamour and luxury of the Forbidden City, he was probably well aware that, a century before, Russian soldiers had helped quell the xenophobic Boxer rebellion of 1899 and, along with seven other powers, had participated in the subsequent looting and burning of the city.

The role Russia played in the suppression of the Boxer Rebellion was but the culmination of several centuries of intrusion into China. This intrusion was in some ways different from those of other European powers. For example, the widely publicized Opium Wars of the 1840s fought by Britain against China were fought in densely populated areas and were effectively resisted. Russia's advance into China, by contrast, took it into the sparsely populated region of Asian Siberia. It was, therefore, not effectively resisted by China nor did it create an immediate conflict of interest with other powers.

Moreover, Russia had its own reasons for expanding into Asia at China's expense. As a Eurasian power, the Russians

believed that they could alleviate their enduring inferiority complex in relations with Europe by demonstrating Russia's superiority in Asia. As a Russian diplomat once noted:

> In Europe we were hangers-on and slaves, whereas we shall go to Asia as masters. In Europe we were Asiatic, whereas in Asia, too, Europeans . . . Since, in truth, to us Asia is like the then undiscovered America, with our aspiration for Asia, our spirit and force will be regenerated.[2]

Russian persistent encroachment upon China's territorial integrity during the 18th and 19th centuries was checked in the early 20th century. The halt to Russian expansion took place, ironically, not because of successful Chinese resistance, but because of Japan's victory in the Russo-Japanese War of 1904-05 and because of subsequent revolutionary developments within Russia itself.

Russian expansion into China was a long and tragic experience for China, which helped shape its modern history. But Russia, in fact, has done far more than this to influence its Asian neighbor. It has, indeed, been a catalyst for many far-reaching changes in China's internal and external politics. Perhaps most significant of all is the role played by Russia in bringing about the Chinese embrace of socialism.

In the early 20th century, Russian Bolshevism, which promised a unilateral end to Russia's extraterritorial privileges in China, appealed to many nationalistic Chinese intellectual elites. It offered an attractive ideological and modernization alternative to the Western imperialism that blatantly threatened China's sovereignty and territorial integrity. In addition, the Chinese were drawn to Marxism out of unrequited love for Western liberalism. Prior to 1919, young and influential Chinese intellectuals had been very much drawn to "Mr. Democracy" and "Mr. Science." But Chinese interests were ignored and violated at the Treaty of Versailles.

Despite their shared ideology, Soviet and Chinese communists never got along well. This mistrust was a major factor in Chinese ambivalence towards the outside world. Stalin never fully trusted Mao[3] and Russia's support for the Chinese Communist Party (CCP) during World War II was almost nonexistent. In August 1945, the Red Army defeated the one million-strong Japanese Guandong Army in Manchuria in a few weeks. It nevertheless stayed for another 2 months to dismantle Manchuria's industrial facilities and ship them back to Russia.

The Korean War seemed to cement Moscow-Beijing relations. But Chinese leaders felt outmaneuvered and even betrayed by their Soviet counterparts throughout the process. China was neither fully consulted nor fully informed before the Soviet-North Korean decision to launch the 1950 attack against the south.[4] Moreover, China, which suffered one million casualties during the 3-year war, had to pay for most of the armaments provided by Moscow. Some Chinese leaders later vowed that China would never be dragged into another conflict in Korea.[5]

To be sure, the Sino-Soviet honeymoon in the 1950s witnessed "the most comprehensive technological transfer in modern industrial history" between any two states. Moscow provided $2 billion in loans and assistance to China. However, though timely, it was still only 40 percent of the sum of money provided by the United States to Taiwan during the same period.[6]

Mao himself was perhaps both the cause and result of China's ambivalence toward Russia. His own rise within the CCP before 1949 was clearly at the expense of the pro-Moscow "returned students." Throughout his life, Mao studied English, not Russian, and preferred a physician educated in the West to one trained by Russia.[7] China's "lean-to-one-side" policy toward Moscow was a marriage of necessity rather than an expression of genuine mutual trust based on a shared ideology. Mao's rejection of the Soviet centralized approach in the late 1950s led to the most

devastating famine in China's history (1959–61) and the self-destruction of China's entire political infrastructure during the Cultural Revolution (1966–76).

The two communist giants experienced a rapid downturn in their bilateral relations during the lifetime of Mao. They moved from suspicion to open polemic, to dramatic break in diplomatic ties in 1960, and finally to military confrontation. Both sides committed enormous resources to prepare for their own two-front war, which was also a major factor in the failure of their respective national economies. Indeed, during this period, Russia and China engaged in a "zero-sum" game, which they likely came to regret a few decades later in an America-dominated unipolar world. From a systemic point of view, the Sino-Soviet disputes ended the strictly bipolar system and eventually led to the creation of the so-called strategic triangle between Beijing, Washington, and Moscow. Whatever the case may be, bilateral relations under Mao oscillated between love and hate. They never achieved normality.

It was during the reform decade of the 1980s in both countries (under Deng Xiaoping and Gorbachev) that pragmatism finally overcame ideological divides, and Moscow and Beijing started to mend the much-damaged relationship.

II. THE FATE OF TWO COMMUNIST STATES

In the 1990s unsettling and challenging domestic developments quickly complicated relations between Russia and China. Both countries changed dramatically in this decade.

In China, the reform decade of the 1980s had created a strong sense of uncertainty among both the members of the elite and Chinese society in general. This led to the 1989 demonstration in Tiananmen Square and the government crackdown that followed. Gorbachev's visit to Beijing in

1989 was a historic moment and marked the start of the normalization of Sino-Russian relations. However, this same meeting also highlighted a growing ideological divide between Gorbachev's radical reforms and Deng Xiaoping's gradualist economic reforms. Almost overnight, Gorbachev replaced Deng Xiaoping as the West's "pet" communist reformer. The collapse of the Soviet Union considerably reduced a direct threat to China's national security. However, at the same time it also exposed China to a Western anti-communist crusade, whose brunt was to be felt later.

Both Russia and China were, at the time, reforming their countries. The reforms, however, were radically different and had very different consequences. China's changes were part of a process of political consolidation, following Mao's romantic and chaotic social experiment. Their net result was to lead to a build-up of Chinese power. In contrast, Gorbachev's unsuccessful reforms of glasnost and perestroika led to more desperate moves in 1989 and 1990. These, in turn, started to undermine, though not intentionally, the stability of the previously rock-solid Soviet bureaucracy.

The differences between China and Russia which resulted from Chinese buildup and Soviet breakdown were reinforced and accelerated by developments in civil-military relations in the two countries. During the reform period, the People's Liberation Army (PLA) was in the process of becoming more professional and less political. (The intervention in politics by the Chinese military in 1989 [The Tiananmen Square incident] was actually rather an anomaly at this time.) The Russian military, by contrast, was becoming more political. The short-lived August 1991 coup in Moscow was the work of an increasingly divided and politicized Soviet military operating against an equally divided and disoriented political elite.[8]

In Russia, domestic disorder increased, leading to the eventual collapse of the Soviet State. The Soviet Union

suffered a decline of unprecedented rapidity. Never before in modern times had a Great Power experienced a peacetime failure of this magnitude in such short order. For most of the 1990s, the Russian economy was in a virtual free fall. By 1997, the World Bank estimated the Russian gross national product (GNP) as $403.5 billion,[9] just ahead of the Netherlands and behind South Korea, or about 5 percent of that of the United States. Despite signs of recovery as of the second half of 1999, Russia's economy has still not reached the point where it can operate in an orderly and predictable fashion.[10] In the 1990s Russia's gross domestic product (GDP) dropped 36 percent; its industrial output was valued at 45.7 percent, its agricultural output at 38.8 percent and its fixed capital investment at 74 percent.[11] Russia's significant turnaround in 2000 (its GDP rose 7.6 percent above the GDP of 1999) was largely caused by the rise of oil prices on the world market. Russia's structural predicament did not experience any fundamental change.[12]

Russia's steep economic decline has inevitably impaired its military potency. "Not since June 1941 has the Russian military stood as perilously close to ruin as it does now," lamented a prominent Russian scholar in 1998.[13] In the same year, the Russian armed forces did not receive any new nuclear submarines, tanks, combat aircraft, or helicopters. The deficiency and rapid deterioration of the Russian military was repeatedly demonstrated in the prolonged Chechnya wars and, more recently, in the tragic sinking of the *Kursk*.

Far from suffering from a steep decline like that of Russia, China has so far managed to achieve a sustained economic growth since the late 1970s. Between 1979 and 2000, China's average GDP growth was about 9.6 percent.[14] Annual growth rate for the first half of the 1990s was as high as 13.1 percent. China's growth rate did come down in the second half of the 1990s, partly as a result of bottlenecks in the domestic Chinese infrastructure, and partly as a result of the Asian financial crisis which hit between 1997 and 1999. However, the average growth rate for the period

remained at about 8 percent. A country the size of China will inevitably attract attention at best and anxiety and fear at worst when it enjoys such a high rate of growth. And its success is all the more striking when compared to the miseries of Russia.

The rise of China and the decline of Russia changed the balance of power in a relatively short period and left Russia more vulnerable than it had been at any time in the previous 3 centuries. The growing gap between the domestic political systems of Russia and China could easily become a source of conflict.[15]

Indeed, for much of the 1990s China was seen as a problem thanks to the combined influence of Russian realism (a mixture of Marxian materialism and Russian *realpolitik* thinking) and Russian multilaterialism (a variation of Western Liberal institutionalism). Russians tended to hold the following views:

- A growing Chinese challenge in the Asia-Pacific needed to be dealt with seriously.
- Russia's close ties with China were to counter the adverse developments in the European theater caused by NATO expansion and Russian weakness, not to counter the potential expansion of U.S. power in Asia.
- Russia did not need and could not afford a new area of hopeless confrontation in Asia after NATO expansion was absorbed in the West.
- Russia's vision of a "multilateral world order" actually viewed the U.S.-led alliances in East Asia as part of the multilateral institutional framework against which Russia should anchor its relations with China.
- After accepting a defeat in European security policy in the West, Russia badly needed to demonstrate its ability to cooperate with the United States and the

West. It thought, moreover, that the United States might reward Russia for not opposing its goals in East Asia.[16]

Thus, both historical experience and post-Cold War necessities set the stage for a more challenging bilateral relationship between Beijing and Moscow.

Despite this, China and Russia have developed much closer and more cooperative relations. It is certainly true that China and Russia have many political differences. It is also true that a considerable amount of geo-strategic "discomfort" has resulted from the radical shift of power balance between the two countries. Nonetheless, they are anxious not to fall once again into the "traps" of the past. This has helped to sustain an interest in developing normalized relations. Meanwhile, common concerns of a not-so-friendly post-Cold War peace have steadily pushed Moscow and Beijing toward coordination at all levels, particularly in strategic, diplomatic and security areas.

III. MOSCOW AND BEIJING IN THE "COLD PEACE"

In the past decade, Sino-Russian relations have evolved in two broad phases.

1. 1989-1995. Russia and China first tried to stabilize relations in 1989 and 1992, when each were in the midst of an internal crisis. By 1994-95 they had progressed to the point of developing a future-oriented "constructive partnership."

2. 1996-2001. By the end of 1996 the Russians and Chinese had formed a "strategic coordination partnership" designed to help them to cope with a "chilly" post-Cold War world. At the turn of the millennium, Beijing and Moscow found themselves compelled to deepen and broaden this partnership. Now, in the year 2001, they have signed a comprehensive Treaty for Good Neighborliness, Friendship, and Cooperation.

In Search of Stability: Towards a Constructive Partnership (1989-95).

One striking feature of the post-Cold War Sino-Russian relationship was the high frequency of summit meetings. (See Table 1.) The momentum began in 1989. In that year alone, some 100 exchanges took place at the vice ministerial level or higher and across all areas. Many of these exchanges had been arranged before Gorbachev's 1989 China trip. Russian reaction to the Chinese crackdown of the same year had been negative. So the fact that these visits actually took place indicates that both sides were determined to maintain the momentum of their reconciliation.

Meanwhile, Beijing and Moscow began to restore and expand their institutional contacts across a wide range of areas, including party-party contacts, trade, banking, journalism, trade unions, internal security, controlling agencies, women's associations, the aerospace industry, and the military.[17] Regardless of the actual results of these contacts, the fact that these top officials met, got acquainted, and talked to one another is very significant. Before the normalization of relations, there were hardly any high-level contacts between Russians and Chinese apart from the visits made on the deaths of Soviet leaders (the so-called "funeral diplomacy").[18]

In the next 2 years, two top Chinese leaders visited the Soviet Union. The visit by Li Peng to Russia in April 1990, was the first visit by a Chinese Premier for 26 years, and that of Jiang Zemin in May 1991 was the first visit by a Party General Secretary in 34 years. These visits turned out to be the last before the Soviet collapse. These high-level exchanges, however, set up important institutional frameworks for the continuous normalization process including cooperation in economic matters, science and technology, regional security (Korea and Indochina), border confidence building and demarcation, and regular foreign policy consultation at various levels.[19]

Date	To China	To USSR/Russia	Agenda
'89 May	M. Gorbachev		Normalization of relations
'90 April		PM Li Peng	6 accords on border, trade, export credit to Russia, nuclear & space technology cooperation & regular talks of FMs.
'91 May		CCP GS Jiang Z.M.	Summit; border agreement (Eastern section); 2nd joint communique; PRC $730 (1 bil. Swiss Francs) loan to Russia.
'92 Jan. Dec.	Prt. Yeltsin Prt. Yeltsin	PM Li Peng	- Meeting in UN, 1st time after Aug. coup. - Summit; 24 accords signed on trade, arms sale, nuclear power plant, border troop reduction, etc.
'93 Jan.	Supreme Soviet		- Supreme Soviet delegation visited China
'94 May Sept.	SDC Ivan Rybkin PM Chernomyrdin	 Prt. Jiang Zemin	- Parliamentary talks - Economic cooperation - Summit; "constructive partnership" debut; accord on no-targeting nuclear weapons on each other.
'95 May June		Prt. Jiang Zemin PM Li Peng	- Attending 50th anniversary of Russia's V-E day; 7 accords signed. - Economic cooperation
'96 April April Sept. Oct. Dec.	 Prt. Yeltsin RFC Ch.E Stuoev	NPC Ch. Qiao Shi CPPCC Ch Li R.H. PM Li Peng	- Parliamentary exchange visit - Summit; "strategic coordination partnership" declared; joint gov't committee by PMs; 12 accords signed. 1st "Shanghai-5" meeting. - Parliamentary exchange - Parliamentary exchange visit - regular PM meeting; nuclear cooperation; PRC licenced production of Su-27s ($2.5 bil. for 200 jets in next 15 years).
'97 April June Nov. Nov.	 PM Chernomyrdin Prt. Yeltsin	Prt. Jiang Zemin PM Li Peng	- Summit; declaration of multi-polar world; border force reduction; - 2nd regular PM meeting; 10 accords; summit preparation. - Economic cooperation, trade; finalizing border deal (eastern). - 2nd Shanghai-5; border accord with 3 other Central Asian states.
'98 Feb. July Nov.	 PM S. Kiriyenko	PM Li Peng Prt. Jiang Zemin	- 3rd regular PM meeting; 5 accords; military sales; Iraq issue. - next summit; military/technical cooperation - 1st "informal" summit with Yeltsin.
'99 Feb. Aug. Sept. Dec.	 Prt. Yeltsin PM Putin Prt. Yeltsin	PM Zhu Rongji Prt. Jiang Zemin Prt. Jiang Zemin	- 4th regular PM meeting; extended to Zhu's official visit. - Mini-summit in 4th "Shanghai-5" summit, Kyrgyzstan - Working meeting during APEC meeting in New Zealand - 2nd informal summit
'00 July Sept. Nov.	Prt. Putin Prt. Putin	 NPC Ch. Li Peng PM Zhu Rongji	- Mini-summit in 5th "Shanghai-5" summit, Dushanbe, Tajikistan - Working summit; 5 accords; Beijing Declaration; ABM accord - Mini-summit with other UN Security Council members in New York. - Parliamentary exchange. -5th PM annual meeting for eco. exchange.
'01 June July Sept. Oct.	Prt. Putin Prt. Putin	 Prt. Jiang Zemin PM Zhu Rongji	- Annual Shanghai-5 summit - Summit in Moscow for signing the Friendship-Cooperation Treaty - 6th regular PM meeting; extended to an official visit. - Mini-summit during 13th APEC meeting in Shanghai.

Abbreviations: CCP: Chinese Communist Party; Ch: Chairman; CPPCC: The Chinese People's Political Consultative Conference; GS: General Secretary; NPC: National People's Congress; PM: Prime Minister (Premier); Prt: President; RFC: Russian Federation Council; SDC: State Duma Chairman.

Table 1. Mutual Visits by Top Chinese and Russian Leaders, 1989-2001.

Russia and China both felt a heightened sense of threat following the Gulf War, especially given that both countries had had serious reservations over the use of force. The sense of threat increased their interest in developing more

amicable bilateral relations which could give them both some badly needed breathing space.

The August 1991 coup in Moscow temporarily knocked bilateral relations off balance. China feared that it would no longer be able to play the very useful Soviet "card" against the West. They were also concerned whether or not the Soviet Union would abide by the accords they had signed with China.

While the Chinese debated the nature of Russia's political change, Deng gave instructions that the Chinese should "[O]bserve the development soberly, maintain our position, meet the challenge calmly."[20] To secure its interests and minimize the impact of Russia's instability, Beijing moved quickly to support Russia in its bid to succeed to the Soviet Union's seat in the U.N. Security Council and to secure China's accords with the former Soviet republics.[21]

China's initiatives eventually paid off. After more than a year of managing domestic disarray, Russian President Yeltsin visited China at the end of 1992 and declared that "[An] important step has been made in the development of bilateral relations, and a new page has been opened in our friendly relations." The signing of a Joint Statement on the Basis of Mutual Relations cemented the evolving new relationship. China and Russia declared friendship, renounced the use of a nuclear first strike against the other country, and pledged not to enter into treaties "prejudicing the sovereignty and security interests of the other party." Twenty-three other documents relating to economics, trade, science and technology, and culture were signed. The Chinese and Russians also agreed to cooperate in certain military and technological projects, in food credits, in the construction of a nuclear power plant, and in the reduction of troops along the border.[22]

Top-level contacts between China and Russia helped to stabilize the ties in the most uncertain period of their domestic and foreign policies. Over the next few years, a stream of top foreign policy and defense officials traveled to

one another's capital, culminating in September 1994 when President Jiang traveled once again to Moscow for the second time in 17 months. Among the signed agreements was a document in which Russia and China agreed not to target their strategic missiles at each other. This represented an official ending of hostilities.[23] It also came as a major relief for Beijing, since Russia in late 1993 had dropped its long-standing commitment not to be the first to use nuclear weapons in a conflict.[24] In a subsequent joint statement the two sides, for the first time, defined their bilateral relationship as a "constructive partnership" of equality, mutual benefit and friendship between the two countries extending into the 21st century.[25] This statement indicated that after several years of mutual adjustment to each other's domestic upheavals, China and Russia were beginning to coordinate their foreign policies. Although both countries have denied this, this included joint efforts to oppose the will of the United States.

In May 1995, Jiang again traveled to Moscow to attend the commemorative activities for the 50th anniversary of V-E Day. Given the nature of the celebration it was somewhat surprising that the Russians invited a non-European to attend and one can but assume that Russia had an ulterior motive.

Deepening and Broadening the "Strategic Partnership" (1996-2001).

The second half of the 1990s witnessed a notable upgrading of the Sino-Russian relationship from "constructive partnership" to "strategic coordination partnership." Although both sides continue to deny that there is anything of an alliance-building nature in this strategic partnership, Beijing and Moscow are clearly coordinating their foreign policies on the world stage in an increasingly active fashion.

The concept of a Sino-Russian "strategic partnership" was first tossed around in early 1996[26] and became official

when Yeltsin traveled to Beijing for the second time as Russian president. Thirteen agreements were signed, including a hotline to facilitate communications between top leaders and a joint committee chaired by the two premiers to supervise the implementation of the bilateral agreements.[27]Yeltsin's China tour also activated what came to be known as the "Shanghai-Five," a multilateral regime between Russia, China, Kazakhstan, Tajikistan and Kyrgystan. Among a series of accords signed was a historic agreement on Confidence Building in Military Field along Border Areas.[28]

Over the next few years, the forum gradually became institutionalized. It regularized summit meetings and ministerial-level consultations on a whole range of issues including border demilitarization and stability, military confidence building, terrorism, separatism, cross-border crimes, economic cooperation and exchanges, etc.[29] With the revival of domestic separatist and religious fundamentalist movements in the region, the "Shanghai-Five" provides a multilateral anchor for all participants. The forum's apparent success led to its first expansion in 2001 when Uzbekistan officially joined and it was renamed the "Shanghai Cooperative Organization" (SCO).

The momentum of the Sino-Russian strategic partnership, unleashed in early 1996, quickly picked up at the first regular premiers meeting at the end of 1996. On this occasion, a high priority and much publicity was given to military sales and technology transfers. Military cooperation and arms sales no longer were part of a "hidden" agenda for those top-level exchanges. Li was also the first foreign leader received by Yeltsin after his heart surgery in November.[30] The ailing Russian president was said to have taken a personal interest in trying to secure the transfer of arms to China in both qualitative and quantitative terms, and, in particular, trying to arrange for the licensed production of 200 Russian Su-27s in China.

By 1997, Sino-Russian "strategic partnership" developed more substance when Jiang Zemin (April) and Yeltsin (November) visited each other's capital. In a series of political statements, the two men declared that "the era of strategic alliance targeting on the third country is over" and "large powers should go with the global trend of multipolarity." This last remark expressed a clear aversion to the West-dominated post-Cold War world.[31] The official Chinese newspaper interpreted Jiang's visit as an indication that the Russians and Chinese were no longer concerned only with bilateral issues, but with "multipolar content."[32]

The spirit of summitry continued through 1998 and culminated at the end of 1999 when Yeltsin chose to go to Beijing on his last presidential foreign trip. The gesture served as a reminder to the United States that Russia "possesses a full arsenal of nuclear arms." In the following month, a military memorandum of understanding was signed between Russia and China to cooperate in a range of issues. The two sides spoke, in particular, of the "deepening of military-technical cooperation between" the two armed forces and defense industries.[33] Yeltsin apparently went too far, at least for some in Russia. His successor Vladimir Putin tried to restore the balance in the new millennium by delaying his promised visit to Beijing. Once the European-minded Putin[34] was in Beijing in July 2000, however, the former KGB colonel signed the "Beijing Declaration" reaffirming all previous commitments.[35] Moreover, Putin and his Chinese host issued a joint statement opposing the US National Missile Defense (NMD) system at the expense of the 1972 anti-ballistic missile defense treaty.

There are multiple causes for the growing ties between Beijing and Moscow. One explanation is the fact that almost all of the Chinese leaders in the political, economic, and defense areas were trained in the former Soviet Union during the 1950s.[36] Their natural sympathy for Russia may have led to their policy preference. Such an argument,

however, should not be overplayed. Despite their experiences in and with the former Soviet Union, these Russian-speaking Chinese elites have presided over their huge country in the most daring Westernization experiment ever seen in Chinese history. While Russian (Soviet) leaders have swayed between orthodox communism and democratic capitalism, the Chinese are mixing both. The result is that today's Chinese are perhaps more Western-looking than most of Putin's fellow countrymen. At the same time, unlike the elites who founded communism a century ago, they no longer perceive the West through a "Russian lens."

Frequent summits and exchanges at all levels and dealing with a broad range of issues serve a variety of practical purposes. First, they help to stabilize bilateral relations at a time of domestic and international change. They provide a direct and immediate means for both sides to observe and evaluate each other when new political faces emerge, particularly in Russia.

Second, Russia and China need to consult regularly with one another to discuss the security of the Asia-Pacific region. Northeast Asia has been an area of grave concern for both countries for the past 100 years. This is particularly true in the case of Russia. Russia has lost influence in Eastern Europe, and its territory has shrunk thanks to the break-away of former Soviet Republics. As a result, Russia has become more oriented towards the Asia-Pacific. As long as relations between Russia and the former Soviet republics remain unsettled, the stability of its long border with China will play a key role in preserving the integrity of the Russian Federation. In Southeast Asia where Moscow and Beijing used to engage in intensive rivalry with one another, Chinese diplomats have regularly briefed their Russian counterparts. These have, however, until recently, failed to keep themselves involved because they have been preoccupied by an enormous amount of work with the so-called "near-abroad" affairs: relations with former Soviet republics which are now independent states.[37]

The best explanation for the increasingly close Sino-Russian political strategic relationship in the post-Cold war era, however, lies elsewhere. To fully understand why these two countries have learned to cooperate in spite of their increasingly different *internal* systems, we must consider *external* relations between China and Russia and the dominating Western powers, particularly the United States.

Relations between both China and the West and Russia and the West were full of "irritants" during the second half of the 1990s. U.S. President Clinton's 1995 decision to allow Taiwan's President Lee Teng-hui to visit the United States led to a steep downturn in Sino-U.S. relations. Before and during the March 23, 1996 presidential election in Taiwan, the PLA conducted a series of exercises along the Taiwan Strait and the United States responded by sending two carrier task forces to the area, a situation not seen since the end of the Vietnam War.

Russia, too, felt exposed to an increasingly chilly post-Cold War climate. The brief "honeymoon" period between Russia and the West was over as early as 1992.[38] Russia had initially adopted pro-Western policies. They were seriously undermined, however, by the realization that the West would not provide massive aid to Russia and then by the shock of the Western decision in 1993–94 to expand NATO.

These external pressures on the two continental powers culminated during the 1999 Kosovo war when the U.N. was bypassed, the Russians were sidelined, and the Chinese were bombed. All this was done using a "fight-for-values-not-for-territories" justification. The United States could also apply this principle to criticize the domestic policies of China and Russia and defend the cause of Chechnya, Taiwan, Tibet, and the Falun Gong. Once again, Beijing and Moscow moved to strengthen their strategic relationship. This time, it was the Russian

military that became more willing to transfer military hardware and technology to China.[39]

The Millennium Turn Toward the Post-Post-Cold War.

At the onset of the new millennium, Beijing and Moscow further elevated their strategic partnership by signing a comprehensive, 25-article "friendship treaty" in July 2001 to counterbalance Washington's increasing unilateralism. Although both sides insisted that their actions did not target any third party, the 20-year treaty does require Moscow and Beijing to coordinate their responses closely in the event that either country is subjected to pressure or aggression from another power.[40] Such a move toward stronger and deepened strategic relations, however, was soon to be tested by the impact of the September 11 attacks against the United States in 2001.

The idea of signing a comprehensive friendship treaty was conceived by Yeltsin and Jiang Zemin in 1996 in order to promote and institutionalize their growing yet somewhat uncertain relationship. In July 2000 when Putin visited Beijing for the first time in the capacity of Russian president, the Chinese raised the issue again. For Beijing, a general framework for bilateral relations was needed to cope with the sudden change of the guards in the Kremlin at the end of 1999. Moreover, the Russia's new head of state (Putin) did not appear to be eager to develop relations with Beijing in the first few months of 2000. For Moscow, Russia's historically weak position requires some safety-net to deal with a rising China.

The nonbinding features of the treaty represent a culmination of *two* significant characters in Beijing-Moscow's relations in the past decade. One is close coordination on a range of major issues, particularly in foreign and defense areas, in order to safeguard their sovereignty at the minimum and to promote a multipolar world at maximum. This includes collective opposition to

the U.S. missile defense plan, coordination at the U.N. and other multilateral diplomacy, regional security, border stability and antiterrorism/separatism (Taiwan and Chechnya). While Beijing continued to support Russia's effort to maintain "strategic stability," Putin reminded Washington, right after his meeting with President Bush in Slovenia and for the first time by a Russian president, that China should not be overlooked or kept in the dark during the U.S. pursuit of missile defense.[41] According to Putin, Russia had taken an interest in ensuring that China's strategic concerns are addressed in the debate. "The transparency of our action is very important, lest none of the nuclear powers would feel abandoned or that two countries are making agreements behind their backs," insisted Putin.[42]

The second and perhaps more important character of their strategic partnership is the desire and efforts by both sides to maintain maximum flexibility in their respective relations with other countries. This is particularly true with regard to relations with the United States. Aside from issues such as sovereignty and missile defense, Moscow and Beijing seem to have reached a stage of not overreacting to the other's relations with Washington, at least not publicly. In the aftermath of the EP-3E collision with the Chinese Air Force jet in the South China Sea, Russia expressed "regret" over the accident and maintained a rather neutral position in what the Russian foreign minister depicted as "an accident which brought to the verge of crisis for the bilateral relations of the two big countries in Asia-Pacific."[43] After the U.S. massive arms sale to Taiwan in late April, the Russian foreign ministry referred to the sale as a "question of bilateral relations."[44] Whatever the case, Moscow and Beijing seem to deliberately avoid jumping to act on behalf of their strategic partner's side with regard to each other's relations with Washington even during times of crisis.

Curiously and ironically, the worsening relations with the United States during the first few months of the Bush administration actually led to a Sino-Russian joint effort to

improve relations with Washington. During the mid-June Shanghai-Five annual summit in 2001, Jiang Zemin asked Putin to convey a verbal message to U.S. President George Bush to the effect that China "is willing to pursue a constructive, predictable and positive policy vis-à-vis all its partners, the United States including." Putin accepted the mission "with pleasure."[45] This was followed by a series of diplomatic gesturing by both sides to help improve relations between China and the Bush administration.[46]

If anything, Moscow and Beijing seemed to work closely to help softly land the "800-pound gorilla," and at the same time to smooth their respective rocky relations with Washington, though for their own interests. Some influential Chinese analysts went as far as to describe relations between the United States, China, and Russia as a "strategic triangular setup," a far cry from a typical, normal but rigid alliance treaty.[47] Managing relations with the sole superpower is in the ultimate interests for both countries' political transformation and economic modernization. For that purpose, Moscow and Beijing's long articulated nonzero-sum and no-enemy-and-no-alliance approach to their strategic partnership should not be interpreted as mere lip service.

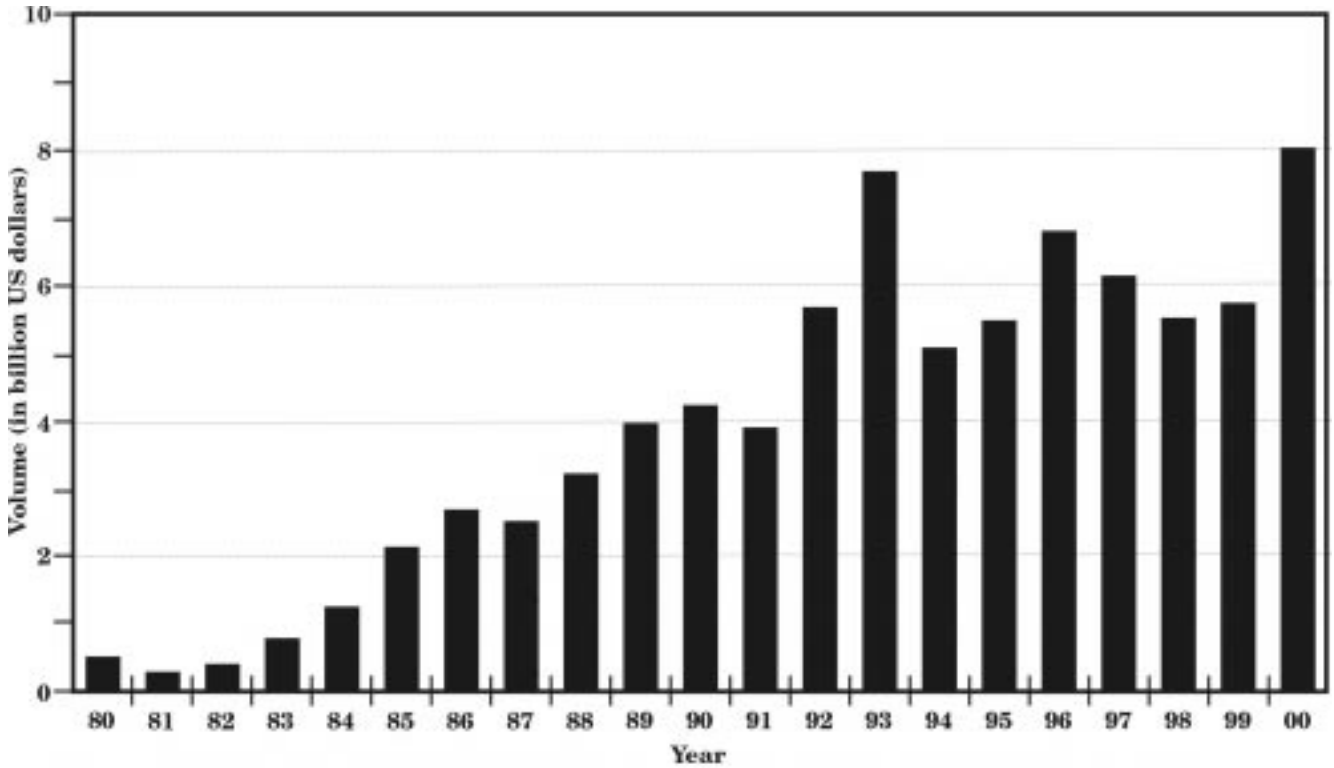
The seemingly contradictory characters of the Sino-Russian strategic partnership and the friendship treaty—close coordination and maximum flexibility—can be possible only if officials at various levels in both countries develop high levels of confidence and trust for each other. Their interactions, therefore, will focus on bigger and strategic pictures while not being hampered by minor issues and irritants such as occasional spying cases and other disputes. Indeed, after a decade of carefully cultivating bilateral relations, Russian and Chinese leaders seem to be able to conduct real, informal but substantive "strategic dialogues" whenever they meet. Some Chinese analysts compared the current Russian-Chinese summit meetings with Mao and Zhou Enlai's meetings with Nixon and Kissinger in the early days of Sino-U.S. strategic

partnership, when top leaders of the two countries roamed over philosophic and strategic issues while leaving secondary problems for their assistants or to the future. In contrast, recent high-level contacts between Chinese and Russians with their American counterparts always take the format of long "to-do" lists from the U.S. side which are followed by hard and bitter bargaining.

To be fair, Beijing-Moscow relations would improve with or without the U.S. factor, given the protracted enmity, the tremendous cost for both, and the desire for normal relations. However, the mutual feeling for the post–Cold War chill, or the "cold peace" in Yeltsin's words, simply accelerates the warming process. As a result, the two were somewhat compelled to form and deepen a strategic partnership from 1996 onward,[48] even if their respective national interests require them to have good relations with the West, particularly with the United States. In the final analysis, the external pressure clearly drives the two countries closer along geopolitical line, despite the growing differences in their respective domestic systems.

III. "GUNS" WITHOUT "BUTTER": ECONOMICS OF CONSTRAINT

The "reluctant" strategic partnership between Russia and China can be further demonstrated by their insignificant and disappointing economic relations. Despite the rather rosy predictions made by both sides in the mid-1990s and ambitious goals to push annual bilateral trade to U.S.$20 billion by the decade's end,[49] two-way trade in 2000 was at an insignificant level of $8 billion, barely surpassing the 1993 level of $7.7 billion. (See Figure 1.)



Source: *IMF Direction of Trade Statistics Yearbook*, 1987 and 1999, and *The Washington Post*, January 15, 2001.

Figure 1. Sino-Russian (Soviet) Trade, 1980-2000.

There is, however, a qualitative difference between current and past economic relations. Both countries now trade with each other for purely tangible interests, whereas in the past economic relations were marked by a high degree of politicization.

During the 1950s, the Soviets gave a massive $2 billion in economic loans to China. These were largely the result of China's lean-to-one-side strategic choice. The sudden withdrawal of Soviet aid from China at the decade's end was followed by a serious ideological divide between the two communist giants. During the 1960s and 1970s, Russia and China had very few economic ties to one another. While Moscow developed close economic relations with its Eastern European partners, China's self-imposed "splendid isolation" reduced Beijing's trade with the outside world to a minimum. None of this was unexpected. The centralized economic systems in both communist countries were closely related to their respective political systems. These dictated the economic activities in both countries. The low level of trade between Russia and China reflected this reality and also reflected their soured political relations.

Structural Impediments.

The basic problem for Sino-Russian economic relations is a lack of mutual dependence. The Chinese are interested in acquiring Russian weapons and some raw materials, but beyond that, the Russians and Chinese do not need one another very much. Russian trade with China represents only a fraction of its total trade. The same is true of Chinese trade with Russia. Part of the reason is that China's historical rise and Russia's unprecedented peacetime decline have equalized the two powers in such a way as to ensure that both need, and compete for, the same resources in the world (capital and technology).

The limited degree to which Russia and China need one another is reflected in some interesting trading statistics. In 1999 Russia was ranked as China's 9th largest trading

partner, while China was Russia's 10th largest trading partner. In this same year, the volume of trade between China and Japan, the United States, Hong Kong, and the European Union was 7 to 10 times greater than it was with Russia. A curious situation has developed whereby China and Russia both see the other as a supplementary market, that is as an outlet for those products which are not competitive in other areas. As a result, both tend to export their quality products to advanced countries while sending one another sub-standard stuff.[50]

This structural impediment to their economic relations has been further aggravated by Russia's sluggish market demand. Russia's economic reform policies have been inconsistent and did not help produce a stable market economy. They were notable for their absence under Gorbachev and then overabundant under Yeltsin. Indeed, Yeltsin's "Shock Therapy" in the early 1990s produced only shocks without therapy. Later, Yeltsin's partial abandoning of market reform and Russia's 1998 financial meltdown only made things worse. The result of these developments is astonishing: the most dynamic market economy under communist political control has evolved in China and the fastest economic decay in peace time in modern history is to be found in a democratic Russia.[51]

Another structural problem in the bilateral trade between Russia and China is Russia's heavy reliance on a limited number of Chinese manufactured items such as military hardware. These military transactions accounted for the 50 percent boost in bilateral trade in 1992 (from $3.9 billion in 1991 to $5.85 billion in 1992) and another 31 percent jump for 1993 ($7.68 billion). The amount of money that China is prepared to spend on military hardware is nonetheless limited, as the PRC is more interested in acquiring technology than in spending its hard-earned foreign hard currency for the finished products. This may in part explain the considerable drop in trade between 1994 and 1995, following the deliveries of the contracted military items. The collaboration between Russia and China in many

nonmilitary related areas has yet to be deepened and expanded.

There are a number of factors that have contributed to the limited bilateral trade. These include the depressed consumer demands, the unpredictability, and corruption which resulted from Russia's economic disarray. The cumbersome accounting methods used by the Russians and the Chinese in their bilateral trade have also contributed to the problem. In 1994, Sino-Russian trade dropped by 30 percent to $5.1 billion, due to the conversion of bilateral trade accounting to hard currencies.

There are also some psychological obstacles in the way. Some Russians are quite concerned with the fast-growing China trade. This is particularly disturbing to them as it is accompanied by the general decline of Russian trade with Western countries. They are worried about the apparent influx of Chinese (legal or illegal) seeking economic opportunities in Russia. They are also troubled by the notion of becoming economically dependent on China.

Light at the End of the Tunnel?

At the turn of the millennium, however, some bright spots emerged in bilateral economic ties. First, Russia began to see the revival of its economy after a decade of stagnation and decline. In 2000, Russian GDP rose 7.6 percent and its industrial output, 9 percent. Its foreign reserves reached $28 billion.[52] Russia's recovery was facilitated not only by high oil prices in the world market,[53] but also by Putin's effort to restore centralization of the Russian economy and politics, thereby facilitating a more orderly economic transaction with China. Three years after the Asian Financial Crisis, China's economy, too, began to gallop at a faster pace. With an 8 percent GDP growth in 2000, China's demands for Russian timber, rolled steel, and fertilizer rose sharply. Economic recovery in both countries apparently led to a better-than-expected trade situation. The 2000 bilateral trade volume rose sharply to $8 billion,

the best since 1980, and the first half of 2001 saw another 30 percent jump in bilateral trade.

Trade relations will also be facilitated by some economically ambitious and politically significant projects that are currently being worked out, notably by two major pipeline deals. One is the $2 billion, 2,000 kilometer (km) Tomsk-Beijing oil pipeline with a maximum capacity of half a million barrels per day (bpd). The other is the $4 billion, 3,700 km Kovykta (Irkutsk)-China natural gas line with a maximum capacity of 35 billion cubic meters per year (bcm). Since late 1999, both Russian and Chinese oil firms have been working together with the two governments to hammer out the technical and financial details.

In the year 2000, Russia only provided a fraction (10 million barrels) of China's 300 million barrels of annual imported oil. However, provided that its economy continues to rise, China's thirst for energy will grow only faster in the future: it is entering into the automobile age, which will bring with it vastly increased consumer demand. The Tomsk-Beijing oil line will be able to supply half of China's current annual import. Without it, China will find itself increasingly affected by the unstable Mideastern region and by the potentially disputable sea lanes (South China Sea and the Taiwan Strait).

Russia's impoverished Asian region will get a badly needed economic boost from the projects. Moreover, these projects will provide an anchor for future relations with China. It will ensure more predictable relations between the two countries in the next 5 to 10 years across the economic, political, and strategic areas. This will be badly needed as Russia continues its difficult recovery from its historical decline.

In additional to major energy projects, the two sides have tried to explore some potentially lucrative projects. One such project is cooperation on producing a new generation of civilian planes and energy equipment. The multi-billion U.S. dollar Lianyungan project started in October 1999.

They plan to follow this by cooperating in building yet another nuclear power plant. The two sides are close to a deal on China's participation and operation of Russia's Global Navigation Satellite System (GLONASS) as an alternative to the U.S. equivalent Global Positioning System (GPS).

Meanwhile, Russia and China are finally reaping the benefit of years spent trying to develop specific trade mechanisms. They have improved the trade environment, strengthened the mechanism for making payments, and developed account settlements, arbitration, loans, and insurance. Unified dispute-settlement mechanisms, too, have been gradually introduced in major trading ports along the border.[54] Putin's emphasis on law and order at home also helped foster more normalized transactions between the two. Meanwhile, trade infrastructures have been developing along the Sino-Russian border. These include airports, expressways, cargo depots, and free trade zones. The Tumen River Delta trading/shipping hub, jointly developed by the U.N. and regional countries including Russia, is steadily taking shape. At long last, moreover, North Korea is opening up. This offers both Russia and China new opportunity for economic growth.

V. SECURITY RELATIONS

The Sino-Russian security relationship is perhaps the most publicized. While the Western media tends to focus on issues of military sales to China, this analysis takes a broader perspective by examining three separate but related issue areas: border issues, confidence building, and military sales.

Pacifying the Longest Border.

The political situation in the former Soviet Union was volatile immediately after the disintegration of the Soviet Union. Beijing faced the birth, almost overnight, of several new central Asian nation-states whose internal stability,

nuclear potential, and ethnic diversity have created multiple complexities for both China and Russia.[55] China's immediate concern was whether agreements with the former Soviet Union would remain intact and be implemented.[56] China in 1992 nervously watched the debate in the Russian Duma for the verification of the border agreement signed before the collapse of the Soviet Union. It was not until Yeltsin's visit to Beijing at the end of 1992 that the situation became stabilized. Beijing seized the opportunity to regain the momentum in working on the border issue with a joint delegation consisting of officials from Russia, Kazakhstan, Tajikistan, and Kirghistan.[57] The eastern part of Sino-Russian border bargaining was finalized during Yeltsin's November 1997 visit to Beijing where the Russian president agreed to return 1,500 hectares of land to China.[58]

Because the Russian political scene has been subject to frequent radical political change, none of the existing border agreements between Russia and China are guaranteed. By early 1995, local officials in Russia's Far East openly resisted the implementation of the Sino-Russian border agreements. Some in the Russian parliament went as far as to suggest abolition of the Sino-Russian border agreement. Chinese officials openly expressed their concern that that the economic weakness of Russia was leading to a rise in Russian nationalism.[59] Moscow, therefore, has to reaffirm its agreement with Beijing from time to time.[60] It was not until April 1999 that the official border survey was finally over.[61] The preservation and implementation of all the agreements between China and the Russian side (including three other central Asian states of Kazakhstan, Tajikistan, and Kyrgystan), however, continue to be a major challenge within the context of their overall security relations.

Confidence Building.

While border agreements are yet to be fully implemented, Beijing and Moscow have been steadily

progressing in some broader security-related areas. During Yeltsin's 1992 visit to China, the two sides signed the Joint Statement on the Basis of Mutual Relations which renounced the use of a nuclear first strike against the other country, and both countries pledged not to enter into treaties "prejudicing the sovereignty and security interests of the other party."[62] This was followed in 1993 by an agreement to create a demilitarized zone along their border. This meant that the Russian military, traditionally deployed within a 50-to-100 km area from the border, had to be redeployed further north, while the Chinese side did not have to do so due to its more in-depth defense posture. Because of financial difficulties, Russia would have to substantially cut its forces in the Far East. An accord was signed with China to prevent inadvertent military confrontation between the two militaries. This more than met Russia's security needs. The two sides also agreed to inform each other of plans for military maneuvers in border districts and to exchange information on military doctrine and experience.[63]

The effect of these confidence-building agreements was furthered by a 1994 crisis-prevention agreement during Chinese Defense Minister Chi Haotian's visit.[64] All these confidence building measures were combined into a single document and signed during Yeltsin's visit to China in April 1996. Three other central Asian states belonging to the "Shanghai Five" also signed the document. Starting from 1999, staff officers began to observe and verify each other's military withdrawal from the border areas. Beijing and Moscow are even thought to have concluded a secret intelligence agreement as part of the overall confidence-building arrangement.[65]

Military Sales.

Russian military sales to China have been a fast growing area of exchange. To date, Beijing and Moscow have completed some major transactions of military equipment

including hundreds of *Sukhoi*-series jet fighters-bombers, ten Il-76 cargo planes, hundreds of S-300 antiaircraft

Date	To China	To USSR/Russia	Agenda
'90 June	- RA V. Khudyakov	CMC VC Liu Huaqing	- Border issues; arms sale (24 Su-27, etc.) - Border issues
'91 May June Aug. Dec.	- Dmitri Yazov - DDM V.M. Arkhipov - Marshal V. Kulikov	CGS Chi Haotian	- Finalizing Su-27 sale to China - Arms sale talks - Military exchange, arms sales - Military exchange
'92 Feb. April Aug. Oct. Nov.	- CGS Samsonov - AFDC A. Malyukov - DDM A. Kokoshin - DPM A. Shokhin	- GLD Zhao Nanqi - DM Qin Jiwei	- Arms sales - Arms purchase - Air force exchanges - Border, arms transfer - Conversion - Defense industry exchange
'93 April June July Aug. Nov.	- DCINC I. Kasatonov - Gen. Kokoshyn - VA I. Khmelnov - DM P. Grachev	- NC Zhang Lianzhong - DNC He Pengfei - CMC VC Liu Huaqing - CGS Zhang Wannian	- Naval arms sales (Kilo subs, etc.) - follow-up naval arms sales - Arms sales - Naval exchange - Military cooperation - Border confidence building - Port visit to Qingdao - Military exchange
'94 April May June July	- CGS M. Kolesnikov - DPM A. Shokhin - DPM A. Shokhin	- VA Wang Jiying - AFC Cao Shuangming - DM Chi Haotian	- Arms sales - Military technology transfers - Port visit to Vladivostok - Air force exchanges - Conversion - Accord of PDMA
'95 May Dec.	- DM P. Grachev	- CMC VC Liu Huaqing	- Military exchange, CBM - Arms sales, conversion
'96 May Dec.		- CGS Fu Quanyou - DSC Cao Gangchuan, CASIC Zhu Yuli*	- Military exchange - Arms sales, technology transfers, licensed production of Su-27s by China ($2.5 bil. for 200 jets in the next 15 years)
'97 April May June Aug. Nov.	- DM N. Rodionov - 1st DPM Nemtsov	- (DM Chi Haotian) - GPAD Yu Yongpo - CMC VC Liu Huaqing - DCS Xiong Guanglai	- Military cooperation - Military cooperation & arms sales - Military exchange - Military technology transfers - Military & space technology transfer, and naval arms sales - Military exchange
'98 Jan. Oct.	- RFDC Secty. Kokoshin - DM Igor Sergeyev		- Military cooperation - Military cooperation, military sales, Kosovo.
'99 May May June Aug. Oct. Nov.	Navy Chief V. Kuroyedov DCS V. Kondratenkov - DPM I. Klebanov	- DM Zhang Wannian - NC Shi Yunsheng - DCS Xiong Guanglai	- Official visit - Working visit - Official visit; Russian missile forces and Pacific Fleet. - US$20 bil. accord for 40 Su-30MKKs - Working visit - 3rd general staff regular meeting
'00 Jan. Mar. July Nov. Dec.	DM I. Sergeyev* 1st DCS Valeri Manilov	- DM Chi Haotian - AFC Liu Shunyao	- Working visit, a memo of understanding w/ DM I. Sergeyev - 1st defense minister conference of "Shanghai-5" in Kazakhstan - Military cooperation - 4th general staff regular meeting - Military exchange, joint airborne forces training
'01 Feb.		- DM Zhang Wannian	- 8th military technology regular meeting; intelligence exchange

Abbreviations: AFC: Air Force Commander; CASIC: China Aerospace Industry Inc.; CBM: confidence building measures; CMC: Central Military Commission; CS: Chief of Staff; DCS: Deputy Chief of Staff; DDM: Deputy Defense Minister; DM: Defense Minister; DNC: Deputy Naval Commander; DPM: Deputy Prime Minister; DSC: Defense Science Commission; GLC: General Logistics Director; GPAD: General Political Affairs Director; IBM: International Business Ministry; NC: Naval Commander; PDMA: preventing dangerous military activities; RA: Rear Admiral; RFDC: Russian Federation Defense Council; SPAc: Self-Propelled Artillery; VA: Vice Admiral; VC: Vice Chairman; *traveling w/ civilian leaders.

Table 2. Mutual Visits by Chinese and Russian Military Leaders, 1990-2001.

missiles (U.S. *Patriot* equivalent), helicopters, samples of Russia's main battle tanks and other armored vehicles, four *Kilo*-class conventional attack submarines, and two *Sovremenny*-class guided missile destroyers (with the powerful SS-N-22 *Sunburn* antiship cruise missiles).

Meanwhile, more deals are reportedly being discussed, including a joint venture for developing China's own fighters; and the grant of a license to manufacture the *Kilo*-class submarine and nuclear-powered submarine, naval vessels, and nuclear and missile technology. These actual and possible Russian sales have been the largest foreign arms deliveries to the PRC since the early 1950s during the Sino-Soviet honeymoon.

There are three rather distinguished phases in the development of military sales: (1) the early stage (1990-92); (2) the institutionalized stage (1993-94); and (3) the expanding stage (1996-2000). In the initial stage, military sales were the result of a reaction on both sides to some rapid developments, which had little to do with their bilateral relations. In particular, sales were stimulated when the West imposed sanctions on China after the 1989 Beijing crackdown and the disintegration of the Soviet Union. Over time, particularly after 1993, Beijing and Moscow both came to develop a sense of realism. They adopted a cautious approach as they gradually discovered both the potential and limits of military sales. A process of institutionalization in military transactions, therefore, was developed through the mid-1990s which is still in effect today. Last but not least, NATO's war against Kosovo in 1999 simply pushed the military sales to a new height at the turn of the millennium. (See Table 3.)

Searching for Rules of the Game .

Russia's transfer of military technology to China, at least initially, largely resud fromarriage of convenience. The goals and preferences of the two nations are actually rather different. China is very much interested in

Time	Items	$ Amount
1992	26 Su-27SK fighters delivered	$1 billion
1994	Agreement for 4 diesel-powered Kilo-class submarines	$1 billion
1994	Agreement for 6 S-300 air defense systems with at least 100 missiles	Unknown
1995-96	48 Su-27s (36 one-seat Su-27SK & 12 two-seat Su-27UBK)	$1.7 billion
1996	License to produce 200 Su-27SK planes; first two China-built jets took their maiden flights at the end of 1998.	$2.5 billion
1997	Agreement to buy 2 Sovremenny-class guided missile destroyers armed with supersonic anti-ship ZM-80E Moskit cruise missiles. To be delivered in 2000.	$800 mil.
1999	Agreement for purchase of 30 Su-30MKK, with a consent for future licensed production of the plane by China.	$2 billion
2001	Agreement for purchase of 38 Su-30MKKs.	$2 billion

Table 3. Major Russian Arms Transfers to China (1992-2001).

technology transfer and would prefer to buy just a few samples of advanced technology equipment. Russia, by contrast, would prefer to sell more equipment and transfer as little technology as possible. In this way, China could be kept from developing or manufacturing this advanced equipment in the foreseeable future. The technological gap between China and Russia would thereby be preserved, guaranteeing Russia's national security interests in the Far East. At the same time, continued Chinese demand for advanced equipment would be in Russian commercial interest.

In 1993, several formal accords were signed relating to military exchanges. Chinese defense official Liu Huaqing's June trip to Russia expanded cooperation in industry, science and technology, and conversion.[66] November 1993 also saw the first visit to Beijing by Russian Defense Minister Pavel S. Grachev, who signed a 5-year military cooperation agreement to broaden the transfer of military technology to China. These agreements in 1993 provided the frameworks to institutionalize cooperation in defense areas. Since then, more long-term cooperation agreements in technology transfer have been reached. Among them is one which defines Russia's role in developing China's manned space program over the next 10 to 20 years.[67]

Meanwhile, mounting pressures also forced the Russians to become less cautious in their approach to China's initiatives. Toward the end of 1993, Russia became increasingly disappointed with the West in both domestic and foreign affairs. The continuous decline of the Russian economy forced Yeltsin to abandon the "shock therapy." At the same time, Russia had accumulated a large amount of debt ($1.5 billion by 1994) in its trade with China. Russia's arms sales in the world continued to slide; the year 1994 saw its lowest sales in 15 years. Meanwhile, Russian civilian aircraft building was on the verge of "total collapse."[68] The Chinese market remained one of the few bright spots for Russian military sales around the world in the post-Cold War years. Moscow urgently needed to push for more deals in this traditionally strong area of its economy. Russia reportedly decided to use military hardware, the only competitive advantage it enjoys in economic relations with China, to offset these debts. The Russian Foreign Minister went so far as to say during his February 1994 visit to China that the Russians would set no limits on Russian military sales to China. After this, Russia produced a quite impressive list of some 44 items for China's military, including some very advanced hardware.[69]

In addition to the Gulf War, the strongest push for closer military ties between Beijing and Moscow, which came in the 1990s, ironically resulted from Western, particularly US, policies toward the two continental powers. In the first half of the decade, the Russians and Chinese were still bargaining over peripheral issues with regard to pricing, after-sale service, and payment methods. NATO expansion and the Taiwan Strait Crisis paved the way for progress. In May 1995, Washington announced its decision to invite President Lee Teng-hui of Taiwan to visit the United States. A month later, in June 1995, Premier Li Peng of China visited Russia: at the top of his agenda was Sino-Russian cooperation over military technology. For the first time, both sides publicly indicated that they intended to push their cooperation further in this sensitive area. This

represented a notable change from their previous evasive behavior.[70] As a result of these developments, 1995 and 1996 witnessed sales of additional Su-27s, more technology transfers to China and joint-production of Su-27s.[71]

Accidental Bombing and Accidental "Alliance."

Toward the end of the decade, the same cycle of events was repeated when NATO's 1999 war in Kosovo angered both Moscow and Beijing, though for different reasons. While the Russians were frustrated because they were kept out of the conflict, the Chinese were furious because they were "forced back" to a far away conflict by the "accidental" bombing of their embassy in Belgrade on May 8.[72]

Until this point, the "strategic coordinating partnership" between Beijing and Moscow was a "nonalliance," said to be "nonconfrontational, much less directed at any third country or third party."[73] Both sides depended more on the West-dominated world trading system than on each other. Neither intended to get closer to the other at the expense of relations with the West.

The Russian Prime Minister was half way to the US when the Kosovo air war began. He simply suspended his journey and headed for home to show Russia's displeasure. This contrasts with Jiang Zemin who continued his official visit in Italy, from where NATO was dispatching its military jets to bomb Serbia. The Kosovo crisis and particularly the embassy bombing changed the strategic thinking in Russia and China. A redefinition of their largely "harmless" strategic partnership and their respective policies toward the West was merely a matter of time.

Following the bombing of the Chinese embassy on May 8, however, some Russian officials openly discussed a possible defense alliance with China, particularly in areas of weapons sales, personnel training, intelligence exchange, and policy coordination. In May 1999, a number of top Russian generals visited the Chinese capital, including

navy chief Admiral Vladimir Kuroyedov and Chief of the General Staff of the Russian Armed Forces Valiedin Korapierinykof. Between June 7-17, 1999, General Zhang Wannian, deputy Chairman of China's Central Military Committee, visited Russia at the invitation of the Russian Defense Minister. Moscow is said to have treated Zhang with the "highest protocol." In his half-hour phone call with President Yeltsin, the Russian leader said that he would do his utmost to promote the continuous deepening and development of the comprehensive and friendly cooperation between the two countries. The new Prime Minister Sergei Stephashin, who was born in China when his father was an adviser to the PLA Navy, also met with General Zhang. He focused at this meeting on weapons sales. He was quoted as saying that "no other Russian premier was born in China. . . . My father served in the navy and helped build China's armed forces. Now, meeting you, I feel I am continuing my father's cause."[74]

One of the major developments in Stephashin-Zhang meeting was an agreement for Russia to sell dozens of Su-30s to China. In the past, Russian arms sales had always been hampered by Moscow's reluctance to pass to China sensitive technologies. Moscow had only agreed to sell an older model of the Su-27 while licensing India to produce the Su-30s. During Chinese Premier Zhu Rongji's visit in February 1999, Moscow only agreed in principle to negotiate the details for the sale. The deepening of the Kosovo crisis apparently accelerated pace of the hard bargaining between Moscow and Beijing over the sale of this fighter-bomber, the best in the Russian inventory. The two sides even started talks to discuss the possibility of Russia granting the Chinese a license to produce for itself another 200 Su-30s.[75]

In an article speaking of these these developments, the influential Russian Izvestiya newspaper said that the combination of Chinese money and Russian military technology could create a powerful force on the world stage. The same Russian newspaper also quoted General Leonid

Ivashov, head of Russia's international department, as saying that the consequence of NATO expansion and the Kosovo crisis would be "the swift return of the world to a bipolar system."[76] By early 2001, China and Russia were reportedly actively cooperating in the exchange of military technology research and development to counter the US missile defense systems.[77]

CONCLUSION: HOW TO MANAGE "NORMAL" RELATIONS IN THE POST-POST-COLD WAR

From time to time in Sino-Soviet relations, younger men in the Kremlin have challenged older leaders in Beijing. Now, 45 years after Khrushchev's de-Stalinization campaign and 15 years after Gorbachev's romantic and fatal political reforms, Putin is reshaping his own domestic and foreign policies. These may be so innovative as to be unexpected, if not unwelcome, to his older Chinese counterparts. Nonetheless, until September 11, 2001, its relationship with China was perhaps one of the few stable and mutually beneficial ties Russia found in the new millennium.[78]

One key feature of the Sino-Russian relationship in the past 20 years is the absence of ideological disputes. Current leaders in the two states have every reason to engage in another round of ideological polemic due to the growing gap in the nature of their political systems. Lessons from history, however, are too vivid to forget. For both, the cost of the past ideological and military confrontations was enormous. Economically, both countries devoted huge amounts of capital and manpower to defense at the expense of the living standards of their peoples. Strategically, Russia and China had to prepare for a possible two-front war and put their national economy on a war footing for many years at the expense of the living standard. For Russia, conflict with China was perhaps the most important indirect and long-term cause for the final downfall of the Soviet Empire.[79] History therefore taught them the limits of

both their friendly and adversarial relations. Both countries now seek to find an appropriate balance between their respective interests and values.

The pragmatic approach to bilateral ties, starting from Deng Xiaoping and Gorbachev in the 1980s, however, does not necessarily mean future harmony between the two sides. It is true that current Sino-Russian relations are, perhaps, more equal and stable than they have been at any other time during the past two centuries. But this has partially resulted from those systemic changes such as the collapse of the Soviet superpower and the historical rise of China.

But what if Russia revives and reasserts itself on a more nationalistic basis? The election of Vladimir Putin already suggests that there is some likelihood of this happening. Or conversely, what if China continues to expand both economically and militarily? China is already perceived as something of a threat by some, particularly the Russian nationalists.

If the rise of China remains a protracted process, it is vital that now, and in the future, the Russians and Chinese learn how to manage and sustain a generally normal, or good, relationship. This is definitely more challenging than the task faced by Mao, Khrushchev, Brezhnev, Deng, and Gorbachev. These men knew how to trash good relationships and how to manage bad ones. What they did not learn to do was to manage a normal relationship. As in gender relationships, marriages and divorces are relatively easy, if not all fun. Living with one another, managing daily chores, listening to, and trying to understand each other's complaints, proves to be the hardest thing to do. In the past 10 years Russian and Chinese leaders have been doing just that and they have been reasonably successful.

If the current trends in East Asia continue, the "reluctant" partnership between Russia and China will definitely grow into an "accidental alliance," for better or worse. In 1996, a group of prominent American, Japanese,

Korean, and Chinese International Relations(IR) scholars[80] overwhelmingly rejected an "early warning" of this largely unintended and maybe unfortunate development:

> At the geopolitical and geostrategic level, the current situation in East Asia points to a growing division between maritime powers (Japan and the United States) and their continental counterparts (China and Russia). The division distinguishes more advanced from relatively backward powers and established from emerging ones. . . . [A]lthough neither Russia nor China intends to renew a 1950s-style alliance at the expense of their respective relations with the United States and Japan, nonetheless both are being driven in that direction in the rather chilly and unsettling post-Cold War Asia-Pacific climate.[81]

At the beginning of the new century, both Russia and China are seriously alienated by the West. This is despite the fact that the two are substantially "Westernized," though each in its own way: the Russians politically, and the Chinese economically. Indeed, one of the reasons why Moscow and Beijing have so far resisted closer strategic coordination is because they would like, eventually, to join and reap the benefits of the Western-led existing international political and economic systems.

The status quo, however, is fast changing for both continental powers. Despite Russia's displeasure and despite the warning of classic realists such as George Kennan,[82] NATO expanded in Europe. In East Asia, the "no-war-and-no-independence" status quo across the Taiwan Strait, which used to benefit all concerned—China, Taiwan, the United States, and Japan—has been steadily eroded to a "no-war-and-no-independence" (U.S. position) and "no-war-but-independence" (Taiwanese position). This development started in 1995 when Clinton allowed Taiwan President Lee Teng-hui to visit the United States. For Beijing, if the "one-China" is disappearing, so is peace.

At the turn of the millennium, the erosion of the status quo is apparently accelerating at the strategic and systemic level with the Bush administration's determination to

deploy missile defense systems. In the eyes of Russia and China, U.S. unilateralism in this regard represents a unique feature of world history. It is the dominant superpower that happens to be the most dissatisfied power, actively departing from and even challenging the very status quo that has benefited itself and the rest of the world.[83] The "mismanagement" of the historical decline of Russia and the historical rise of China, intended or not, will lead to a situation which nobody wants and which is very likely to have serious consequences.

Until the September 11 terrorist attacks, China, Russia, and several other Central Asian states had worked hard for 6 years to build up the Shanghai Cooperative Forum (SCO), with an antiterrorist center set up in 2000 in the Kyrgyzstan capital, Bishkek. Between 1996 and 2001, SCO has been developing an institutional antiterrorist mechanism for three-fifths of the huge Eurasian landscape and a quarter of the world's population (1.5 billion people). It is also the only major regional security organization in the world without direct U.S. participation. Washington had not only been a bystander to that multilateral effort to curb terrorism in the most volatile part of the world, but it also treated destabilizing activities in Chechnya and China's Xinjiang Province as either fighting for freedom or a human rights issue (the U.S. State Department even received the Chechen "foreign minister" in early 2001).

In the short term, the U.S. massive return to Central Asia has already overshadowed, or is displacing, the regional security mechanism (SCO) that Moscow and Beijing have worked hard to develop. For both Moscow and Beijing, current cooperation with Washington to fight terrorism may come at a price in terms of long-term security. Of the two likely outcomes for the current U.S. military actions in Afghanistan, none seems desirable for Moscow and Beijing: first, it is unclear if successful U.S. operations against terrorism will lead to a humble United States, as Bush's campaign rhetoric sounded; or if Washington would go back to the kind of unilateralism as

was the case before September 11. Second, a less successful, messier, or even failed, antiterrorist move by the United States could cause more instability and a surge of extremism/terrorism in the region.

Meanwhile, the initial salvo of the military operation against terrorism is being unleashed against Afghanistan, a Central Asian state that has already been devastated by 22 years of war. Perhaps no target there is worth the price of an American missile. However, Afghanistan, together with other central Asian states, is a geo-strategic meeting place of the world's major civilizations: Christianity, Islam, Hinduism, and Confucianism, all of which, unfortunately, were nuclearized at the end of last century. Understanding and managing these issues would be hard enough for Washington, Moscow, and Beijing during times of relative tranquility. It is unclear how the massive American strategic initiative will affect the delicate and dangerous chemistry of this region. The current war against terrorism, with all of its good intentions and noble goals, allows very little margin for error in the age of weapons of mass destruction.

ENDNOTES - CHAPTER 7

1. The 1689 Treaty of Nerchinsk (made with the Qing Dynasty) temporarily checked Russia's historical expansion into Asia. The treaty followed a number of military clashes between the two countries. By the late 18th century, however, Russian expansion into areas on China's periphery regained momentum and clashes became increasingly frequent. This period of conflict culminated in the signing of the Sino-Russian Treaty of Peking in November 1860, which opened the entire northern frontier of China to Russia's political and commercial influence. See A. Doak Barnett, *China and the Major Powers in East Asia*, Washington, DC: The Brookings Institution, 1977, pp. 21-22; Joseph Fletcher, "Sino-Russian Relations, 1800-1862," in *The Cambridge History of China, Vol. 10, Late Ch'ing, 1800-1911, Part 1, John Fairbank, ed., Cambridge: Cambridge University Press, 1992, p. 347.*

2. Feodor Dostoievsky, "Geok-Teppe, What is Asia to US?" in *Readings in Russian Foreign Policy*, Robert A. Goldwin, Gerald Stourzh, and Marvin Zetterbaum, eds., New York: Columbia University Press, 1959, p. 274.

3. See John W. Garver, *Foreign Relations of the People's Republic of China*, Prentice-Hall, Inc., 1993, Chapter 2.

4. Recent Russian and Chinese literature on the origins of the Korean War points to an emerging revisionist interpretation. This argument suggests that Stalin's decision to allow North Korea to unify the country by force was primarily caused by his concern about China rather than the United States. Shen Zhihua, an independent historian/scholar who has extensively examined the newly declassified Russian archives and the growing body of information now available in China has examined this issue. He argues that Stalin reversed his prudent policy toward the Korean peninsula after yielding to China the Russian "interests" in the Far East (Port Arthur and the Manchuria Railroad). This decision followed the 3 months of hard bargaining which antedated the signing of the Sino-Soviet Alliance Treaty on February 4, 1950. By "unleashing" North Korea, the Soviets thought they were putting themselves into a "win-win" situation. If Kim Il-Sung won and Korea was unified, the Russians would have won themselves a major ally. If Kim Il-Sung lost, the Russians could stand clear. Indeed, Mao was not informed about Kim's plan until May 1950, and Kim sent a field officer to Beijing to brief the Chinese only two days after the outbreak of the war. Mao, therefore, was "forced" into a conflict that he and his colleagues did not want. Shen even argues that Stalin supported the use of force in Korea in order to prevent China's conquest of Taiwan, thus leading to the rise of a more powerful communist neighbor in the south. For details, see Shen Zhihua, *Mao Zedong, Sidalin yu Hanahan: Zhongsu Zuigao Jimi Dangan* (*Mao Zedong, Stalin and the Korean War: Chinese and Soviet Top Secret Documents*), Hong Kong Cosmos Press, 1998. See also Shen Zhihua, "China Sends Troops to Korea: Beijing's Policy-Making Process," in *China and the United States: A New Cold War History*, Xiaobing Li and Hongshan Li, eds., Lanham, MD: University Press of America, 1997, pp. 13-47. On July 2, 1950, a week after the outbreak of the Korean War, Premier Zhou Enlai met with N.V. Roshchin, Soviet ambassador to Beijing, and expressed China's strong displeasure regarding the "negative" impact of the war on Mao's planned attack on Taiwan. Zhou even handed Roshchin a Chinese summary of reactions to the Korean War from around the world. This summary included a statement by a British diplomat that the Soviets "encouraged the North [to]attack in order to prevent PRC's unification with Taiwan," *Shijie Ribao* (*World Journal*), December 7, 1997, p. 2.

5. Dan Bo, "Zhonggong de Qingzhi ji Waishi Yanjiu Jigou" ("The intelligence and foreign affairs research institutions of communist China"), *Cheng Ming,* September 1996, p. 30.

6. Ross Terry, *Mao: A Biography*, New York: Harper and Row, 1980, p. 202.

7. See Li Zhisui, *The Private Life of Chairman Mao*, New York: Random House, 1994.

8. While the Bush administration and much of the US intelligence community were genuinely surprised by the Soviet collapse, neither the mainstream IR school (realist or materialist theories) nor the current constructivists (who use an ideational model) are able to provide convincing explanations for such an event. For a critique of and alternative to both schools, see Stephen G. Brooks and William C. Wohlforth, "Power, Globalization, and the End of the Cold War: Reevaluating a landmark Case for Ideas," *International Security*, Vol. 25, No. 3, Winter 2000/01, pp. 5-53. Brooks and Wohlforth?s article, however, only offers a general background of the issue and offers no clue as to why the Soviet reforms had the dramatic outcome they did, nor why the Soviet collapse happened when it did. A comparative examination of the civil-military relations for the reforming communist states helps to understand both the Soviet collapse and Chinese resilience. See Yu Bin, "Civil-Military Relations in the Transition of Communism: China and Russia," *Current Politics and Economics of Russia*, Vol. 4, No. 3/4, New York: Nova Science Publishers, 1995, pp. 237-46.

9. *World Development Report: Knowledge for Development, 1998-1999*, New York: Oxford University Press, 1998.

10. Jeffrey Tayler, "Russia Is Finished," May 2000.

11. *Xinhua*, February 10, 2001.

12. Chen Tieyuan, "E Li Xin Jingji Weiji Bin Buyuan" ("Russia Not Far from New Economic Crisis"), *Zhongguo Qingnian Bao* (*China Youth Daily*), February 9, 2001.

13. Alexei G. Arbatov, "Military Reform in Russia," *International Security*, Vol. 22, No. 4, Spring 1998, p. 83.

14. Lu Wei, "Yingjie Kaifang, Jujue Mishi" ("Welcome Opening Up and Refuse to Disorient"), *Zhongguo Jingji Shibao* (*China Economic Times*), February 12, 2001.

15. This is based on liberal democracy peace theory. See Michael W. Doyle, "Liberalism and World Politics," *American Political Science Review*, Vol. 80, No. 4, December 1986, pp. 1152-1163.

16. For a detailed review of Russian perspectives, see Andrew C. Kuchins and Alexei V. Zagorsky, "When Realism and Liberalism Coincide: Russian Views of US Alliances in Asia," discussion paper, Stanford: Asia/Pacific Research Center, Stanford University, July 1999.

17. *Gaige Kaifang Yilai de Zhongguo Waijiao* (*China's Foreign Policy During the Reform and Open-door Period*), Tian Zengpei, ed., Beijing: World Knowledge Publisher, 1993, p. 303.

18. In 28 months, China sent top leaders to attend state funerals for three Soviet leaders (Brezhnev died in November 1982, Andropov February 1984 and Chernenko March 1985).

19. The foreign ministers of the two countries met five times in 1990, including twice in China, to discuss the Gulf crisis. See Tian Zengpei, pp. 305-306.

20. See *Huanqiu Congci Liangre: Yidai Lingxiumen de Guoji Zhanlue Sixiang* (*A Brave New World: The International Strategic Philosophy By A Generation of Chinese Leaders*), Guoji Zhanlu Yanjiu Jijin Hui, ed., Beijing: Foundation for International and Strategic Studies, Central Archive Press, 1993, p. 312.

21. See Tian Zengpei, ed., p. 313.

22. *Ibid*., p. 316-317; *China Daily*, December 18-19, and 21, 1992; *New York Times*, December 18-19, 1992.

23. *Beijing Review*, January 2-8, 1995, p. 12.

24. *Ibid*.

25. *Ibid*., and April 29-May 5, 1996, p. 11; *Renmin Ribao* (*People's Daily*, *RMRB* hereafter), May 9, 1995.

26. Russia's unilateral declaration for a "strategic partnership" with China was first made by Deputy Premier Davidov in March 28 and was echoed by Yeltsin in April 2 when he met with Qiao Shi in Moscow, see *RMRB*, March 30 and May 13, 1996. China, however, echoed Russia's initiative with the phrase "strategic coordination partnership." See *RMRB*, April 26, 1996.

27. The joint premiers committee started to in late 1996 during Li?s visit to Moscow. *RMRB*, December 28, 1996.

28. China shares 7,000 kilometers of borders with four other states. The accord requires all parties not to resort to the use of forces deployed in the border areas; not to conduct exercises with the opposing side as the target; limit the scope and number of military exercises; provide information about major military activities within the 100-kilometer border zone, etc. *RMRB*, April 27, 1996.

29. *RMRB*, December 27, 1996, front page.

30. *RMRB*, December 28, 1996.

31. Sino-Russia Joint Declaration, *RMRB*, April 24, 1997, pp. 1, 12; November 1997, p. 1.

32. *RMRB* editorial, "A Visit With Far-reaching Significance," April 28, 1997, p. 1.

33. *Itar-Tass*, January 13 and 18, 2000; *Interfax*, January 17, 2000, *FBIS*, Central Eurasia.

34. Putin is the first modern Russian/Soviet leader coming from the most Europeanized Russian city, St. Petersburg; the first to have extended experience working in Eastern Europe; and the first German-speaking Russian leader after Lenin. Putin reportedly confessed to the visiting US Secretary of State Madeleine K. Albright in February 2000 that his "mentality is European" despite his liking of "exotic stuff" such as eating Chinese food, using chopsticks, and the regular practice of judo. See Michael R. Gordon, "Washington Bites Its Nails as Russian Votes Are Tallied," *New York Times*, March 27, 2000.

35. The first item of the Beijing Declaration reads: "All political documents signed and adopted by China and Russia serve as the solid basis for the healthy development of bilateral relations. The two sides will strictly abide by them and make continuous efforts to push the relationship to higher levels." *Xinhua*, July 28, 2000.

36. Jiang Zemin (the CCP General Secretary and President of the PRC), Li Peng (Premier of the State Council), and General Liu Huaqing (Vice Chairman of the CCP's Military Commission and the highest military officer in the Politburo) were all trained in the Soviet Union during the 1950s.

37. This was provided by Michael Chambers of Political Science Department, Indiana State University, March 27, 2001. President

Putin's visit to Vietnam (February 28--March 2, 2001) marked a beginning of Russia's return to Southeast Asia.

38. Alexei Arbatov, "Russian Foreign Policy Alternatives," *International Security*, Vol. 18, No. 2, Fall 1993.

39. Colonel General Zhang Wannian, Vice Chairman of China's Central Military Committee, was invited by his Russian counterpart Igor Sergeyev to take a 10-day tour of Russia where he met all the top leaders and, for the first time, visited Russia's Strategic Missile Troops. Zhang's trip also involved in Russia's sale of its Su-30s to China. *Interfax*, June 17, 1999.

40. See the full text of the treaty at www.people.com.cn, July, 16, 2001.

41. Hong Kong, *Ming Pao*, June, 19, 2001.

42. Patrick E. Tyler, "Putin says Russia would counter US shield," *New York Times* on the Web, June 19, 2001.

43. *RMRB*, April 8 & 13, 2001.

44. AFP, April 25, 2001.

45. Interfax, June 15, 2001.

46. Russian Foreign Minister Igor Ivanov later stated that "[T]he Chinese side attaches great importance to its relations with the United States for international stability," and "[T]he Chinese leadership intends to pursue a constructive policy in its relations with Washington." See "Jiang and Putin line up against US missile plan," AP, Reuters, 15 June 2001. In their June 18 telephone conversation during which Putin briefed Jiang on his summit meeting with US President Bush in Slovenia, Chinese President Jiang Zemin went as far as to state that "I believe that Russian-US dialogue and cooperation are conducive to maintaining world peace, security and stability." Xinhua, 18 June 2001. Toward the end of June, Russian Foreign Minister went stressed that Russia will do "everything to prevent confrontation between the US and China, because it will not lead to anything good." No problems in the world can be solved without Russia, the US, China and Europe working together, according to Ivanov. Interfax, June 27, 2001.

47. Chen Haosu, president of the Chinese People's Association of Friendship with Foreign Countries (CPAFFC) and Sino-Russian Friendship Association, was quoted in the report, "Zhongemei xinshiji

jiang shangyan xinban `sanguo yanyi" [China-Russia-US? new `three-kingdoms? romance? in the new century]," www.people.com.cn, February 19, 2001; "Sino_Russian Good_Neighborly Cooperation Helps Oppose Hegemonism," Hong Kong *Wen Wei Po* editorial, May 1, 2001, p. A2.

48."There is no need of a master in the world," declared Yeltsin during his meeting with Premier Li Peng in the Kremlin on 27 December 1996, "Nor should countries in the world be divided into the 'leader?' and the 'led.'" Li echoed Yeltsin by stating that "China is not for a unipolar world. Multi-polarization of the world is more conducive to world peace and development." In a somewhat nostalgia yet clearly supportive tone, Li described Russia as "a great nation, with huge potential and rich resources. And it should be treated as an important polarity of the world." *RMRB*, December 28, 1996.

49. The Russians and Chinese reached this understanding during Chinese Premier Li Peng's December visit to Moscow. See *RMRB*, December 28, 1996.

50. *Beijing Review*, April 29-May 5, 1996, p. 12. For Russians' complaints, see Alexander Lukin, "The Image of China in Russian Border Regions," *Asian Survey,* Vol. 38, No. 9, September 1998, pp. 821-835.

51. China is the most dynamic country in the world in terms of both its growth rate (nearly 10 percent for more than 20 years) and the market-regulated portion of its economy (now nearly 80 percent). These put China at more or less the same level with that of the United States. China's economy is much less regulated than that of the United States in areas such as pollution standards, labor benefits, etc. In the current global economic slow-down which affects almost every country at the same time, China remains an exception with a projected 7.7 percent growth for the year 2001. For recent media discussion, see Richard Ernsherger, Jr., "The Spread of China Inc.," Newsweek, September 3, 2001, Asian ed. *www.msnbc.com/news/619580.asp*.

52. *RMRB*, February 6 and 10, 2001.

53. Russian oil export revenues in the first 5 months of 2000 rose 130 percent to $9.02663 billion, $5.1511 billion more than in the same period last year, *Interfax*, July 7, 2000.

54. *China Daily*, May 29, 2000.

55. After the collapse of the Soviet Union, the 7,000 kilometer Sino-Soviet border is now shared by four independent states: the Russia Federation, Kazakhstan, Tajikistan, and Kyrgystan. The Russian part is about 4,300 kilometers long.

56. Tian Zengpei, p. 312.

57. *Ibid.*, p. 329.

58. *Shijie Ribao*, November 10, 1997, p. 2.

59. *Beijing Review*, April 29-May 5, 1996, p. 12.

60. *Lianhe Bao*, February 6, 1995; *RMRB*, March 2 and 3, 1995, and December 19, 1996; Reuter and Xinhua, cited by *Shijie Ribao*, April 18, 20, and 24, 1996.

61. Xinhua, April 18, 1999.

62. Tian Zengpei, pp. 316-17; *China Daily*, December 18, 19, and 21, 1992; *New York Times*, December 18 and 19, 1992.

63. *Shijie Ribao*, November 14 and December 5, 1993; and *New York Times*, December 5, 1993.

64. The signed agreement will treat the accidental violations of each other's airspace and territorial waters as accidents in order to prevent escalation of crises. See *Shijie Ribao*, July 14 and 16, 1994.

65. Ivanov, p. 279.

66. *China Daily*, June 29, 1993.

67. *Lianhe Bao*, March 23, 1995.

68. Interview with Valentin Klimov, director general of the Tupolev Aircraft Technical-Scientific Center, and Viktor Mikhaylov, Director-General of the largest aircraft building enterprise "Aviastar." *Itar-Tass*, November 1, 1995.

69. *Shijie Ribao*, January 1 and April 24, 1994.

70. *RMRB*, June 28, 1995, p. 1. A month before Li's visit, Russian Defense Minister Pavel Grachev was visiting Beijing, with the head of Russian Air Force. The emphasis on cooperation in military technology during Li's visit indicated significant progress in this area. *The Japan Times*, May 18, 1995.

71. *RMRB*, December 28, 1996.

72. IN 1999, China's general public was either becoming indifferent or accustomed to the US "bombing diplomacy" prior to the May 8 bombing. An evening news broadcast which made no mention of US-British high-tech games over the Iraqi skies would be disappointing to many in China. In a comedy show on the Chinese New Year's Eve national TV program in late February 1999, a newly unemployed young man was advised not to take his plight too seriously. "If you feel bad, look at what difficulties Saddam faces; if you are not happy, think what Clinton is going through."

73. Press conference for the 9th National People's Congress, NPC, by Chinese Foreign Minister Tang Jiaxuan, *Beijing Review*, March 22-28, 1999, pp. 6-11.

74. *Xinhua*, June 9, 1999; Reuters, June 9, 1999; *Shi Bao* (Tokyo), June 23, 1999.

75. *Hong Kong Tiger*, June 21, 1999; *Shi Bao* (Tokyo), June 23, 1999.

76. *Izvestiya*, "Brothers Forever-2," June 9, 1999.

77. *www.chinesenewsnet.com,* February 5, 2001.

78. On the eve of his July 2000 visit to Beijing, Putin reportedly instructed Russia's Pacific Fleet to give direct assistance to China if the situation in the Taiwan Strait deteriorated and if the US military attempted to intervene. The widely circulated report was never confirmed by the Kremlin and lower-level Russian officials quickly dismissed its authenticity. Curiously, China's official *RMRB* helped to spread the rumor once again after Putin's visit. See Liu Shengzhi and Ge Lide, "Russia will react if US military intervenes: Putin supports China's move to safeguard Taiwan (exclusive report)," *Huanqiu Shibao* (*Global Times*), in www.people.com.cn, July 21, 2000.

79. Both Soviet official data and the CIA estimates indicate a steady decline of the Soviet economy from the mid-1960s and an accelerated worsening trend in the 1970s. This trajectory of the Soviet economic decline happened to parallel the deterioration of Sino-Soviet relations. In 1960, the Soviets unilaterally withdrew all technical personnel from China. In 1969, the ideological conflict started to militarize when the two militaries clashed several times along their borders. Eventually, the Red Army had to substantially increase its military deployment in Asia, leading to a *de facto* two-front strategy. For a recent study of Soviet

economic decline, see the article cited above by Brooks and Wohlforth, pp. 5-53.

80. Conference on the US Alliances with Japan and Korea, Stanford Asian/Pacific Research Center, September 6-7, 1996.

81. Bin Yu, "East Asia: Geopolitique Into the 21st Century: A Chinese View," Occasional paper, Stanford: Asia/Pacific Research Center, Stanford University, June 1990, pp. 3 and 8.

82. Kennan argued that NATO expansion was "the most fateful error of American policy in the entire post-cold-war era." George Kennan, "No to Expansion," *New York Times*, February 10, 1997.

83. For relevant writings, see François Heisbourg, "American Hegemony? Perceptions of the US Abroad," *Survival*, Vol. 41, No. 4, Winter 1999-2000, pp. 5-19; Peter J. Spiro, "The New Sovereigntists: American Exceptionalism and Its False Prophets, *Foreign Affairs*, Vol. 79, No. 6, November/December 2000, pp. 9-15.

CHAPTER 8

CHANGING JAPANESE VIEWS OF CHINA: A NEW GENERATION MOVES TOWARD REALISM AND NATIONALISM

Tsuneo Watanabe

INTRODUCTION

This past year, Japan issued a visa to the former president of Taiwan, Lee Teng-hui. It did so despite considerable pressure from China. Issuing Lee a visa has been, over the years, a litmus test for Chinese ability to influence policy decisions in the United States and Japan. During his presidency, Lee tried to visit both of these countries. While the United States granted him a visa in 1995, the Japanese did not, out of consideration for Chinese wishes.

China still regards Lee as "a facilitator for Taiwan's independence movement behind the scenes."[1] Hence, issuing him a visa on this occasion was a political issue in both the United States and Japan, even though Lee applied as a private citizen. As in the past, Japanese opinion was divided. The Pro-China politicians, Foreign Minister Kono, and the Asian Affairs Bureau of the Ministry of Foreign Affairs tried to deny Lee a visa. Pro-Taiwanese Prime Minister Mori, by contrast, insisted on issuing it. In many ways the political map in Japan was much like the political map of earlier times. However, there was one striking difference. Previously, there was a clear split in public opinion between the pro-China and the pro-Taiwan camps. This time, the *Asahi Shimbun,* which is known to be a

pro-Chinese newspaper, criticized the government for *not* issuing a visa for Lee.[2]

This event has symbolic importance. It reflects the fact that Japanese perceptions of China have lately undergone a very significant change. Both Japanese politicians and the general public have a rather different attitude towards their powerful neighbor than they once did. That such a change exists is quite clear. What is much less clear is how this change will affect Japanese foreign policy, particularly given the turmoil that currently characterizes Japanese political life. The goal of this chapter is to determine the direction and momentum of changing Japanese views of China. It will do so by examining both international and domestic factors.

I. CHANGING ATTITUDES IN JAPAN

The Growth of Realism and Nationalism.

Realism. Japan's general security policy toward East Asia has lately undergone significant change. Over the last decade it faced a series of new challenges. The Gulf War in 1990 and the Taepo-dong missile launch by North Korea in 1998 were key turning points. One way to understand Japan's changing perceptions of China is to see them as part of its overall perceptions of East Asian security. Japanese policy has, in fact, moved away from rhetorical "pacifism" and towards realism. It increasingly has come to speak in terms of becoming a "normal nation." The word "normal nation" has been used widely since the Gulf War when Ichiro Ozawa, Secretary General of the Liberal Democratic Party (LDP) at that time, advocated it as Japan's goal.[3] Sakutaro Tanino, the former Japanese ambassador to China, used the term recently, for example, when he suggested how the Japanese and Chinese might develop a more constructive relationship. They should, he said, avoid using an emotional approach to deal with the occasional issues that arise between "normal nations."[4]

This trend towards general realism can be understood as a response to the structural changes that took place after the Cold War. During the Cold War era, Japan concentrated on maintaining a close security relationship with the United States. It also focused on developing its economy. Before 1972 (when China formed a strategic partnership with the United States against the Soviet Union), Japanese engagement with China focused on private economic relations. After 1972, China became the strategic partner of Japan's ally. Both before and after 1972 Japan was able to concentrate on its liberal commercialism and needed to devote only a minimal amount of money and attention to defense. This was because it could depend for its protection on U.S. global strategy.

After the end of the Cold War, however, Japan came to realize that it no longer could depend on the unlimited security guarantee formerly provided by the United States. In addition, highly politicized economic friction arose in the 1980s and the early 1990s between the United States and Japan. Japan was criticized for getting a free ride and taking advantage of American security efforts. Since then, Japan has gradually taken steps towards becoming a "normal nation" and adopting a realistic defense policy. This can be seen, for example, in the U.S.-Japan Security Joint Declaration of 1996, and the agreement to revise the U.S.-Japan Security Guidelines (1997).

The growth of realism in Japan was also stimulated by other events, notably in North Korea. Both the 1994 crisis triggered by North Korea's development of nuclear weapons and the crisis in 1998 when it launched a missile into Japan's territorial waters helped transform Japanese thinking and its security policies. Chinese actions, too, have affected Japanese perceptions and attitudes. The People's Republic of China (PRC) has laid claim to the Senkaku Islands (Diaoyu Islands), over which Japan claims sovereignty, and has threatened Taiwan with its missiles. In other words, Japan has been driven towards realism

wherever it has felt that its vital security interests are at risk and in response to the aggression of its neighbors.

Two years before North Korea's Taepo-dong missile launch, Green and Self described Japan's China policy shift as one "from commercial liberalism to reluctant realism."[5] They added "reluctant" since the general consensus in Japan was that "maintaining friendly ties with China is essential and that a primarily economic strategy towards the People's Republic of China (PRC) still has potential."[6] Since then, Japan's tendencies toward realism have been reinforced dramatically, due to a policy shift from "reluctant" realism to the less reluctant realism of a "normal nation."

Nationalism. The other major phenomenon of the times is the growth of Japanese nationalism. The Japanese people are frustrated with the prolonged economic slump, the lack of political leadership, heavy dependency on U.S. policy, and insecurity in an unstable East Asia. All these things serve as catalysts for nationalist sentiment among the Japanese.

Several scholars have pointed out that Japan's policy toward China was, in times past, managed by pro-China seniors in the Diet, government, and business.[7] These seniors shared pre-war and wartime experiences with China. Their attitudes were deeply rooted in their sense of remorse and regret for Japan's wartime aggressions.[8] They were to be found in both the conservative ruling LDP and the opposition parties. Seniors from both the LDP and the opposition cooperated effectively to promote China policy against the pro-Taiwan and anticommunist hawkish group within the ruling LDP.

Now that a new generation of leaders has come to power, this pro-China sentiment, born out of remorse, has declined.[9] Its place has been taken by nationalism. This ideology has taken particularly deep root among the younger generation, although it also has roots in traditional anticommunist and ethnocentric sentiment. A very visible example of nationalism is to be found in the work of

cartoonist Yoshinori Kobayashi. His cartoons, which are effective communication tools, appeal to the younger generation. His views echo those of many older generation nationalists. Kobayashi has used his cartoons to try and justify Japan's wartime aggression. He has also written a book, *Taiwan-ron (On Taiwan)*. It has an oversimplified political message and expresses pro-Taiwan and anti-China sentiments. Since November 2000, his series of works called *Gomanizumu Sengen* (*Declaration of Arrogance*), including *Taiwan-ron*, have sold over 250,000 copies in Japan.[10] The Japanese are already irritated by several of China's political stands. They are irked at its interpretation of recent history and its repeated criticisms of Japan. This irritation has the potential to turn nasty. Japanese frustration with the prolonged economic slump or lack of domestic political leadership might easily spawn patently anti-Chinese sentiment.

Sino-Japanese relations in 1980s and 1990s: A Decline in Good Feelings.

The Japanese Cabinet office has taken a poll recording the ups and downs of Japanese attitudes towards China. The polls show a general downward trend. (See Figure 1.) This poll was based on 3000 face to face interviews of Japanese over the age of 20. In 1980, 78.6 percent of the Japanese people had "positive feelings" towards China, whereas 14.7 percent had "negative feelings." In 2000, 48.8 percent Japanese had "positive feelings," whereas 47.2 percent had "negative feelings."[11] In general, Japanese have tended to look less kindly upon China since 1978.

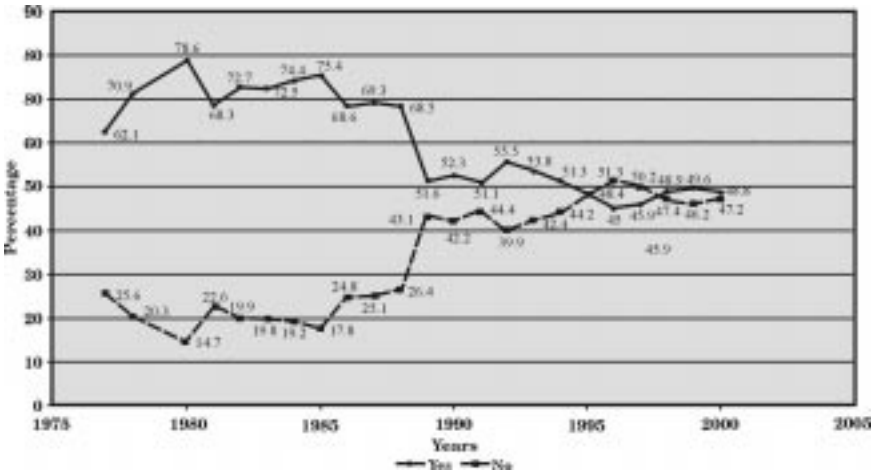


Figure 1. Japan's Prime Minister's Office Poll— Do You Have a "Close Feeling" towards China?

Japan and China: Pivotal Events, 1978-2000.

1978 Japan-China Peace Treaty.

1979 Implementation of Official Development Assistance (ODA).

1981 Japan-China joint construction project (Bao-shan steel complex)cancellation issue.

1982 President Zho Ziyang visited Japan: the first "history text book" criticism.

1984 PM Nakasone visited China.

1985 Text Book Issue, Chinese Student Protest against Japan's cabinet member's official visit to Yasukuni Shrine (war criminals are there).

1987 Issue of Japan's defense budget exceeding 1 percent of GNP, "*Kouka-ryo*" (Guanghua) Hostel Issue.

1988 Visit of PM Takeshita: Promise of 810 Billion Yen for ODA in 1990s.

1989 Tiananmen Square Incident, Japan stopped ODA.

1990 Japan resumed ODA. China's nuclear Test.

1992 Emperor Akihito's successful visit to China.

1995 China's nuclear test; Japan suspended ODA.

1996 Taiwan missile crisis. Yasukuni Shrine issue. Senkaku (Diaoyu) islands territorial dispute.

1997 PM Hashimoto visited China: Controversy over the US-Japan security guideline.

1998 President Jiang Zemin's Visit to Japan: Frequent references to Japan's wartime aggression.

1999 PM Obuchi's visit to China (conducted very smoothly and historical issues were not mentioned).

2000 Japan protested Chinese military vessels entering Japan's EEZ (Exclusive Economic Zone).

Sino-Japanese relations have experienced a cyclical upturn and downturn since normalization in 1972.[12] Changing attitudes can often be linked to specific events. In 1978 the Sino-Japanese Peace Treaty was signed: this marked the apogee of "positive feelings." Of the Japanese population, 78 percent regarded China in a positive light at this time. Prior to this, Japanese society placed high priority on improving relations with China and so, consequently, there was considerable desire for friendship between the nations. The initial upward curve in the 1970's cooled with China's unilateral cancellation of the Bao-Shan joint steel construction project in 1981.[13] In the 1980's, the Japanese continued to feel rather positive towards China despite occasional conflicts. Japanese irritation over Chinese criticism of its history books was a case in point. The positive attitudes towards China owed much to Official Development Assistance (ODA) and the trade boom. A

sudden decline in the good feelings came in 1989 when the Chinese military repressed civic demonstrators in Tiananmen Square. Since then, positive feelings have gradually recovered. They reached a high point in 1992, a year marked by the successful visit of the Japanese Emperor to Japan. This slight recovery was followed by another decline in Japanese regard for China precipitated by a series of negative events, such as China's nuclear tests in 1995 and the missile launches in the Taiwan Strait in 1996.

Interpreting Changing Attitudes.

Why do the Japanese feel less positive about China today than they did in the past? The most likely explanation is that the decline in good feelings is related to the rise of nationalism and realism. However, the downward trend does not mean that relations between China and Japan have been deteriorating in a straight line ever since 1989. To the contrary, economic relations between Japan and China have actually been strengthened. China, in fact, was Japan's second largest trading partner in 1999. The total amount of trade was $66.6 billion, which represents an increase from $22.8 billion in 1991 and from 1.1 billion in 1972.[14]

The positive attitude felt by the Japanese towards China in the late 1970s and 1980s owed itself in large measure to two things. First, Chinese leaders proved very skilful at diplomacy and public relations and were able to create a good image of China among the Japanese people. Second, the Japanese people came to share with business and political leaders high expectations of developing business opportunities in China. As Okabe points out, Mao's generous expressions of forgiveness for Japan's past aggression helped the Japanese feel more friendly towards China, even though few Japanese believed that his comments were entirely sincere.[15] Prime Minister Zhou En-lai's decision to give up demands for reparations from

Japan was a skilful public relations move that, at the same time, secured Sino-Japanese economic cooperation.[16]

As the Japanese leaders and people gained a more realistic appreciation of the nature of Sino-Japanese relations, "positive feelings" declined. This long-term trend was visible throughout the late 1980s and 1990s. This is not to say, however, that the views were, when seen in a broader perspective, particularly negative. About 40-50 percent of Japanese respondents at the time indicated that they had positive feelings towards China. A similar poll taken by the Japanese Cabinet Office reflected very similar attitudes towards other nations. The Japanese were as negative or more negative about all other countries, with the exception of the United States, which consistently was favorably viewed by 70 percent of those polled. The Association of Southeast Asian Nations (ASEAN) and the European Union (EU) countries were regarded with positive feelings by almost 40 percent of those interviewed, Russia by a mere 10 to 15 percent.

The Chinese image of Japan has been far less favorable than the Japanese views of China. Although there is no exact counterpart of the Japanese poll we have been studying, we can find a rough equivalent. This poll, taken in 1997 looked at the views of Chinese citizens in Beijing. Of the respondents, 41 percent hated Japan, 35 percent were "neutral," 10 percent liked Japan, and 10 percent answered "other" or "no answer."[17] This suggests that, even though modern-day Japanese perceptions of China are less favorable to the Chinese than they once were, they, nonetheless, are better than the perceptions of Japan among the Chinese.

Thus, the long-term downward trend in positive feelings towards China may merely reflect the fact that the Japanese people are adjusting their "inflated" high expectations of China to the realities of the Sino-Japanese bilateral relationship.

Although "realism" as a political science concept is not simply to be equated with the tendency to be realistic as opposed to idealistic, this tendency is certainly one of its aspects. It is also important to point out how alien "realistic" thinking was to to the average Japanese. It stemmed from the strong anti-military sentiment of Japanese society and the relative sense of security felt by the Japanese after World War II. Hisahiko Okazaki, the former Japanese Ambassador to Thailand and Saudi Arabia, sheds some light on this. He reported an interesting observation that he heard from an American scholar while attending a conference in New York. The United States, this scholar noted, is not as seriously threatened by the Soviet Union as is Japan, but it feels insecure. Japan, by contrast, *is* vulnerable but does not feel threatened by the Soviet Union.[18] As for Japan's reaction toward China as a potential threat, Yoshihide Soeya points out that "the Japanese government found "containing China" to be the most troublesome aspect of the U.S. Cold War strategy in Asia" because they knew that China was a 'small universe' unto itself."[19]

In 1995, *Fuji Sankei-USA Today* Joint Poll asked both Japanese and Americans, "Do you see China as a military threat?" Only 9 percent of the Japanese citizens, as compared to 42 percent of U.S. citizens, answered that China was a military threat. (Unfortunately, the poll has not been updated so we cannot tell if there has been a more recent shift in perception).

Changing Japanese Perceptions: Key Factors.

At this point, we should consider what factors have contributed to Japan's changing perceptions of China. Seven stand out.

1. Geopolitical Dynamics. The new geopolitical dynamics that followed the end of the Cold War had a major impact. The major objective of the U.S.-China strategic partnership had been to form an alliance against the Soviet

Union. Once that objective disappeared, China no longer shared a vital interest in the U.S.-Japanese alliance. Mochizuki points out that the only useful purpose the alliance could serve China, now that the Soviet Union had collapsed, was to contain Japan.[20] At the same time, Japan started to strengthen its military ties with the United States in order to reinforce its own security because it was worried that the U.S. military might disengage from East Asia.[21] After the Cold War, the Asian security environment was much more fluid and tense. We should note, in particular, the North Korean nuclear crisis in 1994 and the Taiwan crisis in 1996. All this led to renewed Sino-Japanese rivalry.

2. Domestic political developments. Internal developments in Japan also had a large impact on Japan's perceptions of China. Powerful conservative politicians, such as Kakuei Tanaka, Masayoshii Ohira, Noboru Takeshita (all former prime ministers), and Masaharu Gotoda (former chief cabinet secretary),[22] who had played a key role in managing ties with Chinese leaders, retired. The decline of the Social Democratic party (formerly, the Japan Socialist Party) also played a role. This party had, in the past, contributed towards Japan's conciliatory approach to China. Japanese leaders were now less influenced by either sympathy for Marxist ideology or deep remorse for Japan's wartime aggression.

3. Chinese Actions. A series of events in China in the 1980s and 1990s gave the Japanese a more negative image of China. The Tiananmen Square incident in 1989, nuclear tests in the face of strong warnings from Japan in 1995, and the missile launch toward the Taiwan Strait in 1996, all had a huge impact on the Japanese. These events undermined sympathy among groups who had previously supported the Chinese, notably among Japanese liberals and pacifists. [23]

4. Japanese Economic Slump. The prolonged economic slump experienced by Japan in the 1990s also played a role in changing attitudes towards China. So serious was this

decline that the Japanese speak of the "Lost Decade." It followed the bursting of the "bubble economy," which had been based on risky speculation in real estate. With continuing economic stimulation policies and a decline of tax revenue, Japan's fiscal budget deficit has ballooned.

In Fiscal Year (FY) 2000, its deficit level reached 14 percent of gross domestic product (GDP), which is well over the warning level of the International Monetary Fund (IMF). In these dire circumstances, the Japanese government and taxpayers started to rethink Japan's financial assistance policy such as Official Development Assistance (ODA), which consists of both grants and loans. The major target was China, which has been the largest recipient of Japan's financial assistance. Since 1979, when Ohira announced Japan's yen loan to China,[24] ODA aid to China totaled 2,688 billion yen up to FY 1999. In addition to the ODA money, the Japan Bank of International Cooperation officially loaned China 3,428 billion yen, and gave it a supplier credit guarantee up to FY 1999.[25]

In addition, greater realism forced Japan to acknowledge the lack of transparency in the Chinese government's spending of ODA money. Yoshihisa Komori, the former Beijing bureau chief of *Sankei Shimbun*, asked why Japan had to spend huge money on ODA for China's government, who showed little appreciation for the money, was not held accountable for how it was spent, and all the while was undergoing rapid military modernization.[26]

These appeals were supported by Japanese taxpayers, who were suffering from recession. The ruling LDP sensed the voters' anger. In FY 2000, Japan's Ministry of Foreign Affairs (MOFA) reviewed its ODA to China, which amounted to $1,226 million dollars in FY 1999. The ODA White Paper in 2000, published by the MOFA, expressed Japanese concerns about China's military expansion, naval activity in Japan's Exclusive Economic Zone (EEZ), and China's increasing assistance to other developing countries.[27] Budget pressure even led Japan to reduce the

payment it gave as host-nation to its major ally the United States. In July 2000, Prime Minister Mori and President Clinton agreed to reduce by 2 percent the $1.5 billion that Japan paid in support of the U.S. military personnel stationed in Japan.[28]

5. The History Card. Japanese opinion of China also declined thanks to the frustration felt over China's repeated playing of the "history card." Japan is tired of apologizing. According to Komori, the Japanese started to feel that China would never stop criticizing Japan and demanding apologies even though Japan has expressed remorse and implied regret by providing economic assistance to China.[29] During President Jiang Zemin's visit to Japan in November 1998, he repeatedly criticized Japan's interpretation of its own history. At the same time, he failed to express any appreciation for the 390 billion yen in economic assistance recently given by Japan. This so frustrated the Japanese that Prime Minister Obuchi refused to meet Jiang Zemin's demands. He did not include an apology in the joint communiqué. This is all the more interesting in that Japan had agreed to include an apology in the joint statement made with South Korean President Kim Dae-Jung. Kim had shown the wisdom and foresight to propose that the two countries put an end to their differing interpretation of the Japanese past. Significantly, few pro-China legislators or pro-China journalists criticized Prime Minister Obuchi and his government for this decision. Komori points out that this stands in marked contrast to their reactions on earlier occasions when the Japanese pro-China camp loudly criticized the fact that the government had failed to apologize to China.[30]

6. Crime. Negative images of China also result from the public perception that illegal immigrants are responsible for the increase of crime in Tokyo. Conservative Tokyo Governor Ishihara used the controversial word *Daisangokujin* (literally, "the third country people"), when referring to the increasing number of crimes committed by illegal immigrants in Tokyo. The comment drew a great deal

of criticism, because it reminded listeners of the discrimination against Taiwanese, Chinese and Korean residents immediately after World War II. Nonetheless, the sentiment appealed to Tokyo dwellers frustrated with the increasing crime-rates.

A large number of Chinese have been involved in these crimes. A 1999 police white paper focused its attention on crimes by foreigners. Its subtitle was "fighting crime beyond national borders." According to the white paper, 34,398 cases involved foreigners in 1999. This represents an 8.2 percent increase from the previous year and a six-fold increase over the course of the last decade. Of 13,436 foreigners arrested, 5,352 (40 percent) were Chinese nationals. The rest were Iranian, Filipino, and others.

7. Business Difficulties. Recently, more Japanese have become aware of some of the problems involved in doing business with China. These include government corruption, frequent change of laws, and inadequate protection of intellectual property rights.[31] Japan's positive views of China have historically sprung from the fact that it has economic interests in the country and both trades with it and invests in it. However, as the two economies have become more closely integrated, Japanese businesses have become increasingly aware of the shortcomings of Chinese businesses and markets. A clear indication of this changing attitude was the withdrawal of Yaohan from the Chinese market. The activities of this Japanese retail business in China were once regarded as a successful investment model.

II. CHINA POLICY

Japanese Leaders.

The leaders of Japan seem to be adopting a changing attitude towards China. Their views are moving away from liberalism to realism and nationalism. In the past, elder politicians on the political right and left shared a sense of

remorse for Japanese wartime actions, and this guided their reactions to China. The majority were sympathetic towards China. There was a general consensus that the Japanese should be conciliatory when it came to the quarrels over Japanese text books, and liberal when it came to providing ODA aid.

Historically, the conservative LDP has been divided into two opposing camps when it comes to a China policy. A third group of LPD members hold the middle ground. First, there is an anticommunist, pro-Taiwan, and nationalist group in the LDP. This group includes such persons as former Prime Ministers Nobusuke Kishi and Takeo Fukuda, the present Tokyo governor Shintaro Ishihara, and the former secretary general of the Upper House, LPD, Masakuni Marakami. Second, there is a pro-China and liberal group in the LDP. This group includes such men as Kenzo Matsumura, the former Prime Minister Masayoshi Ohira, former Foreign Ministers Masayoshi Ito and Yohei Kono, and former Secretary General Koichi Kato.

Within the LPD, there are also some Japanese politicians who are less ideologically motivated in their views and tend to hold the middle ground. They are pro-China realists. Their approach is pragmatic. They include such members as the former Prime Ministers Kakuei Tanaka and Noboru Takeshita, the former Chief Cabinet Secretary Seiroku Kajiyama, and the former Secretary General Hiromu Nonaka. These men played kingmaker in regards to China policy and were major stabilizers in the China debate.

To date, the coalition of pro-China liberals and pro-China realists has prevailed in China policy. Its success resulted in part from an alliance with pro-China, left wing, opposition parties, which enjoyed a close relationship with China. This included the Socialist Party and Komeito, a party supported by the largest Buddhist organization. This kind of coalition can clearly be seen in the case of the Sino-Japanese normalization process in 1972. On this

occasion pro-China realists and Prime Minister Tanaka took the initiative, working in cooperation with pro-China liberals such as Aiichiro Fujiyama and the Socialist Party ex-Chairman, Kozo Sasaki and Komeito Party Chairman Yoshikatsu Takeiri.[32]

Recently, this coalition between realists, liberals, and the left, which has resulted in a generally pro-China policy, has weakened somewhat. Old conservatives who shared a sense of remorse and guilt about China are retiring and are less influential in the LDP. The new generation of conservatives, which includes men such as former Vice Foreign Minister Keizo Takemi, feel much less guilt than their predecessors, and are more focused on securing Japan's national interests. The left, which shared a Marxist ideology with China, is losing its power thanks to the world wide decline of socialism and communism. Liberals have become more aware of the undemocratic nature of the Chinese regime and are antagonized by that country's violation of human rights, which was vividly brought to their attention by the Tiananmen Square incident. Both liberals and conservatives have been stirred to greater pragmatism by the harsh realities and instability of East Asia in the wake of the Cold War. The new generation of leaders, including the President of the Democratic Party, Yukio Hatoyama, tend to base their policies on geopolitical realities.

It is very difficult precisely to determine how the political landscape will shape China policy. The current situation is extremely fluid. However, there is a general shift among politicians towards realism, which can be traced when we examine the attitudes and views of individual politicians.

1997 U.S.-Japan Security Guidelines: The Debate of Kajiyama vs. Kato.

One way to gage the shift towards realism in Japan is to examine the different reactions of LDP politicians to the

"Review of the Guidelines for U.S.-Japan Defense Cooperation" in July 1997. These guidelines broadened the scope of U.S.-Japanese cooperation. Specifically, the new guidelines called for "cooperation *in situations in areas surrounding Japan* that will have an important influence on Japan's peace and security." Controversy has focused on the reference to *situations in areas surrounding Japan*, which was not covered in the 1978 guidelines.[33]

Prior to the 1997 Guidelines, Japan had no plans for cooperation between its Self-Defense Force and the U.S. forces outside of the territory of Japan. This restraint sprang in part from Japanese desire to reassure its neighbors and domestic opposition groups, who feared a revival of Japanese expansionism. During the Cold War, moreover, the most widely anticipated scenario was a direct attack on Japanese territory from the north. The changing geopolitical environment, specifically the disappearance of a U.S.-China strategic partnership directed against the hegemony of the Soviet Union, thus served as a catalyst for change.

The 1997 Security guidelines caused some concern in China. Japan was, in fact, careful to avoid violating what some interpret to be a constitutional ban to exercise its right to collective defense. It made no plans to cooperate with the United States in anything other than noncombatant activities. It proposed to cooperate only in such areas as (a) relief activities for refugees, (b) search and rescue,(c) noncombatant evacuation operations, (d) inspection of ships in support of United Nations (U.N.) economic sanctions, and (e) rear area support for the U.S. forces.[34] Japan was careful, moreover, to specify that it would not include weapons and ammunition among the supplies it gave to the United States. However, the strategic shift reflected in the document was worrying to China. It meant that, in theory at least, Japan could now support U.S. operations in a Taiwan Strait contingency.[35]

The fact that the guidelines were accepted makes it clear that the pro-China consensus between "liberals" and "realists" was beginning to break down. In his official visit to China in 1997, LDP Secretary General Koichi Kato explained to Chinese officials that the U.S.-Japan Security Guidelines target not China, but North Korea. His comment threatened to get Japan caught in the Taiwan contingency between conflicting obligations to China and the United States. Immediately after Kato's comment, Seiroku Kajiyama, Chief Cabinet Secretary of the government commented that the guidelines for U.S.-Japan security cooperation would not exclude the Taiwan Strait. These two comments suggest the growing divide between liberals and realists.

Koichi Kato is known as one of the major "pro-China liberal" Diet members. He argued that the "U.S.-Japan-China relation should be an equidistant triangular relationship," a view criticized by supporters of the U.S.-Japan alliance.[36] His record as a China supporter is spotless. In the first place, he succeeded as leader of the political faction *Kochikai*, which included major pro-China politicians such as the former prime minister Masayoshi Ohira and the former foreign minister Masayoshi Ito.[37] In the second place, during the course of his career as a bureaucrat, he specialized in Chinese affairs. Before running for national election, Kato worked for the Ministry of Foreign Affairs for 7 years, holding a number of positions within the Asian Affairs Bureau China Section. He served in the Embassy in Taipei before the Japan-China normalization in 1972 and as a Deputy Consul General in Hong Kong.

Kato's wording reflects his liberalism and his lack of realism. In the following speech (1999), it is clear that, although he speaks of the importance of the U.S.-Japan alliance, he is, in fact, trying to down-play the military aspect of U.S.-Japan relations and limit Japan's role in international security.

> As allies, Japan and the United States need to take into account China's sensitivities and its internal dynamics. . . . Looking at the broader context, the U.S.-Japan alliance should not be thought of as simply a military alliance. It is a STRATEGIC alliance in the broader sense of that term. … At the same time, we need to develop consultative arrangements that reflect the vital importance of the trilateral U.S.-Japan-China relationship. . . . Japan's constitutional constraints effectively rule out any military intervention, something that our public, to say nothing of our neighbors, wish to see preserved.[38]

On the other hand, Seiroku Kajiyama's political background is as a "pro-China realist." As a member of *Keiseikai* (formerly, the Tanaka faction), which initiated normalization of relations between Japan and China, Kajiyama has enjoyed close relations with China. He is inclined towards both realism and selective, interest-oriented support of China, and he distances himself from pro-Taiwan, nationalist stances.

Kajiyama's comment in the security guideline represents a realistic tendency in Japanese leaders. In his recent book, *"Hakai to Sozo"*(*Destruction and Creation*), he stresses that Japan should not make concessions which might jeopardize Japan's vital national security interests. While he does not deny that Japan owes China a historical debt, he also insists that the Japanese should not give up the U.S.-Japan security alliance, or Japan-Russia relations.

> Unfortunately, emotion over historical events remains a major factor in (Sino-Japanese) diplomacy in a way that is not true of U.S. China relations. Japan did great damage to China until the end of World War II in 1945. It is natural for the victim to remember the actions of the aggressor, and for the aggressor to forget them. Japan must pay for this in its bilateral relationship with China. However, Japan also must avoid adopting policies that threaten Japanese survival.[39]

Kajiyama did not become part of the political mainstream. He left the *Keiseikai* faction to run in the LDP presidential election against a faction leader, Keizo Obuchi,

in 1998. Still, his realism is shared by younger, conservative politicians, both within and outside the LDP.

Changing Perceptions among the New Generation.

In his work on China, the former Beijing bureau chief of the *Sankei Shinbun*, Yoshihisa Komori, pointed out that Japanese views on China were a little unusual when compared with those of other industrialized democracies. First, the Japanese were surprisingly silent about China's military development. They said little, for example, about China's increased expenditures on nuclear weapons and missiles. Second, the Japanese refrained from comment on China's human rights violations and antidemocratic practices. Thirdly, they caved in to Chinese criticisms of Japanese security policy and its interpretation of history.[40] The new generation no longer behaves this way.

New Realist Tendencies among Conservatives. Keizo Takemi is a member of the Upper House of the LDP. He holds a doctorate in International Relations (with a focus on Asian studies). He studied at the University in Taiwan and was previously a professor at Tokai University. His solid political position is based on support from the powerful interest group—the Japan Medical Association—on which his father had served as chairman. He has built up support networks both in China and Taiwan. Thanks to these advantages, Takemi has become one of the expert Diet members, and has played an important decision making role in the LDP.

Takemi's views on China illustrate the new realist tendencies to be found among Japanese conservatives. His attitudes towards Japanese security combine elements of Kajiyama's realism and the pragmatism of the younger generation.

Takemi's views of China are clearly based on geopolitical considerations and reflect the analytical approach of the realists.

> Japan's highest priority must be to maintain the current military balance. The U.S. military presence in the Asia/Pacific region is vital. Close cooperation between the United States and Japan is needed in order to prevent military expansion and preserve stability in the region. Unfortunately, China does not see the U.S. presence as a stabilizing force in the region. A security dialogue between Japan and China is very important to ensure strategic cooperation through confidence building measures. [41]

Takemi, in contrast to earlier conservatives, has noted that China's military development is important.

> What I am worried about is that China is the only nuclear country which is still strengthening its nuclear capability by developing and deploying both short-range and mid-range missiles. Russia is developing mid-range missiles but only a few short-range missiles. I would like China to have more transparency in regard to its military capability and thereby ease its neighbors' fears.[42]

Birth of New Liberals as *Pro-Taiwan and Pro-democracy: Independent Governors, Unaffiliated Voters, and Liberals in the Democratic Party*. Interestingly, Takemi's views reflect two new political trends. Both of these, if they result in policy-changes, would lead the Japanese to take a tougher position on China. On the one hand, a new group can be found among traditional conservatives whose goal it is to strengthen the Japanese sense of national identity in an increasingly global world. As Takemi points out, Tokyo Governor Shintaro Ishihara attracts support from those who are alienated by globalization. Because he adopts a tactically distant position from the unpopular ruling party (the LDP) and thanks to his skill at public relations, he is regarded as a future Japanese leader in spite of (or because of) his nationalistic posture.

On the other hand, there is a new liberal camp. Members uphold individualistic values and would like to create a "civil" society of sorts. They are in their 30s and early 40s. In contrast to the previous generation of Japanese liberals,

they are free from both a superiority complex toward Asia and an inferiority complex toward the United States and Europe. Governor of Kochi Prefecture, Hashimoto, Governor of Miyagi Prefecture, Asano, and Governor of the Nagano prefecture, Tanaka, are attracting the support of these young people.

Today's unaffiliated voters include members from both these camps. According to Takemi, they appreciate the value of freedom and democracy and are concerned about Chinese human rights violations. They tend, therefore, not to be very happy about the status quo when it comes to China.[43]

The views on China and Taiwan held by younger members of the largest opposition group, the Democratic Party of Japan (DPJ), reflect a new trend. The DPJ is a relatively young party, which was founded in 1996 by individuals of varied background. Included among them were liberal conservatives who once belonged to the Liberal Democratic Party (e.g., current DPJ party leader, Yukio Hatoyama); the centrist Social Democrats (e.g., the current DPJ second in command, Takahiro Yokomichi); and several civic movement leaders, such as the current secretary general, Naoto Kan. In 1998, they were joined by conservative labor union-based Democratic Socialists (e.g., vice leader Kansei Nakano) and former conservative LDP members (e.g., the former prime minister Tsutomu Hata).

Due to the fact that its members come from a large variety of backgrounds, the DPJ does not have a clear party stance on China. However, there is a movement within the party to change its relationship with China. Komori, we noted, drew attention to the rather unusual silences and concessions which characterized traditional Japanese policies. This pro-China bias is no longer as clearly in evidence in the DPJ.

The DPJ established a close relationship with the Democratic Progressive Party of Taiwan, in particular after party leader Hatoyama established a close personal

relationship with the new president Chen Shui-bian.[44] The DPJ are more sympathetic towards Taiwan's democracy than are traditional Japanese liberals with Chinese socialism.[45] The party is also critical of China's human rights issues. In fact, Hatoyama unofficially met the Dalai Lama in Tokyo in April 2000. The Chinese government is, of course, very nervous about the Dalai Lama because of the role he is playing to bring about Tibetan independence.[46]

Hatoyama is known as one of those Japanese who would like to amend the so-called "renunciation of war" clause (that is, article 9 of the Japanese constitution).[47] In this, he follows in his grandfather's footsteps. In the 1950s conservative Prime Minister Ichiro Hatoyama, did likewise. However, despite taking a relatively realistic stance on security policy, the DPJ has tackled Japan's past history in a positive fashion. For example, the DPJ proposed a bill to enable the establishment of the Permanent Peace Research Division in the National Diet Library. This organization was charged with tackling the historical facts on war atrocities.[48] Whether this attempt is viewed as pragmatic or liberal, it reflects the change within the DPJ. Older liberals avoided facing the contradiction between the Japanese renunciation of war and the existence of Self-Defense Forces. Older conservatives avoided facing Japan's war-past. New liberals and conservatives do not.

Policy Implications.

Because of the highly unpredictable political situation, it is almost impossible to speak with any certainty of future political realignments in Japan. However, the changing attitudes of the Japanese public and their leaders do suggest the direction in which Sino-Japanese relations are moving.

Whether we are looking at liberals or conservatives, it seems that the younger generation is likely to take a more realistic approach towards Asian security. They are more likely to take into consideration geo-political realities and to

be less emotional in their reactions to both Taiwan and China. The new generation, freed of wartime memories, is likely to be freer from ideological sentiment and show less antipathy towards either the Chinese Communist Party or Taiwan's Nationalist Party. Nationalists are likely to feel justified by the passage of time to forget the past. Liberals may feel less pressure to do so. In the end, the new generation is likely to base its decisions on political calculations rather than on historical memories or ideology.

Japan is moving towards becoming a "normal nation" both in terms of its security policy and diplomacy toward China. This means playing a more active role in defense, providing less money, and being generally less conciliatory towards China, especially when it comes to apologizing for the Japanese past.

Nationalism has fueled this shift toward realism. It is not quite clear how nationalism and realism will interact. On the one hand, excessive nationalism has the potential to destroy this realism, as nationalism itself can be an emotionally charged ideology. On the other hand, realism may provide enough cool-headed calculation to burst the nationalist bubble and contain the growth of emotionalism. In the latter case, the realist tradition will continue to be a force for stability and contribute towards a constructive Japanese policy towards China.

ENDNOTES - CHAPTER 8

1. Quotation from a spokesman of the Ministry of Foreign Affairs of China, *Yomiuri Shimbun*, April 23, 2001.

2. *Asahi Shimbun*, Editorial, April 12, 2001.

3. According to Ozawa, a "normal nation" is a nation that (1) willingly shoulders those responsibilities regarded as natural in the international community, and (2) cooperates fully with other nations in their efforts to build prosperous and stable lives for their people. Ichiro Ozawa, "What is a 'normal nation'?" *Blue Print for Japan*, Book II, Chapter I, Tokyo, New York, London: Kodansha International, 1994, pp. 93-95.

4. Interview: Ambassador to China, Sakutaro Tanino *"Nicchu wa Futsuuno Kuni doushi o mezase"* (Sino-Japan relations should be the relations between "normal nations") *Sankei Shimbun*, December 8, 2001.

5. Michael Green and Benjamin Self, "Japan's Changing China Policy: From Commercial Liberalism to Reluctant Realism," *Survival*, Vol. 38, No. 2, Summer 1996, pp. 35-58.

6. Ibid., p. 36.

7. Yuji Osaki, *"Aratana Nicchukankei no Kochiku"* ("Rebuilding Sino-Japanese Relations"), in *Nihon, America, Chugoku-Kyocho eno Scenario* (*Japan, America, China: Scenario for Cooperation*), Kokubun Ryosei, ed., Tokyo: TBS Britannia, 1997, pp. 183-184.

8. In his interview with Japanese government officials, Whiting found that a major incentive for Japan's generous financial assistance to China was Japanese war-remorse. This motive was reflected in such statements as, "We owe it to China. We must help after all the damage we did to them." Allen S. Whiting, *China Eyes Japan*, Berkley, Los Angeles and London: University of California Press, 1989, p. 123.

9. Chester Dawson "Flying the Flag," *Far Eastern Economic Review*, May 20, 1999, p. 36.

10. Howard W. French "Japan's Resurgent Far Right Tinkers With History," *The New York Times*, March 25, 2001.

11. The question, "Do you have a 'close feeling' toward China?" in the poll does not have an exact idiomatic equivalent in English. "Close feeling" is a translation of the Japanese word *"Shinkinkan,"* which describes "a positive, close, individual relationship."

12. Osaki, p. 180; Akihiko Tanaka, *Nicchu Kankei 1945-1990* (*Sino-Japanese Relations, 1945-1990*), Tokyo: Tokyo University Press, 1991, p. 165.

13. In January 1981, the Chinese government unilaterally notified the Japanese of the cancellation of the construction of the Bao-shan steel complex. This was a joint project and already under construction. The Japanese criticized the Chinese for their breech of international business law, and China reacted to this emotionally. Tensions persisted until a compromise was reached in December 1981. Tanaka, pp. 114-115.

14. Trade statistics by Ministry of Finance of Japan. See *http://www.mof.go.jp.*

15. Tatsumi Okabe, "Nicchukankei no Kako to Shourai" (The Past and Future of Sino-Japanese Relations), *Gaiko Forum*, February 2001, pp. 12-13.

16. Green and Self, p. 41.

17. *Asahi Shimbun*, June 9, 1997.

18. Hisahiko Okazaki, *Senryakuteki Sikou toha Nanika* (*What is the Strategic Thinking*), Tokyo: Chukoshinsho, 1983, p. 12.

19. Yoshihide Soeya, "Japan: Normative Constraints Versus Structural Imperatives," in *Asian Security Practice*, Muthiah Alagappa, ed., Stanford: Stanford University Press, 1998, p. 190.

20. Mike Mochizuki, "Japan-China Relations: Collision Course or Shift to Normalcy?" in *China-Japan Relations: Old Animosities, New Possibilities*, Woodrow Wilson International Center for Scholars, Asia Program, January 2001, p. 12.

21. *Ibid*. p. 12.

22. *Ibid*. p. 13; Osaki, pp. 183-184.

23. Editorial, "Tenanmon Hiroba no Ryuketsu-o Kanashimu" (Feeling Sorry for the Bloodshed of Tiananmen Square), *Asahi Shimbun*, June 5, 1989. "We strongly demand that China return to democratic processes to solve the problem, and to receive both domestic and foreign understanding and cooperation." (Translation by the author.)

24. Tomoyuki Kojima, "Chugoku o Sekininnaru Taikoku ni surutameni" (Persuading China to be a responsible great power), *Gaiko Forum,* February 2001, p. 38.

25. The Export and Import Bank of Japan merged with Oversea Economic Cooperation Fund and became the Japan Bank of International Cooperation in 1999.

26. Yoshihisa Komori, "*Peking Hodo 700-nichi*" (Seven Hundred Days of Reporting From Beijing), Tokyo: PHP Institute, 2000.

27. *Sankei Shimbun,* March 31, 2001.

28. *The Washington Post,* July 22, 2000.

29. Komori, p. 202.

30. *Ibid*., p. 201.

31. *Ibid*., p. 203.

32. Quansheng Zhao, *Japanese Policy Making: The Politics Behind Politics,* Hong Kong, Oxford and New York: Oxford University Press 1995, pp. 92-99. Zhao uses the name of Komeito as Clean Government Party (CGP) in the book. The book does a good job describing the role played by the opposition parties in the normalization of Sino-Japanese relations.

33. Japan Defense Agency, *Defense of Japan 1997*, pp. 168-169.

34. *Ibid*. pp. 331-332.

35. Nicholas D. Kristof, "For Japan, A Quandary On Pleasing Two Giants," *The New York Times*, August 24, 1997.

36. Hisahiko Okazaki, the former Ambassador to Thai and Saudi Arabia, remarked that Kato's perception will mislead Japan. Hisahiko Okazaki, "Fuanna Koto-shi no gaikouteki gendo" (Anxiety Concerning Mr. Kato's Diplomatic Rhetoric), *Sankei Shimbun*, July 14, 1998. An English translation of this article entitled, "Koichi Kato's Mistaken Ideas," can be found in *The Japan Times*, July 16, 1998.

37. The LDP's factions' role in shaping foreign policy is debated. Most analysts do not think that divisions are drawn along policy lines. However, Akihiko Tanaka suggests that the *"Seiwakai"* faction contains a preponderance of pro-Taiwan members while the "*Kochikai"* and "*Keiseikai"* factions tend to include more pro-China members, although the factions did not move in accordance with their positions on China and Taiwan. Tanaka, pp. 198-204.

38. Kato's speech, "A Tour d'Horizon of Japan's Foreign Policy" was given at the U.S.-Japan Dialogue on Asia, in Tarrytown, NY, May 21, 1999. The speech can be found on Kato's web page at *http://www.katokoichi.org*.

39. Seiroku Kajiyama, *Hakai to Sozo* (*Destruction and Creation*), Tokyo: Kodansha, 2000, p. 221. Translation by author.

40. Komori, pp. 193-200.

41. Keizo Takemi, Interview, "Nicchukankei Shinraikankei wo Doukouchikusuruka" (Japan-China Relations: How to Create Mutual Trust), *Sekai*, March 2001, p. 93. Excerpt translated by author.

42. Excerpt translated by author.

43. Takemi, p. 89.

44. "Nittaikan nimo ihen: Jimin kara minshu?" (Changes in Japan-Taiwan Relations: From LDP to DPJ?) *Asashi Shimbun Weekly AERA*, March 5, 2001.

45. To understand the fact, we have to imagine how socialist ideology affected liberal thinkers in Japan especially after World War II. Marxism was not regarded as an antidemocratic concept in Japanese society.

46. *Sankei Shimbun*, December 10, 2000.

47. Article 9 of the Constitution of Japan, renounces war. However, the Japanese government's official interpretation is that Japan can have the minimum necessary level of capability for self-defense. Article 9 states that,

> Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes. In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

48.Democratic Party of Japan web-site: *http://www.dpj.or.jp*.

Part IV.
FLASH POINTS IN EAST AND SOUTH ASIA

CHAPTER 9

THE U.S. SECURITY COMMITMENT TO TAIWAN SHOULD REMAIN AMBIGUOUS

Brett V. Benson
Emerson M. S. Niou

INTRODUCTION

One of the most puzzling aspects of U.S. foreign policy is the notion that peace and stability in the Taiwan Strait can somehow be brokered by deliberately increasing the level of uncertainty in a stressful crisis situation. At first glance, such a policy strikes one as being, at best, unlikely to succeed and, at worse, dangerously risky and irresponsible. Yet, this is precisely the nature of the policy that dictates the content of U.S. commitments in the dispute over the official status of Taiwan. The policy at issue—the policy often referred to as "strategic ambiguity"—has for decades sought to balance competing U.S. interests in both China and Taiwan, and, at the same time, maintain credibility, peace, and stability in that region.

In recent years, especially in the years since the 1996 missile crisis, there has been a great deal of discussion regarding the ability of the U.S. strategic ambiguity policy to manage effectively the increasing tensions between the People's Republic of China (PRC) and the Republic of China (ROC)/Taiwan. Both sides of the debate generally agree that the constantly changing dynamics in the Taiwan Strait threaten an inevitable collision between the PRC and the ROC. Opponents of strategic ambiguity contend that the new strategic environment calls for a clearer U.S. policy directive. They say that this will at least prevent a

confrontation caused by Chinese or Taiwanese misinterpretation of U.S. intent. Ideally, it will provide a clear solution for the problems. Defenders of strategic ambiguity argue that clarification will increase rather than diminish the likelihood of war.

This chapter evaluates the notion that strategic ambiguity is no longer a useful way to deal with the increasingly complex nature of the cross-strait dispute. After a brief introduction to the origin and development of the U.S. policy of strategic ambiguity, we will then summarize the positions of those who oppose strategic ambiguity and consider what the impact would be were their policy recommendations to be implemented. Finally, we will provide some general comments about the efficacy of strategic ambiguity as a dual deterrence policy.

I. ORIGINS AND DEVELOPMENT OF "STRATEGIC AMBIGUITY"

Some regard strategic ambiguity as a Clinton administration creation. Others view strategic ambiguity as a 20-year-old policy guideline that emerged from an institutional matrix defined by a number of acts and communiqués. These are the 1972 Shanghai Communiqué, the 1978 Joint Communiqué on the Establishment of Diplomatic Relations Between the United States of America and the People's Republic of China, the 1979 Taiwan Relations Act (TRA), and the 1982 United States-China Joint Communiqué on United States Arms Sales to Taiwan.

While some may argue that the Clinton administration approach to the Taiwan Strait issue was marked by strategic ambiguity, the policy of strategic ambiguity itself "is certainly not," in the words of Georgetown University historian Nancy Bernkopf, "a Clinton policy, and it is not a Democratic policy." According to Bernkopf, "[The concept of] strategic ambiguity goes back to the Eisenhower administration. It began with Eisenhower and [Secretary of State John Foster] Dulles not wanting the Chinese to know

what we were going to do in the Taiwan Strait."[1] Dubbed by Secretary of State Dulles, "deterrence by uncertainty,"[2] Eisenhower's dual deterrence strategy is aptly described in the President's memoirs. In his book, *The White House Years*, Eisenhower recollects how his administration managed the 1954 Quemoy crisis. He wrote: "The administration rejected all . . . suggestions, threading its way, with watchfulness and determination, through narrow and dangerous waters between appeasement and global war."[3] What is remarkable about Eisenhower's use of ambiguity in the 1954 Quemoy crisis is that even now "no one can be sure whether or not the United States would have responded militarily to an invasion of the offshore islands, and whether or not the United States would have used nuclear weapons."[4]

II. OPPOSING VIEWPOINTS

Opponents of strategic ambiguity claim that the United States should clarify its policy on Taiwan. They fall mainly into two camps. On the one hand, there are those who focus on preventing Taiwan from provoking the PRC. On the other hand, there are those who seek to deter the PRC from further threatening Taiwan.

Advocates of the first policy position seek to replace strategic ambiguity with a clear policy designed to deter Taiwan from making provocative moves against China. They want the United States to make a commitment to oppose any Taiwanese move toward independence. They propose not only that the United States take an unprecedented stance on Taiwan's future, but also that the United States should spell out under what circumstances it would use force in defense of Taiwan. Proponents of such a proposal rightly see Taiwan's political liberalization as a growing threat to the peace and stability in the Taiwan Strait, and thus they want to maintain stability by deterring the ROC from provoking the PRC.

However, since the unique security situation in the Taiwan Strait is not simply a matter of one-sided extended deterrence, this policy approach would tilt the scales in the direction of Beijing. The PRC already, even in the face of possible U.S. interference, views the use of military force as an increasingly cost-effective way to force the Taiwan issue in a direction favorable to itself. Given a low or nonexistent U.S. commitment to defend Taiwan, the PRC would have little reason to avoid escalating tensions with Taiwan. Hence, although advocates of this policy approach hope that it would bring about peace and stability, the reverse would be true. If enacted, the proposed policy would more than likely lead to the very military crisis that it intends to avoid.

Advocates of the second policy position seek to replace strategic ambiguity with a clearer policy designed to deter China from initiating hostilities against Taiwan. Their policy would have the effect of giving the advantage to the ROC. Proponents of this position perceive the PRC as the source of contention in the cross-strait dispute, and thus they propose to offer a high and clearly defined defense commitment to Taiwan.

This approach would give Taiwan considerable leverage in the cross-strait dispute. By giving Taiwan a high-level of commitment and stipulating the conditions under which the United States would defend Taiwan, we would only embolden Taiwan to direct its actions toward independence. Such an action would likely elicit a strong and possibly violent reaction from the PRC. Thus this policy alternative, for all its good intentions, would likely bring about the very dangers it seeks to avoid.

III. STRATEGIC AMBIGUITY: EFFECTIVE DUAL DETERRENCE

The history of the cross-strait conflict teaches the United States that Taiwan and China will inevitably clash in a way that will upset the stability of the delicate security balance

unless there exists a dual deterrence force, a power strong enough to counter the threat that each poses to the other.

If dual deterrence is to work, it must be credible. *Both* sides must believe that there will be unacceptable consequences if they disrupt the balance of power in pursuit of their policy goals. To deter Taiwan from provoking China, the United States should avoid giving Taiwan the impression that it is likely to come to the defense of Taiwan in the event that China attacks it. At the same time, to deter China from attacking Taiwan, the United States should convince China that its commitment to defend Taiwan is credible.

If there is no ambiguity about the level of U.S. commitment, either China or Taiwan, after assessing the credibility of U.S. commitment might find it in its interest to provoke the other side. That is, if the United States specifies a level of commitment that is sufficiently high to deter the PRC, then Taiwan will have an incentive, under a firm U.S. defense commitment, to move toward independence and thus provoke the PRC. If, on the other hand, the United States specifies a low level of commitment to defend Taiwan, then Taiwan will be deterred from deviating from the status quo, but the PRC will likely find it increasingly cost-beneficial to take action against Taiwan. Hence, to achieve both of its deterrence goals simultaneously, the United States cannot be explicit about the conditions under which it will defend Taiwan.

CONCLUSION

In short, clarifying when and how the United States would defend Taiwan would have damaging effects. The United States would lose much of its freedom of action and likely precipitate the very conflict all hope to avoid. A one-sided deterrence would increase the likelihood that one or more of the players would consider it cost-effective to escalate the conflict and resort to the use of force.

Over-committing to either side would be a mistake. We should continue to follow the strategy originated by Eisenhower and later solidified in the institutional policy framework of existing U.S. laws and agreements. Though undoubtedly well intentioned, the proposed solutions to the complex cross-strait problem are likely to court disaster. Eisenhower once said, "The hard way is to have the courage to be patient." Difficult as it may be, we should pursue the policy of strategic ambiguity.

ENDNOTES - CHAPTER 9

1. Jim Mann, "House GOP Wants U.S. Pro-Taiwan," *Los Angeles Times*, March 6, 1996, p. A1.

2. Gordon H. Chang and Di He, "The Absence of War in the U.S.-China Confrontation over Quemoy and Matsu in 1954-1955: Contingency, Luck, and Deterrence?" *The American Historical Review*, Vol. 98, No. 5, 1993, p. 1511.

3. Dwight D. Eisenhower, *The White House Years: Mandate for Change*, 1953-1956, Doubleday & Company, 1963, p. 483.

4. Robert A. Divine, *Eisenhower and the Cold War,* New York and Oxford: Oxford University Press, 1981, p. 65.

CHAPTER 10

NORTH KOREA ON THE BRINK: BREAKDOWN OR BREAKTHROUGH?

Andrew Scobell

INTRODUCTION

The rapid turn of events on the Korean Peninsula during the period from May to October 2000 has been aptly labeled "breathtaking."[1] The rapprochement between North and South Korea, most notably the June 2000 summit between Kim Dae Jung and Kim Jong Il, and the thaw in Washington-Pyongyang relations during the Clinton administration certainly merit this adjective. Moreover, the flurry of North Korean diplomatic activity associated with these events is nothing short of "remarkable."[2] While it is premature to proclaim the arrival of lasting peace on the peninsula, taken together these events do suggest that there may be a fundamental policy reorientation underway in North Korea from confrontation to conciliation and from autarky to opening. Still it is too early to say with absolute certainty if this is truly a strategic shift or is merely a change in tactics. Certainly there is no indication yet that North Korea is on the verge of trimming its million-man armed forces or standing down from the Demilitarized Zone.[3]

Whatever the future of "Flashpoint Korea," it will largely be determined by the policies and actions of the Democratic People's Republic of Korea (DPRK), more commonly known as North Korea. The DPRK is the "pivotal" or "powder keg" state in Northeast Asia.[4] That is, it is the most unstable state in the neighborhood—the one

most likely to shake the entire subregion should it explode or implode. Because North Korea is the root source of the persistent tensions on the peninsula it behooves us to understand what makes Pyongyang tick.

Critical dimensions in understanding what makes North Korea tick are the fundamental nature of the Pyongyang regime and its national security calculus. What kind of regime is it? What are the regime's goals? How significant is Pyongyang's recent heightened level of diplomatic activity, and its overtures toward Seoul and Washington? Is reform a real option for North Korea? Finally, what are the implications of the answers to these questions for the United States?

WORKING ASSUMPTIONS

There are two working assumptions that under gird this chapter. The first assumption is that one can draw up a finite list of future possibilities for the DPRK. Marcus Noland, one of the most astute observers of North Korea, suggests there are three possible scenarios: collapse, successful reform, or muddling through.[5] In my view, the alternatives are starker because what I call the North Korean party-military-state (PMS) cannot avert breakdown unless it institutes fundamental reforms. Therefore it all boils down to two alternatives: either there will be a breakthrough (i.e., substantive reform), or Pyongyang will sooner or later face a breakdown (i.e., regime collapse). Of course the sub-variants of the collapse scenario hold significant and quite different implications for North Korea and its neighbors. It is possible that both breakdown and breakthrough could happen: that is, North Korea could choose the path of reform only to see the results of reform unleash forces that undermine and ultimately lead to the collapse of the regime. Indeed, the so-called "reformer's dilemma" is Pyongyang's secret fear.[6]

A second fundamental assumption is that it is possible to deduce the security calculus of the North Korean regime

with a fair degree of confidence. Pyongyang remains probably the most secretive and insular political system in the world today and it is impossible to say with 100 percent certainty how North Korea's leaders really view the world and what their intentions are. Nevertheless, there still exists a considerable amount of credible open source materials and individuals with significant contact with North Korea officials upon which to draw. Moreover there are a number of first rate efforts to provide a comprehensive and coherent analysis of Pyongyang's national security calculus.[7] Of course, these analyses do reach disparate conclusions, but this is not surprisingly given the "gaps, limitations, and uncertainties in the evidence."[8]

I. A PARTY-MILITARY-STATE

What is the nature of the regime? North Korea is an institutionalized communist party-military-state (PMS). Communist regimes are usually called "party-states" but in the case of the DPRK armed forces are so central and intertwined with the party and state elites that I refer to the North Korean regime as PMS. Other recent attempts to characterize the regime have focused on the incestuous and dynastic dimension of the regime, dubbing it the "Kimist system" or "Kim Family Regime."[9] While the centrality of Kim Il Sung and Kim Jong Il is undeniable, the regime is far more than a family dictatorship. As Adrian Buzo observes: "The smooth [father to son] transition was perhaps due as much to the tight web of Party organization that covers all aspects of life in the North as to the younger Kim's political acumen."[10]

The Korean People's Army (KPA) holds a privileged and central position in the regime. Kim Jong Il clearly recognizes the critical importance of the military constituency and the KPA appears to have supplanted the Korean Workers' Party (KWP) as the most powerful institution in North Korea.[11] In August 2000, Kim told a delegation of South Korean media executives "My power

comes from . . . military power."[12] In short, North Korea is a "garrison state." The term garrison state was formulated by Harold Lasswell to describe a state in which the military is the dominant class, and the entire orientation of the state is toward preparation for waging war.[13] According to Adrian Buzo: "Kim Il Sung held . . . the belief that the purpose of the state, no less the purpose of the guerilla detachment, was to wage war effectively."[14] North Korea has "the most highly militarized society in the world,"[15] and the country has been on a "quasi-war footing" for 3 decades.[16] There are a number of ways to quantify the extent of this militarization, but by a variety of measures North Korea appears to be extremely militarized. At least a third of the central government expenditures and a quarter of the Gross National Product are allotted to defense.[17] North Korea possesses the fifth largest armed forces in the world with millions more in the reserves and additional millions in the worker and peasant militia.[18] In terms of the ratio of soldiers per thousand population, as of 1995 North Korea ranked at the top of the list with 44.3. This contrasted starkly with 2.4 soldiers per thousand population for China and 7.6 for Vietnam in the same year. Such a peacetime standing army in the contemporary world is without precedent. To underscore the extent of militarization in the DPRK, even on the eve of the forcible unification of the Vietnams (1975) there were only 25.8 Vietnam People's Army soldiers for every thousand North Vietnamese citizens—about half the ratio for latter day North Korea.[19] The KPA also runs a vast chunk of the economy. The military's sector, dubbed "the second economy" because it is controlled by the so-called Second Economic Commission, controls as much as 40 or 50 percent of North Korea's industrial output.[20]

In addition to having substantial resources at its disposal, the KPA is intertwined with the KWP and functions as an elite within an elite.[21] The prominence of the military is indicated by that fact that for years following his father's death, Kim Jong Il's sole position of authority was listed as Chairman of the National Defense Commission. Of

course, he only assumed top civilian positions upon the conclusion of the 3-year period of mourning following his father's death. Kim's choice of a special envoy to dispatch to the White House in October 2000 was Vice Marshal Jo Myong Rok, the first vice chair of the National Defense Commission and director of the General Political Bureau of the KPA. The two delegations Kim led to China in mid-2000 and early 2001 also had strong military representation. Of the top five members of the May 2000 delegation, two were KPA leaders: General Jo Myong Rok and Chief of the KPA's General Staff Department Kim Yong Chun. Three of the ten senior officials in the January 2001 delegation were military leaders: General Kim, Chief of the KPA General Staff and two deputy directors of the KPA's General Political Bureau.

II. TOTALITARIANISM AND POST-TOTALITARIANISM

The term totalitarianism, popularized by Hannah Arendt and codified by Carl Friedrich and Zbigniew Brzezinski, does seem appropriate to describe the DPRK under Kim Il Sung.[22] However, it does not seem to fit quite so well North Korea under Kim Jong Il.[23] The degree of absolute control required in a totalitarian regime is only sustainable for a limited time and does not long outlive the tenure of a Joseph Stalin or a Mao Zedong. Since the death of Kim Il Sung, I contend North Korea has been moving toward what Juan Linz has called "early post-totalitarianism." Key changes are the erosion of the absolute power of the top leader, the loss of ideological commitment—the ossification and ritualization of political doctrine. In early post-totalitarianism, ideology as tool for motivating and mobilizing the elite and the masses noticeably weakens.[24] While there has been a slight loosening of the regime's grip on society, the PMS is still very much in control in North Korea. If this change is underway, this offers the possibility of significant internal transformation. While movement toward democracy is

definitionally impossible under a totalitarian regime, with an authoritarian regime there always remains the potential for liberalization and even democratization.[25] To chart the shift in North Korea from totalitarianism to post-totalitarianism, it is useful to go through the six characteristics identified by Carl Friedrich and Zbigniew Brzezinski.

1. Single leader and ruling party. Kim Il Sung consolidated his power during the Korean War and 1950s. He purged threats to his power such as the Yenan faction. It was during the 1960s that Kim the Elder established absolute control over the country and this status was codified in the early 1970s. By this time, Kim Il Sung had created a full blown personality cult.[26] Then in 1994 North Korea witnessed the first instance of dynastic succession in the communist world when Kim Jong Il assumed the role of paramount leader following the death of his father Kim Il Sung in July of that year. While Kim the Younger seems to have consolidated his leadership status in his own right by 2000, there seems to have been a weakening of the authority of the paramount leader.[27] Within the elite there appears to be a greater awareness of the economic failures and limitations of, if not the leader, then the regime.

Yet, the regime is more than just a one man dictatorship: organizationally the Korean Worker's Party and KPA completely dominate the political system and brook no opposition. The PMS remains in control although its grip is weakening (see below).

2. Totalist ideology. Kim Il Sung was given the status of Korean visionary and is credited as being the main architect of Pyongyang's "juche" ideology. This concept was first articulated by Kim in the mid-1950s and soon became intensely nationalistic and billed as a unique Korean distillation of Marxism-Leninism.[28] Kim preached Korean self-reliance and, despite substantial Soviet and Chinese assistance over the years, the juche myth remained largely intact.

Under Kim Jong Il this autarkic doctrine now flies in the face of reality. There has been a massive infusion of foreign, including Western, aid. It is clear that North Korean citizens are aware of the origins of this aid.[29] Foreign companies are starting to invest in the North, and the regime has made some small gestures toward reform, such as allowing farmers to sell their produce in free markets. Moreover, the ideological underpinnings of the regime suffered a major blow when the chief disciple/guardian of juche, Hwang Jong Yop, defected in 1997.

Another key tenet of the ideology was the commitment to seize South Korea militarily. Pyongyang's dedication to the liberation of Seoul has also undergone a moderation of sorts. Commitment to military unification is belied by the fact that the leadership consented to a deal whereby both Koreas were simultaneously admitted to the United Nations (U.N.). Moreover, President Kim Dae Jung's visit to Pyongyang in June 2000 can only have added to these doubts.

3. Centrally planned economy. Under Kim Il Sung the DPRK was a firmly established command economy. Despite the real systemic flaws inherent in centrally planned economies, the structure worked well enough at least in the first several decades of the DPRK existence. Growth rates were very good, equal to or higher than those in South Korea for the same period. Moreover, significantly, North Korea holds the distinction of being the only Asian communist country that did not suffer a famine during the early years of its existence.[30] In contrast, by the mid-1990s North Korea was approaching economic collapse. One definition of what constitutes economic collapse is the breakdown of the national food production and distribution system—such a disaster occurred in the DPRK. North Korea experienced widespread famine and malnutrition, and it is estimated that between two and three million people died as a result.[31] The outcome of this collapse was tolerance by the regime of private markets for the sale of food. This development, along with the infusion of foreign aid, may have contributed

to a slight improvement in the economic situation in the North. Thus the command economy has loosened up.

4. Monopoly of mass communications.[32] Under Kim Il Sung there was absolute control over the flow of information and little possibility of independent outside sources of information. In the late 1990s, with the movement of humanity across the border with China and the family reunions held in North and South Korea in 2000, there are increasing opportunities for DPRK citizens to obtain other independent sources of information about the world. There is likely to be some information about the famine percolating within North Korea, but for ordinary DPRK citizens official censorship still functions effectively.[33] Nevertheless, as noted above, many ordinary Koreas are well aware that food aid comes from overseas, including the United States. The situation among the regime elite is somewhat different. There has likely been an increased level of access to overseas media. Kim Jong Il has a thirst for foreign news and popular culture. This material must pass through the hands of others since Kim does not speak or read foreign languages. It is also probably viewed by still others.

5. Control of the coercive apparatus.[34] The vast coercive apparatus continues to function under Kim Jong Il but with somewhat less effectiveness. It is estimated that there are at least 200,000 political prisoners in North Korea.[35] If security forces were not looking the other way or failing to stay alert, how could tens of thousands of refugees have crossed the border into China in the late 1990s? Bribery of North Korean border guards allows significant back and forth movement across the border.[36] Moreover, there have been defections by members of the regime itself, most notably the KWP chief theoretician already mentioned, Hwang Jong Yop.

6. Pervasive condition of terror. Under Kim Il Sung there seems to have been a pervasive condition of terror among both elites and ordinary inhabitants. The purge of elites

began in the mid-1950s and harsh repression over the masses soon followed.[37] By the late 1990s, however, this seems to have weakened along with the loosening of the iron grip of the coercive apparatus. The most graphic illustration of this is the scale of the refugee exodus across the border into China in recent years. At least tens of thousands (and perhaps as many as 300,000) primarily economic refugees have been able to cross into China.[38] As noted in the previous section, a small but significant number go back and forth. Furthermore, the defections of regime elites in recent years, which would have been unimaginable in earlier times, suggest that the condition of terror is weakening. As yet, however, no opposition groups have developed, nor is there any organized dissent and a climate of intimidation still seems to pervade major cities like Pyongyang.[39]

In short, I contend that today the DPRK is an eroding totalitarian or nascent post-totalitarian regime. However, the weakening of the PMS does not necessarily herald the imminent breakdown of the regime. Economic collapse (i.e., a food crisis) has not triggered the collapse of the regime in other communist countries.[40] The Chinese communist regime, for example, weathered the disaster of the Great Leap Forward in the late 1950s and early 1960s, despite the fact that it cost an estimated 30 million deaths.

III. PYONGYANG'S NATIONAL SECURITY CALCULUS

What is the national security calculus of the regime? The paramount goal of the regime is fundamentally survival. This entails retaining power and suppressing any domestic or foreign challenges to its authority or existence. This means the continued maintenance of a sizeable coercive apparatus of military, paramilitary, and police formations. If we are to judge by the behavior of other communist party-states, North Korea's leaders see security threats everywhere. They are almost certainly paranoid. In short,

they probably possess a "siege mentality."[41] Still, North Korea's leaders are not crazy or mad; in fact they are very rational and calculating.[42] The strongest evidence of this is that they have not attacked southward in force for almost 50 years.

At home the regime seeks to maintain full control through a combination of intimidation, appeals to patriotism, and the perpetuation of a Kim family cult. Externally, Pyongyang seeks, at a minimum, to protect itself from perceived threats. The most obvious and proximate threats to the existence of the regime come from the armed forces of the Republic of Korea and from the United States which are positioned south of the Demilitarized Zone.[43] The regime also faces the threat of the vast nuclear arsenal possessed by the United States. Here, I am not justifying North Korea's massive military machine, its development of a missile program, or other actions. I am merely trying to explain how the regime views its security environment. With these threats in mind North Korea's vast military and its desire to possess capabilities comparable to those of its potential adversaries become more comprehensible. The quote from Kim Jong Il noted above bears repeating: "My power comes from . . . military power." Pyongyang retains vivid memories of U.S. saturation bombing during the Korean War.[44] North Korea endured 3 years of "terrible destruction" during which, according to U.S. Air Force estimates, 17,000 tons of bombs "at least half obliterated" 18 of 22 major cities, including 75 percent of the city of Pyongyang.[45]

Indeed, the DPRK's identity is intimately bound up with its military prowess and linked to possession of weapons of mass destruction (WMD).[46] The Korean communist movement developed in the 1930s and 1940s in an environment in which military prowess was the primary characteristic of state power and preparation to wage war seemed the supreme mission of the state. The long struggle against Japanese occupation of the peninsula, World War II, and the Chinese Civil War all reinforced this view.

Moreover, the possession of WMD appears to be seen as central to the DPRK's identity. Koreans, along with Chinese, experienced the use of biological agents by Japanese military units. At least 10,000 Koreans were killed, moreover, and many others maimed, by the two atomic bombs dropped on Japan in 1945 because hundreds of thousands of Koreans were engaged in forced labor in Japanese factories, mines, farms, and construction sites at the time.[47] And significantly, many in North Korea continue to believe sincerely that they were the victims of American biological warfare during the Korean War even though this does not appear to be the case.[48]

Of course, North Korea does not maintain a massive military complex merely for defensive purposes. Pyongyang also harbors dreams of unifying the Korean Peninsula either by military or nonmilitary means. Formally unification is still a central objective of the regime. Does the North Korean leadership actually continue to believe that unification with Seoul under the auspices of Pyongyang is possible or even likely? This is difficult to say, but I suspect it still does.[49] But even if it did not, Pyongyang, just like the communist regime in Beijing, would find it very difficult, if not impossible, to drop publicly the unification plank. To do so would undermine the legitimacy of the regime. Similarly, formal renunciation of the use of force to achieve unification would be extremely awkward.

Certainly Pyongyang does not hold all the cards, but it does possess the instincts of a seasoned high stakes poker player: it plays the hand it is dealt with consummate skill to maximum advantage. The regime is calculating and logical, creating and maintaining a state of crisis in order to strengthen its hand. According to Victor Cha: "The North's bargaining strategy is dangerous, destabilizing, and rational."[50] Indeed another scholar argues that Pyongyang's security policy is a deliberate one of "deterrence through danger."[51]

IV. BREAKTHROUGH IN PYONGYANG?

What are the chances for reform in North Korea? Kim Jong Il does seem serious about reform. Indeed, nothing short of a fundamental reorientation appears to have taken place in Pyongyang.[52] Senior leaders seem to realize that reform is essential (although the word "reform" itself is taboo and "change" is the preferred buzz word) if the regime is to break its downward economic spiral. Moreover, top leaders appear to recognize that, if such a spiral goes unchecked, the regime is headed for eventual collapse. Many analysts continue to insist that a decision to reform is impossible. They may be right. It is important, however, to keep in mind Nicholas Eberstadt's warning and remember North Korea's "continuing capacity to surprise."[53] Outside observers should not close themselves off from the possibility that Pyongyang is capable of pulling off yet another surprise.

Why did Pyongyang wait until the dawn of a new century to decide to move on reform? First, and perhaps most significant, is the lesson drawn from the collapse of the Soviet Union in 1991. According to Hak-joon Kim: "North Korea has minutely evaluated the cause of the Soviet Union's ruin, and has concluded that the Soviet Union was induced into excessive military spending by the USA which resulted in domestic economic failure, which in turn led to the inevitable collapse."[54] North Korea has clearly been suffering an economic crisis which is attributable in large measure to the "excessive military spending" noted in the preceding quotation.

Second, a new top leader in Pyongyang is coming into his own. Many analysts concluded—correctly in my view—that significant reforms would have been impossible under Kim Il Sung.[55]

Third, Kim the Younger had to permit a decent interval to pass before he launched a reform initiative. Certainly this sea change, if it has indeed arrived, has been slow in coming.

Between Kim the Elder's death in July 1994 and late 2000, there was no evidence of Kim Jong Il's support for reforms,[56] and Kim the Younger appeared "unlikely to be an agent of change."[57] But reform seems to have been on hold until Kim Jong Il had firmly entrenched himself in power and the economy was on the mend. As Nicholas Eberstadt observes, reform in post-Mao China had to await a change in its supreme leader and a "consolidation of power" by Deng Xiaoping.[58] A similar dynamic is at work in post-Kim Il Sung North Korea, but Kim Jong Il seems to have required much more time to become securely entrenched in power. Initiatives such as Pyongyang's hosting of South Korean President Kim Dae Jung were not possible until Kim Jong Il felt more confident and comfortable as North Korea's top leader.[59]

Moreover, Kim Jong Il had to avoid giving the impression that he was adopting a program of reform out of sheer desperation. Kim needed to wait until the food emergency had ameliorated. As some analysts note, instituting reforms implies there are flaws in the system that need to be fixed—a heretical idea in "a country with infallible leadership."[60] But by waiting until the economic situation had begun to improve, Kim Jong Il could at least maintain the fiction that instituting reforms was something unrelated to the recent crisis and hence better perpetuate the aura of an omnipotent leader.

There is some circumstantial evidence pointing to the desire for reform. The increased frequency of travel to China by senior officials and statements by Kim Il Sung during these visits, for example, is indicative. Kim Yong Nam, the head of North Korea's parliament, visited China in June 1999, stopping off at Shanghai. He was the most senior North Korean official to travel to China since Kim Il Sung's October 1991 tour.[61] Then Kim Jong Il made two visits to China within the space of eight months. Kim rarely travels abroad and these visits constitute significant events. In fact, Kim's 2-day visit in May 2000 marked the North Korean leader's first visit to China in 17 years![62] These visits were

certainly related to the rapprochement with Seoul and a warming with the United States. They also indicated that Kim was observing and learning from the Chinese reform experience. In May 2000 Kim politely told his Chinese hosts that the "policy of reform and opening up put forward by Deng Xiaoping is correct, and the party and government of the DRPK support this policy." He further stated that Pyongyang was "building a DPRK-style socialism" just as Beijing was pursuing "socialism with Chinese characteristics."[63]

More dramatically, Kim made a 5-day trip in January 2001 and spent the bulk of his time (4 out of the 5 days) in Shanghai. Kim's enthusiasm about the results of China's reforms was unmistakable in the positive comments he made during the course of his visit.[64] Of particular interest during both visits was information technology. On the May 2000 visit to Beijing, Kim and the delegation visited Legend Computers in China's equivalent of Silicon Valley and returned with a dozen desktop computers. The January 2001 delegation also visited a Sino-Japanese semi-conductor factory and a high technology park. The group reportedly returned with three minibuses and a truck full of computer printers, mobile phones and other telecommunications equipment. This latter trip also included visits to a General Motors joint venture, the Shanghai stock exchange, and the recently developed Pudong zone.[65] The reason for including three top military leaders in the delegation appears to have been to win these figures over to the value of the Chinese model.

North Korea has formally requested membership in the Asian Development Bank and expressed interest in getting more involved with the World Bank and other economic multilateral organizations. Pyongyang also seems to want to learn: North Korean officials have enrolled in training programs sponsored by the World Bank and the U.N. Development Program.[66]

V. BARRIERS TO REFORM

However, there appear to be substantial barriers to reform. Even if Kim Jong Il is serious about instituting reforms these barriers may prove insurmountable. Four apparent barriers should be noted: (1) a conservative military; (2) the absence of a broad pro-reform constituency; (3) a lack of understanding about the kind of reform needed; and (4) the slow pace to date of reforms.

KPA: Barrier or Backer?

Given the central importance of the military and the extremely high level of militarization in North Korea, the KPA would at first glance appear to be a powerful barrier to economic reform. Perhaps a better way to view the KPA leaders is to see them as conservative and skeptical. They are not necessarily adamantly opposed to reform, but they will probably require serious convincing; hence the need to bring three top military leaders to China in January 2001. While Kim Jong Il has almost certainly focused in on high technology because of a strong personal interest, he probably also sees this as a way "to lure the military in" with the promise that this technology can be applied to defense. It should be noted that Vice Marshal Jo Myong Rok on his October 2000 trip to Washington made a stopover in Silicon Valley. [67] The recent lackluster performance by the North Korean navy in the June 1999 naval engagement with the ROK Navy may further reinforce the belief that reforms are essential if the KPA's combat effectiveness is to be improved.[68]

Indeed, the most logical way to proceed with reform is with the military at center stage. The military is the best disciplined, most well-organized, and action-oriented institution within the PMS. It is also the institution with the most extensive existing economic operations. Moreover, using the military is a way to inoculate the central pillar of the regime against anti-reform viruses. And the KPA has an obvious and proximate example of the opportunities

available to the military in a reforming Leninist party-state: China's People's Liberation Army.

Kim Jong Il: the Spearhead of Reform?

As of this writing, the commitment to undertake reform appears to be limited to Kim Jong Il. The impetus for reform might end if Kim were to die or be ousted. This would be especially likely if the economy appeared to be recovering and little reform had actually been implemented. Kim turned 59 years old in March 2001. He appears to be in good health, but if even a fraction of the rumors about his wild living are true, he is probably suffering health problems related to such things as heavy and prolonged alcohol abuse. The fate of reform in North Korea very likely hinges on his health and longevity.

Lack of Understanding about the Nature of Reforms.

A core problem appears to be a fundamental lack of understanding at the highest levels about the nature and extent of the reform that is needed. This problem exists at the very top: Kim Jong Il himself seems to have only a superficial understanding of reform. While visiting Shanghai, he reportedly remarked: "Let's build skyscrapers," appearing to equate reform with high rises.[69] By no means am I suggesting the Kim is an ignoramus or unintelligent.[70] But it is important not to forget Kim's interests, background, and level of exposure to the world beyond North Korea's borders.[71]

On the surface Kim Jong Il seems urbane and sophisticated—certainly this is the image gleaned from his performance during the summit with Kim Dae Jung in June and his discussions with Madeleine Albright in October 2000.[72] Kim was able to converse easily with Madeleine Albright and even offered to exchange e-mail addresses with the Secretary of State.[73]

First of all, Kim is an acknowledged film buff. He enjoys watching movies, making movies, and certainly knows a thing or two about acting.[74] He played his leading role in last year's production of "Kim Jong Il's Coming Out Party" to a tee. One analyst called his performance possibly the "best public relations makeover of the century."[75] He went to great lengths to kidnap a South Korean film director and the man's former wife (also an actress) in 1978 with the objective of improving the North Korean film industry.[76]

Second, Kim's education and preparation for ruling North Korea has been very limited. It is debatable what he learned as a student at Kim Il Sung University. Political economy was reportedly his focus of study at university, but if he learned anything about the dismal science, it was almost certainly not an introduction to the principles of market economics. Rumors of an extended study abroad sojourn at an East German military academy appear to be false, although he did make at least one visit to Eastern Europe.[77]

Third, Kim has led an extremely sheltered life. While he may have watched many foreign movies and is apparently a CNN addict, he has only made a handful of visits abroad—and one extended stay—all of this overseas exposure has been to communist or post-communist states. Even his 24-day mid-2001 visit to Russia actually entailed quite restricted exposure to the country itself. The majority of his time was spent ensconced in his luxury train car, traveling from Pyongyang to Moscow and St. Petersburg and back.[78]

It is very unlikely that he has a solid understanding of how other governments function or how modern economies work in the larger world. These limitations also affect even senior economics bureaucrats.[79] North Korean finance officials asked a World Bank official to explain the difference between a centrally planned economy and a free market, and a member of the board of North Korea's Central

Bank asked what the difference was between micro- and macro-economics.[80]

Minimal Progress on Foreign Trade and Investment.

At least so far, progress on increasing foreign trade and attracting foreign direct investment has been very modest.[81] Trade between the two Koreas was estimated to have been U.S.$333 million in 1999—most of this was one way from south to north in the form of humanitarian aid.[82] Some 200 South Korean companies subcontract to North Korean factories providing the raw materials and equipment.[83] And the number of Pyongyang approved foreign trade corporations has actually shrunk between 1992 and 1998.[84]

It is important to note that, while foreign investment regulations have been on the books since 1984, there has been very little progress made in attracting foreign investors.[85] There seems to be little appreciation that, while a legal framework is necessary to attract investors, it is far from a sufficient condition. One gets the impression that there is a pervasive feeling that foreign companies should be driven by the desire to help North Korea rather than the profit motive. Indeed, one encountered a similar assumption in China during the early years of reform. Certainly, the investment climate in North Korea is poor: start-up costs are high, and infrastructure is almost nonexistent.[86] Many foreign companies, while interested in investment opportunities, have found it slow going with reliable information and key contacts difficult to come by.[87] Moreover, the DPRK does not have the appeal of a domestic market of the magnitude of China for foreign business executives to salivate over. And there are no foreign business success stories to speak of.

The most famous joint business venture is the October 1998 agreement reached by Hyundai to develop tourism for scenic Mount Kumgang. The South Korean chaebol agreed

to pay Pyongyang more than U.S.$900 million for a 6-year monopoly to shuttle South Korean tourists to the unpopulated mountain. Hyundai seems unlikely to make any money on the deal; in fact it is virtually assured of losing money. According to a company executive, since 1998 more than 300,000 tourists have visited and Hyundai has lost approximately U.S.$40 million.[88] In the final analysis, the project does not further the reform effort: it provides nothing except cold cash for the Pyongyang regime.[89] Meanwhile, agreements with foreign companies for new special investment zones so far exist only on paper. Hyundai, for example, had hoped to establish a high-tech industrial park in the North, and a South Korean-Italian consortium has reached agreement to manufacture automobiles for export to China.[90] These plans appear to be in doubt as of this writing.

VI. DIAGNOSIS AND PROGNOSIS FOR THE REGIME

The North Korean economy is still in poor shape, but the decline seems to have bottomed out. Politically, the regime seems to be stable for now. While my diagnosis is that Pyongyang is terminally ill, North Korea's PMS, nevertheless, can continue to function and survive for a considerable period of time. But, when change does come to North Korea, it could be sudden and very possibly "convulsive and violent."[91] Breakdown is the most likely outcome, either because of a failure to initiate substantive reforms or as a result of incomplete or botched reform.

The following breakdown or breakthrough scenarios are listed in order of probability from most to least likely.

Breakdown Scenarios.

1. Romanian-style **COUP.** In this scenario, there is little reform and continued economic stagnation or deterioration, which lead to a dramatic, violent palace coup and replacement by a nominally noncommunist regime. This

could come before, after, or even during the passing of Kim Jong Il. Probability: fair.

2. North Korean/Cuban **LASH OUT.** In this scenario, there is little or no reform, and the regime strikes outside its borders in frustration to ease a domestic crisis—either Pyongyang-style with an act of terror, or Havana-style by an act of a annoyance. The latter variant would, for example, involve emptying labor camps and triggering an exodus of unwanted people similar to the Mariel boatlift from Cuba in 1979, which brought some 125,000 Cubans to the United States. The Pyongyang regime could still hold onto power for years following this just as the Havana regime has. Probability: moderate.

3. East German-type **COLLAPSE.** In this scenario, there is little or no reform, and a sudden, bloodless collapse of the PMS occurs. There is minimal violence and a relatively smooth and swift absorption by South Korea. Probability: moderate.

The greatest potential for rising tensions is a scenario in which there is a sudden and rapid collapse of the North Korean PMS along the lines of Romania or East Germany. These scenarios could be extremely confusing and involve battles between different armed factions and mass refugee outflows. Even if the collapse were peaceful, there would be considerable uncertainty about who controls the North's missiles and WMD stockpiles. An Albanian-type implosion would unfold on a far more catastrophic scale on the Korean Peninsula. The emergence of chaos and a massive human catastrophe would likely trigger international pressures for at least humanitarian intervention and possibly the seizure of key defense installations.

Breakthrough Scenarios.

1. Russian-style **MUDDLE DOWN.** In this scenario, there is an unsuccessful reform breakthrough: no real systemic reform and a gradual erosion of PMS power and

capacity. The growing turmoil would be difficult for the regime to manage but tolerable for North Korea's neighbors. The result would be a slow decline in the North Korean military threat and the potential for a shift to a breakdown scenario. Probability: moderate.

2. Chinese-style **MUDDLE THROUGH.** In this scenario, there is a successful breakthrough. The systemic reforms do create some upheaval, but this is manageable. The PMS grows stronger militarily or at least no weaker. Probability: low.

A muddle down scenario, along the lines of that experienced by the Soviet Union, presents a difficult challenge. Such a scenario could result in a greater North Korean dependence on Beijing, to the point that North Korea would once again become a quasi-tributary state of China. A Chinese muddle through scenario would revive the fortunes of the PMS but, if pursued for long, would result in far reaching changes that would effectively undermine the system. In either circumstance, Pyongyang would remain a military power of some consequence but would likely become far more moderate as the regime and people had an increasing stake in continued economic reform and opening to the world.

VII. IMPLICATIONS FOR THE UNITED STATES

While it is still too soon to pen an epitaph for the PMS regime, it is not premature to anticipate the end-game.

The United States and South Korea should be prepared for the unexpected. This is the lesson of the collapse of communism in Eastern Europe and the Soviet Union. When the holding pattern that exists on the Korean Peninsula at this writing ends, there should be a gradual decline in tensions.[92] This means that the chances of a Major Theater War (MTW) being fought in Korea ought to lessen over time. Despite the declining probability of MTW, the coming decades will present the United States with complex

challenges on the peninsula including "responding to limited acts of belligerency" by Pyongyang.[93]

The processes of reconciliation and unification will inevitably be complicated and confusing. Not only will it likely be difficult to decipher the specific elements of a breakdown or breakthrough, but it will be important to be clear about the larger dynamics at work. In particular, it should be recognized promptly that the death of the PMS does not necessarily mean the end of North Korea as a distinct political entity. Sometimes analysts conflate the end of the regime with the end of North Korea or assume that one would inevitably follow from the other.[94] The Romanian breakdown scenario outlined above would result in the end of the regime but the survival of the state.

While events in North Korea will be the ones to trigger a crisis on the Peninsula, external actors will also play key roles in how the crisis plays out. China looms large here. The views of China must be taken into account in any North Korean scenario. Beijing would like to see the continued survival of the Pyongyang regime but prefers to see the emergence of a moderate, pro-reform North Korea that is low maintenance and low cost to China.[95] Beijing's immediate concerns in a breakdown scenario would be the operation of foreign forces in North Korea and a mass refugee exodus. Indeed, China would likely be strongly opposed to such intervention. Chinese leaders would probably be prepared to intervene with military force although they would certainly prefer to avoid this if at all possible.[96]

U.S. forces in Korea and their brothers-in-arms from the Republic of Korea must remain vigilant and ever-ready to repel a North Korean attack. However, if the momentum of 2000 is regained, the United States must not be seen to be "on the wrong side of history." That is, Washington should avoid positioning itself so that the United States is perceived by South Koreans as a barrier to reconciliation or unification. In coordination with its ROK allies, the United

States should make concrete proposals for reconciliation and for comprehensive and verifiable conventional arms reductions on the peninsula. Then the onus would be on North Korea to reject them out of hand or at least agree to discuss them. Should these proposals be rejected or ignored, the United States will have lost nothing and will have achieved a public relations coup. Should Pyongyang respond, real progress could potentially be made toward reducing the half-century old standoff on the Korean Peninsula.

In conclusion, North Korea is on the brink of significant change—it could be a reformist breakthrough but more likely it will be some type of regime breakdown. Washington and Seoul must be prepared for either eventuality.

ENDNOTES - CHAPTER 10

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14. Buzo, *Guerilla Dynasty*, p. 241. See also Bradner, "North Korea's Strategy."

15. Andrew Scobell, *Going Out of Business: Divesting the Commercial Interests of Asia's Socialist Soldiers*, No. 3 Papers in Politics and Security, Honolulu, HI: East-West Center, January 2001, p.

16. See also Nicholas Eberstadt, *Korea Approaches Unification*, Armonk, NY: M. E. Sharpe, 1995, p. 51.

16. Eberstadt, *The End of North Korea*, p. 48. For a comprehensive study of the North Korean military, see Joseph S. Bermudez, Jr., *The Armed Forces of North Korea*, New York: I. B. Taurus, 2001.

17. For statistics on defense expenditures as a percentage of central government expenditures and of GNP, see Scobell, *Going Out of Business*, Table 2, p. 14.

18. On the global ranking of the Korean People's Army, see Scobell, *Going Out of Business*, Table 1, p. 4.

19. On these ratios, see Scobell, *Going Out of Business*, Table 2, p. 14.

20. For a discussion of the second economy, see Marcus Noland, "Prospects for the North Korean Economy," in *North Korea After Kim Il Sung*, Dae-Sook Suh and Chae-Jin Lee, eds., Boulder, CO: Lynne Rienner, 1998, p. 34. On the proportion of the economic output of the military sector, see *ibid*., p. 53, note 5; and Buzo, *Guerilla Dynasty*, p. 242. See also, Hideshi Takesada, "'First' Or 'Second'?: The Political Economy of the Korean People's Army," paper presented to the Annual Meeting of the Association for Asian Studies, March 2000, San Diego, California.

21. Harlan W. Jencks, "The Party, the Gun, and the Great Leader: Civil-Military Relations in North Korea," in *Asian Communism in Transition*, Robert A. Scalapino and Dalchoong Kim, eds., Berkeley, CA: Institute of Southeast Asian Studies, University of California Press, 1988, pp. 187-217. See also Yong-Chool Ha, "Party-Military Relations in North Korea: A Comparative Perspective," in *ibid*., pp. 218-237.

22. Carl J. Friedrich and Zbigniew K. Brzezinski, *Totalitarian Dictatorship and Autocracy*, Cambridge, MA: Harvard University Press, 1956.

23. But it is still often described as such. Eberstadt, *The end of North Korea*, p. 3. However, there is widespread agreements that North Korea under Kim Il Sung was totalitarian. For a vivid description see Helen-Louise Hunter, *Kim Il-song's North Korea*, Westport, CT: Praeger, 1999.

24. Juan J. Linz and Alfred Stepan, *Problems of Democratic Consolidation: Southern Europe, South America, and Post-Communist Europe*, Baltimore, MD: Johns Hopkins University Press, 1996, pp.

42-51. The term is originally Juan Linz's. See his *Totalitarian and Authoritarian Regimes*, Boulder, CO: Lynne Rienner, 2000. This is a reprint of the author's 1975 essay in the *Handbook of Political Science*. Interestingly, Linz believes that North Korea under Kim Il Sung is best described as a Sultanist regime rather than as a totalitarian one. Linz and Stepan, *Problems of Democratic Consolidation*, p. 51.

25. Jeane J. Kirkpatrick, *Dictatorships and Double Standards: Rationalism and Reason in Politics,* New York: Simon and Schuster, 1983.

26. Seong-Chang Cheong, "Stalinism and Kimilsungism: A Comparative Analysis of Ideology and Power," *Asian Perspective*, Vol. 24, No. 1, 2000, pp. 147-148; Kongdan Oh and Ralph C. Hassig, *North Korea Through the Looking Glass*, Washington, DC: Brookings Institution, 2000, chap. 2.

27. Harrison, "Time to Leave Korea?" pp. 69-70.

28. Cheong, "Stalinism and Kimilsungism"; Oh and Hassig, *North Korea*, pp. 100-102.

29. Author's conversations with nongovernment organization (NGO) workers, Spring and Summer, 2001.

30. Eberstadt, *The End of North Korea*, pp. 61-62.

31. *Ibid*, pp. 9, 46.

32. Oh and Hassig, *North Korea*, pp. 142-143.

33. *Ibid.*, pp. 66, 63.

34. See also Oh and Hassig, *North Korea*, chap. 6.

35. Jack Rendler, "The Last Worst Place on Earth: Human Rights in North Korea," in *Planning for a Peaceful Korea*, Sokolski, ed., p. 115.

36. Panel presentations in Session 197 "Life in Crisis: North Korean Refugees in China," at Association for Asian Studies annual meeting, March 25, 2001.

37. Cheong, "Stalinism and Kimilsungism," pp. 152-154.

38. Chinese officials and analysts claim only tens of thousands of refugees (interviews, February-March 2000). NGOs claim that there may be as many as 300,000. Most estimates tend to be in the range of

100,000-200,000. For higher estimates, see Kevin Platt, "N.Korea Gets China's Cooperation on Refugee Returns," *Christian Science Monitor,* June 9, 2000; Agence France Presse in English (Hong Kong), "DPRK Refugees Riotings at Chinese Internment Camp," April, 20, 2000 carried by *FBIS*, April 20, 2000. See also Rendler, "The Last Worst Place on Earth," p. 119.

39. Doug Struck, "Much is not allowed in North Korean Capital," *Washington Post*, October 24, 2000.

40. Eberstadt, *The End of North Korea*, p. 63.

41. Anthony Lake, "Confront Backlash States," *Foreign Affairs*, Vol. 73, No. 2, March/April 1994, p. 46. Lake was referring to so-called "rogue states." See also Winn, "North Korea," p. 117.

42. Eberstadt, *The End of North Korea*, pp. 6-7; Kang, "North Korea"; Oh and Hassig, *North Korea*, p. 192.

43. Pyongyang believes that the United States presents the primary threat to the security of North Korea according to William Perry, cited in Harrison, "Time to Leave Korea?" p. 64. Winn, "North Korea," p. 116.

44. Selig S. Harrison, "The Missiles of North Korea*," World Policy Journal*, Vol. XVII, No. 3, Fall 2000, p. 14.

45. Conrad C. Crane, *American Airpower Strategy in Korea, 1950-1953*, Lawrence: University of Kansas, 2000, pp. 168-169.

46. The first part of this paragraph draws on Buzo, *Guerilla Dynasty*, pp. 240-242; and Bradner, "North Korea's Strategy."

47. Bruce Cumings, *Korea's Place in the Sun: A Modern History*, New York: W. W. Norton, 1997, pp. 177, 183.

48. While there appears to have been fabrication of evidence of biological attacks by the United States in North Korea, some North Korean and Chinese officials seemed to believe sincerely that the United States had used biological weapons. See, for example, Milton Leitenberg, "The Korean War Biological Weapon Allegations: Additional Information and Disclosures," *Asian Perspective*, Vol. 24, No. 2, 2000, pp. 163-164. For a lopsided discussion of the evidence, see Stephen Endicott and Edward Hagerman, *The United States and Biological Warfare: Secrets from the Early Cold War and Korea*, Bloomington: Indiana University Press, 1998. The authors reveal that there is a sincere belief among Chinese and North Koreans that the United States used biological weapons during the Korean War. It should

be noted that their evidence of actual U.S. usage is weak. There does seem to be recognition decades later by some top officials that biological weapons were probably not used. Significantly, however, this is not a politically acceptable public position for researchers to take in China or North Korea. In the final analysis, what is important here is that the myth of U.S. use apparently continues to be widespread in North Korea.

49. Certainly, many analysts believe they still do. See, for example, Richard Halloran, "The Three No's of East Asia," *The Journal of East Asian Affairs*, Vol. XIV, No. 2, Fall/Winter 2000, pp. 202-203; and Bradner, "North Korea's Strategy."

50. Victor D. Cha, "The Continuity Behind the Change in Korea," *Orbis*, Vol. 44, No. 4, Fall 2000, p. 589.

51. Kang, "North Korea."

52. See, for example, the analysis in Nayan Chanda, "Kim Flirts with Chinese Reform," *Far Eastern Economic Review*, February 8, 2001, pp. 26-27; interview with former Department of State official, Spring 2001.

53. Eberstadt, *The End of North Korea*, p. 24.

54. Hak-joon Kim quoted in Kang, "North Korea," p. 246.

55. Buzo, Guerilla Dynasty, p. 245.

56. Eberstadt, *The End of North Korea*, pp. 39, 12-4; Nayan Chanda, "Marching to Kim's Tune," *Far Eastern Economic Review*, November 2, 2000, p. 18.

57. Buzo, *Guerilla Dynasty*, p. 246.

58. Eberstadt, *The End of North Korea*, p. 81. Of course, Eberstadt cites the Chinese case to highlight the contrasts with North Korea and hence lack of promise of reform in the latter.

59. Bradner, "North Korea's Strategy," p. 66.

60. Bradner, "North Korea's Strategy," pp. 28-29.

61. Reuters dispatch, "NK's Kim Visits China Ahead of Summit," May 31, 2000, *www.nytimes.com/reuters/international/international-china-k.html*.

62. "Kim Jong Il Visits China, Meets Jiang," Xinhua Hong Kong Service in Chinese June 1, 2000 in *FBIS*, June 1, 2000.

63. "Kim Jong Il Visits China, Meets Jiang."

64. Kim Min-pae, "Kim Chong-il's Remarks During His Visit to China," *Choson Ilbo* (Seoul) internet version in Korean January 21, 2001, in *FBIS*, January 21, 2001.

65. See, for example, Yi Chong-hwan, "What is in Kim Chong-il's Pack of Gifts . . . Yardstick for Conjecturing Direction of NK's Reforms," *Tong-a Ilbo* (Seoul) in Korea January 25, 2001, in *FBIS*, January 25, 2001.

66. See, for example, Harrison, "Time to Leave Korea?" p. 69.

67. Nayan Chanda, ""Kim Flirts With Chinese Reform." See also Erik Eckholm, "N. Korea Placed Focus on Business in China Visit," *New York Times*, January 21, 2001.

68. "Diagnoses by ROK Experts on DPRK's Prospects for Reform," *Taehan Maeil* (Seoul) internet version in Korean, January 27, 2001, translated in *FBIS*, January 26, 2001.

69. Ruriko Kubota, "Kim Jong Il Aims to Build Shanghai-like High Tech City,' *Sankei Shimbun*, February 2, 2001, cited in Northeast Asia Peace and Security Network, *Daily Report*, February 2, 2001.

70. Doug Struck and Steven Mufson, "North Korea's Kim Sheds 'Madman Image'," *Washington Post*, October 26, 2000.

71. For biosketches of Kim Jong Il, see Dae-Sook Suh, "Kim Jong Il and New Leadership in North Korea," in Suh and Lee, eds., *North Korea After Kim Il Sung*, pp. 13-31; Oh and Hassig, *North Korea*, pp. 85-95.

72. Michael Baker, "Profile/Kim Jong Il," *Christian Science Monitor*, June 13, 2000; Jane Perlez, "Visit Revises Image of North Korea," *New York Times*, October 26, 2000.

73. Jane Perlez, "Progress in N. Korea: Kim Says He'll Cut Missile Plans in Exchange for Help," *The Gazette* (Montreal), October 25, 2000, accessed on Lexis-Nexis on August 23, 2001.

74. Suh, "Kim Jong Il and New Leadership in North Korea," pp. 21-22.

75. Nicholas Eberstadt, "What's North Korea Up To?" *Wall Street Journal*, June 19, 2000.

76. Don Oberdorfer, *The Two Koreas: A Contemporary History*, Reading: MA: Addison–Wesley, 1997, pp. 348-349.

77. Suh, "Kim Jong Il and New Leadership in North Korea," p. 17.

78. See, for example, Kevin Whitelaw, "Emerging from His Hermit Kingdom," *U.S. News and World Report*, August 13, 2001, p. 28; Anton Uskov, "Summary of Kim Jong Il's 24-day Visit to Russia," *ITAR-TASS* News Agency (Moscow) August 18, 2001, accessed on lexis-nexis, August, 21, 2001.

79. Bradner, "North Korea's Strategy," pp. 29-30. For a dissenting view, see Kim Yoon Kyu, "North Korea: Open for Business," *Far Eastern Economic Review*, October 5, 2000, pp. 22-23.

80. Eberstadt, *The End of North Korea*, pp. 11, 148, note 11.

81. For an overview of the current state of foreign investment and trade reforms, see Noland, *Avoiding the Apocalypse*, pp. 1333-1340.

82. Kim Jae Hoon and Peter Saidel, "Pandora's Box," *Far Eastern Economic Review*, August 10, 2000, p. 74.

83. Harrison, "Time to Leave Korea?" p. 71.

84. While there were 128 such corporations in 1992, by 1998 these numbered "around 100." See Eberstadt, *The End of North Korea*, p. 128.

85. *Ibid*., pp. 96-97.

86. *Ibid*., pp 82-83.

87. Samuel Len, "Western Business Tempers Enthusiasm for North Korea," *New York Times*, July 6, 2000.

88. Kim Yoon Kyu, "North Korea," p. 22.

89. Eberstadt, *The End of North Korea*, p. 15.

90. Kim Yoon Kyu, "North Korea," p. 22; Harrison, "Time to Leave North Korea?" p. 72.

91. Quote is from Buzo, *Guerilla Dynasty*, p. 247; See also Bradner, "North Korea's Strategy," p. 72.

92. Scobell, *U.S. Army and the Asia-Pacific*, pp. 3-4.

93. Cha, "The Continuity Behind the Change in Korea," pp. 588-589.

94. The same point is make by Samuel S. Kim, "The Future of the Post-Kim Il Sung System in North Korea," in *The Two Koreas and the United States: Issues of Peace, Security, and Economic Cooperation*, Wonmo Dong, ed., Armonk, NY: M. E. Sharpe, 2001, p. 49.

95. For a concise discussion of Beijing's calculus regarding the future of North Korea, see Noland, *Avoiding the Apocalypse*, pp. 372-374.

96. Interpreting Beijing policy toward the Korean Peninsula and divining Chinese preferences is a complicated business. For a sophisticated and insightful analysis of Beijing's Korea policy, see Samuel S. Kim, "The Making of China's Korea Policy in the Era of Reform," in *The Making of Chinese Foreign and Security Policy in the Era of Reform*, David M. Lampton, ed., Stanford, CA: Stanford University Press, 2001, pp. 371-408.

CHAPTER 11

THE RISE OF CHINA: IMPLICATIONS FOR SECURITY FLASHPOINTS AND RESOURCE POLITICS IN THE SOUTH CHINA SEA

David Rosenberg

INTRODUCTION

On Sunday, April 1, 2001, a U.S. surveillance aircraft collided with a Chinese fighter jet and made an emergency landing on China's Hainan Island in the South China Sea. The incident has raised a number of issues concerning relations between the United States and China. What are the security implications of the rise of China for the international community, for its neighbors, and for the United States in particular? This analysis examines one potential trouble spot, the South China Sea, where small conflicts could escalate into larger conflicts, with disastrous implications for the world at large.

There have been many recent conflicts among nations around the South China Sea, ranging from hundreds of small-scale incidents involving fishing boats to a few major violent clashes that resulted in significant death and destruction. Five major issues have generated these conflicts:

1. *Conflicting territorial claims* to the numerous islands and reefs in the region, in particular, the Spratly Islands and Paracel Islands.

2. Directly related to these are *conflicting claims to the oil and natural gas reserves* which may lie beneath the waters around these islands.

3. *Maintenance of freedom of navigation* in the face of rising shipping traffic through the straits and sea lanes of the South China Sea.

4. *Piracy and sea robbery*, which have increased rapidly in the 1990's, faster than the rise in shipping traffic.

5. *Environmental pollution and resource depletion issues.* These include fishing disputes, and conflicts over transboundary air pollution such as smoke haze from Indonesian forest fires and acid rain from coastal Chinese industries. Conflicts over coral reef damage and oil spills are additional concerns.

What are the prospects that a dispute involving one of these issues might become a major conflict involving China? How contentious or cooperative has the People's Republic of China (PRC) been in resolving the numerous conflicts in the region? This analysis examines China's policy on the five issues mentioned above with a view to assessing how cooperative or confrontational it has been in resolving conflicts in the South China Sea.

Background.

The South China Sea is defined by the International Hydrographic Bureau as the semi-enclosed body of water stretching in a Southwest to Northeast direction, whose southern border is 3 degrees South latitude between South Sumatra and Kalimantan (Karimata Straits), and whose northern border is the Strait of Taiwan from the northern tip of Taiwan to the Fukien coast of China.

The area includes more than 200 small islands, rocks, and reefs, with the majority located in the Paracel and Spratly Island chains. Many of these islands are partially submerged rocks and reefs unsuitable for habitation.[1]

Geology and climate have combined to produce a remarkable amount of biological diversity and immense natural resources in the South China Sea. Over 30 percent

of the world's coral reefs border the South China Sea, especially around the archipelagos of Indonesia and the Philippines. These coral reefs provide a habitat for the highest biological diversity in the world.[2] They provide the foundation of an aquatic food chain. About half of the coastal population's protein intake now comes from the sea.[3]

The littoral countries of the South China Sea have similar coastal ecosystems and access to common resources; for example, coastal cultivation of oysters and shrimp, and deep-sea fishing for tuna and other migratory species in the South China Sea. A large portion of the coastal workforce is dependent on the marine environment. This includes employment in fishing, marine transportation, offshore exploration and mining of mineral and non-mineral resources, and recreation and tourism.

The South China Sea may also be an important source of oil and natural gas. However, the cost of drilling in deep-water areas of the South China Sea is high. Preliminary assessments of the geochemistry of the Spratly Islands area suggest that there may be little likelihood of finding substantial and easily exploitable yields of oil or natural gas. Due to numerous territorial disputes, few oil companies are likely to risk the cost of exploration to determine whether the potential yields in the area are commercially viable. This situation might change, however, given the high oil prices of recent years.

I. CONFLICTING TERRITORIAL CLAIMS

Who owns the South China Sea? Who has rights of navigation through its waters? Who is responsible for its environment? International law is ambiguous on these questions. To the north, the Pratas Island and the submerged Macclesfield Bank are claimed by Taiwan and China. China and Taiwan have tacitly tolerated each other's identical claim to practically the entire South China Sea because both base their claim on the same historic grounds. All the Paracel Islands are claimed by Vietnam, Taiwan,

and China on historic grounds, although these have been occupied exclusively by China since 1974.

Further south, the Spratly Islands are claimed by China, Taiwan, Vietnam, the Philippines, Malaysia, and Brunei. Of the six, all but Brunei have sought to strengthen their claims by establishing a military presence on at least one of the Spratlys. Although their claims to exclusive economic zones overlap, all six allege that their claims are fully supported under international law and under the 1982 United Nations (U.N.) Convention on the Law of the Sea which entered into force in 1994. Finally, the claims of China, Taiwan, and Vietnam overlap portions of Indonesia's claim in the Natuna area. These claims are summarized in Table 1.

How did this situation come about? The United States Institute of Peace reports that:

> The question of who owns the 400-plus rocks, reefs, and islands (known as the Spratly Islands) that are scattered within an 800,000-square-kilometer area within the South China Sea was largely ignored until the 1970s. . . . During the 1980s and 1990s, most of the disputing states have found themselves in a race to bolster their claims to sovereignty by gaining occupation of the islands that can support a physical presence or by establishing markers on the islands where physical occupation is not feasible. In some cases claimants have even built structures on features that are completely submerged at high tide, maintaining a physical presence on these island specks under arduous and mind-numbing physical conditions. Currently, Vietnam occupies more than twenty islets or rocks, China occupies eight, Taiwan one, the Philippines eight, and Malaysia three to six. [4]

Ironically, the U.N. Law of the Sea Convention—which intended to resolve maritime disputes—may have exacerbated them, at least in the short-term. The 1982 convention created a number of guidelines concerning the status of islands, the continental shelf, enclosed seas, and territorial limits. Three of the guidelines which are most relevant to the South China Sea are:

Brunei	Does not occupy any of the islands, but claims part of the South China Sea nearest to it as part of its continental shelf and Exclusive Economic Zone (EEZ). The boundary lines are drawn perpendicularly from two outermost points on the Brunei coastline. In 1984, Brunei declared an EEZ that includes Louisa Reef.
China	Refers to the Spratly Islands as the Nansha islands, and claims all of the islands and most of the South China Sea for historical reasons. China also claims the Paracel Islands (referred to as the Xisha Islands), and includes them as part of its Hainan Island province. Chinese claims are based on archaeological evidence and historical events, including the naval expeditions to the Spratly Islands by the Han Dynasty in 110 AD and the Ming Dynasty from 1403-1433 AD. In the 19th and early 20th centuries, China asserted claims to the Spratly and Paracel islands. During World War II, the islands were claimed by the Japanese. In 1947, China produced a map with nine undefined dotted lines, and claimed all of the islands within those lines. A 1992 Chinese law restated its claims in the region. China has occupied eigtht of those islands to enforce its claims. In 1974, China seized the Paracel Islands from Vietnam.
Indonesia	Not a claimant to any of the Spratly Islands. However, Chinese and Taiwanese claims in the South China Sea may extend into Indonesia's EEZ and continental shelf, including Indonesia's Natuna gas field.
Malaysia	Its Spratly claims are based upon the continental shelf principle, and have clearly defined coordinates. Malaysia has occupied three islands that it considers to be within its continental shelf. Malaysia has tried to build up one atoll by bringing soil from the mainland and has built a hotel.
Philippines	Its Spratly claims have clearly defined coordinates, based both upon the proximity principle as well as on the explorations of a Philippine explorer in 1956. In 1971, the Philippines officially claimed eight islands that it refers to as the Kalayaan, partly on the basis of this exploration, arguing that the islands: 1) were not part of the Spratly Islands; and 2) had not belonged to anyone and were open to being claimed. In 1972, they were designated as part of Palawan Province, and have been occupied.
Taiwan	Taiwan's claims are similar to those of China, and are based upon the same principles. As with China, Taiwan's claims are also not clearly defined. Occupies Itu Aba.
Vietnam	Vietnamese claims are based on history and the continental shelf principle. Vietnam claims the entire Spratly Islands (Truong Sa in Vietnamese) as an offshore district of the province of Khanh Hoa. Vietnamese claims also cover an extensive area of the South China Sea, although they are not clearly defined. In addition, Vietnam claims the Paracel Islands (the Hoang Sa in Vietnamese), although they were seized by the Chinese in 1974. The Vietnamese have followed the Chinese example of using archaeological evidence to bolster sovereignty claims. In the 1930s, France claimed the Spratly and Paracel Islands on behalf of its then-colony Vietnam. Vietnam has since occupied 20 of the Spratly Islands to enforce its claims.

Source: U.S. Energy Information Agency, Country Analysis Brief, *http://www.eia.doe.gov/emeu/cabs/schina.html*.

Table 1. Territorial Claims in the Spratly and Paracel Islands.

1. Article 3, which establishes that "every state has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles;"

2. Articles 55–75, which define the concept of an Exclusive Economic Zone (EEZ), an area up to 200 nautical miles beyond and adjacent to the territorial sea. The EEZ gives coastal states "sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or nonliving, of the waters superjacent to" (above) "the seabed and of the seabed and its subsoil . . ."

3. Article 121, which states that rocks that cannot sustain human habitation or economic life of their own shall

have no exclusive economic zone or continental shelf.

The establishment of the EEZ created the potential for overlapping claims in semi-enclosed seas such as the South China Sea. These claims could potentially be extended by any nation which could build a settlement on the islands in the region and attempt to establish a clear title. South China Sea claimants have clashed as they tried to establish (mostly military) outposts on the islands in order to be in conformity with Article 121 in pressing their claims.

Spratly Islands.

The total land area of the Spratly Islands is less than three square miles. The islands are important, however, for strategic and political reasons, because ownership claims to them are used to anchor claims to a 200-mile exclusive economic zone in the surrounding seas.

China's claims to the Spratly Islands, called the Nansha Islands by many Chinese observers, are detailed at length in an official statement of the PRC Ministry of Foreign Affairs.[5]

> China has indisputable sovereignty over the Nansha Islands and their adjacent waters. It was the first to discover and name the islands as the Nansha Islands and the first to exercise sovereign jurisdiction over them. We have ample historical and jurisprudential evidence to support this, and the international community has long recognized it. During World War II, Japan launched the war of aggression against China and occupied most of China's territory, including the Nansha Islands. It was explicitly provided in the *Cairo Declaration*, the *Potsdam Proclamation* and other international documents that all the territories Japan had stolen from China should be restored to China, and naturally, they included the Nansha Islands. In December 1946, the then Chinese government sent senior officials to the Nansha Islands for their recovery. A take-over ceremony was held on the islands and a monument erected in commemoration of it, and the troops were sent over on garrison duty. In 1952 the Japanese Government officially stated that it renounced all its "right,

> title and claim to Taiwan, Penghu Islands as well as Nansha and Xisha islands", thus formally returning the Nansha Islands to China. All countries are very clear about this part of historical background. As a matter of fact, the United States recognized China's sovereignty over the Nansha Islands in a series of subsequent international conferences and international practice.

This official memorandum continues for several pages and makes reference to a much wider Chinese claim to the South China Sea. These are illustrated in the "nine-dash line" map of Chinese claims in the South China Sea, first drawn in the 1930s and published by the Republic of China's Kuomintang government in 1947 (See Figure 1.[6]) It appears to treat the South China Sea as if it were an area under the administration of its adjacent province. According to many authorities, this is inconsistent with the U.N. Convention on the Law of the Sea, which limits sovereignty claims to 12 nautical miles. It is also unlikely that any of the South China Sea islands, especially the Spratly Islands meet the qualifications of a territory entitled to an exclusive economic zone of 200 miles.[7]

The PRC has constructed facilities on formerly unoccupied reefs in the Spratly area, but has not made any attacks against islets or reefs that are already occupied by other states. Mindful of other countries' claims, it has repeatedly expressed a preference for resolving disputes bilaterally with each of the other claimant states and has repeatedly rejected proposals for multilateral negotiations, especially with countries from outside the region. It has repeatedly promised to follow the rules established in the 1982 U.N. Convention on the Law of the Sea for resolving territorial disputes.

At the same time, it has also suggested that it would agree to shelve sovereignty disputes while establishing some form of still-undefined joint development of regional resources. More recently, it has indicated it would take part in multilateral talks within the region about specific issues, such as the possibility of developing a code of conduct.

Adapted from Stein Tonnesson, "China and the South China Sea: A Peace Proposal," *Security Dialogue*, Vol. 31, No. 3, September 2000.

Figure 1. China's Nine-Dash Line Map of South China Sea Claims.

All this amounts to an inconsistent and unclear policy. It is further complicated by other disputes among the littoral states of the South China Sea. For example, Indonesia's ownership of the gas-rich fields offshore of the Natuna Islands was undisputed until China released an official map with unclear maritime boundaries indicating that Chinese claims in the South China Sea might extend into the waters around the Natuna Islands.[8] Indonesia responded by choosing the Natuna Islands region as the site of its largest military exercises to date in 1996. Subsequent consultations between Indonesia and China did not resolve the issue. The PRC as well as the Republic of China on Taiwan both remain vague about the sovereignty claims implied by the nine-dashed line.[9]

The Philippines' Malampaya and Camago natural gas and condensate fields are in Chinese-claimed waters. The Philippine Government Department of Energy has given approval to Shell Philippine Exploration to build a 500 km undersea pipeline to bring gas from the Camago-Malampaya field to the main island of Luzon. China has not voiced a specific objection to the development of these fields.

Many of Malaysia's natural gas fields located offshore Sarawak also fall under the Chinese claim, but as with the Philippine gas fields, China has not specifically objected to their development.

Vietnam and China have overlapping claims to undeveloped blocks off the Vietnamese coast. A block referred to by the Chinese as Wan' Bei-21 (WAB-21) west of the Spratly Islands is claimed by the Vietnamese in their blocks 133, 134, and 135. The inability to resolve these disputes has prevented Conoco and PetroVietnam from undertaking the exploration in these blocks that had been planned under a tentative pact. In addition, Vietnam's Dai Hung (Big Bear) oil field is at the boundary of waters claimed by the Chinese.

Maritime boundaries in the gas-rich Gulf of Thailand portion of the South China Sea have not been clearly defined. Several companies have signed exploration agreements but have been unable to drill in a disputed zone between Cambodia and Thailand.

Overlapping claims between Thailand and Vietnam were settled on August 8, 1997, and cooperative agreements for exploration and development were signed for the Malaysia -Thai and Malaysia-Vietnam Joint Development Areas in 1993.

Military Conflicts and Conflict Resolution Efforts.

Military skirmishes have occurred numerous times over the past 3 decades. In 1974, China invaded and captured the Paracel Islands from Vietnam. Another confrontation occurred between the Chinese and Vietnamese over the occupation of Fiery Cross Reef (Yung Shu Jiao) in 1988. PRC forces sank three Vietnamese vessels, killing 72 people.

Another incident began with the discovery that the Chinese had occupied Mischief Reef, a circular reef within 200 miles of the Philippine island of Palawan, and within the area claimed by the Philippine government as its Exclusive Economic Zone (EEZ). This involved encounters between military vessels from the Philippines and the PRC in March and April 1995.[10] These and other recent conflicts are summarized in Tables 2 and 3.

Indonesia took the initial leading role in diplomatic initiatives and cooperative agreements to resolve South China Sea issues, particularly through the Association of Southeast Asian Nations (ASEAN), which has called for the peaceful arbitration of territorial claims. ASEAN has held a number of meetings with China and Taiwan on these issues. They have also been discussed at the larger ASEAN Regional Forum (ARF), which draws together 22 countries involved in the security of the Asia-Pacific region.

Date	Countries	Disputes
1992	China, Vietnam	In May, China signed a contract with U.S. firm Crestone to explore for oil near the Spratly Islands in an area that Vietnam says is located on its continental shelf, over 600 miles south of China's Hainan Island. In September, Vietnam accused China of drilling for oil in Vietnamese waters in the Gulf of Tonkin.
1993	China, Vietnam	In May, Vietnam accused a Chinese seismic survey ship of interfering with British Petroleum's exploration work in Vietnamese waters. The Chinese ship left Vietnamese block 06 following the appearance of two Vietnamese naval ships.
1993	China, Vietnam	In December, Vietnam demanded that Crestone cancel offshore oil development in nearby waters.
1994	China, Vietnam	Crestone joined with a Chinese partner to explore China's Wan' Bei-21 (WAB-21 block. Vietnam protested that the exploration was in Vietnamese waters in their blocks 133, 134, and 135. China offered to split Wan' Bei production with Vietnam, as long as China retained all sovereignty.
1994	China, Vietnam	In August, Vietnamese gunboats forced a Chinese exploration ship to leave an oilfield in a region claimed by the Vietnamese.
1996	China, Vietnam	In April, Vietnam leased exploration blocks to U.S. firm Conoco, and ruled out cooperation with U.S. oil firms that signed Chinese exploration contracts in disputed waters. Vietnamese blocks 133 and 134 cover half the zone leased to Crestone by China. China protested, and reaffirmed a national law claiming the South China Sea as its own in May.
1997	China, Vietnam	In March, Vietnamese issued a protest after the Chinese Kantan-3 oil rig drills near Spratly Islands in March. The drilling occurred offshore Da Nang, in an area Vietnam calls Block 113. The block is located 64 nautical miles off Chan May cape in Vietnam, and 71 nautical miles off China's Hainan Island. The diplomatic protests were followed by the departure of the Chinese rig.
1997	China, Vietnam	In December, Vietnamese protested after the Exploration Ship No. 8 and two supply ships entered the Wan' Bei exploration block. All three vessels were escorted away by the Vietnamese navy.
1998	China, Vietnam	In September, Vietnamese protested after a Chinese report stated that Crestone and China were continuing their survey of the Spratly Islands and the Tu Chinh region (Wan' Bei in Chinese).

Source: U.S. Energy Information Agency, Country Analysis Brief, *http://www.eia.doe.gov/emeu/cabs/schina.html*.

Table 2. Disputes over Drilling and Exploration in the South China Sea.

Given that a territorial settlement is unlikely in the short term, other avenues of regional cooperation have emerged. Since 1990 a series of workshops on "Managing Potential Conflicts in the South China Sea" have been held under the auspices of the Indonesian government's Research and Development Agency within the Department of Foreign Affairs.[11] These non-governmental gatherings, attended by government and military officials in their private capacities as well as by academics from ASEAN countries as well as China, Taiwan, and Canada, have been convened to explore ways to promote cooperation among the

Date	Countries	Military Action
1974	China, Vietnam	Chinese seized the Paracel Islands from Vietnam, with 18 of its troops killed in clashes on one of the islands.
1988	China, Vietnam	Chinese and Vietnamese navies clashed at Johnson Reef in the Spratly Islands. Several Vietnamese boats were sunk and over 70 sailors killed.
1992	China, Vietnam	Vietnam accused China of landing troops on Da Luc Reef. China seized almost 20 Vietnamese cargo ships transporting goods from Hong Kong from June - September.
1994	China, Vietnam	China and Vietnam had naval confrontations within Vietnam's internationally recognized territorial waters over Vietnam's Tu Chinh oil exploration blocks 133, 134, and 135. Chinese claim the area as part of their Wan' Bei-21 (WAB-21) block.
1995	China, Philippines	China occupied Philippine-claimed Mischief Reef. Philippine military evicted the Chinese in March and destroyed Chinese markers.
1995	Taiwan, Vietnam	Taiwanese artillery fired on a Vietnamese supply ship.
1996	China, Philippines	In January, Chinese vessels engaged in a 90-minute gun battle with a Philippine navy gunboat near Capones Island.
1997	China, Philippines	The Philippine navy ordered a Chinese speedboat and two fishing boats to leave Scarborough Shoal in April; the Philippine navy later removed Chinese markers and raised its flag. China sent three warships to survey Philippine-occupied Panata and Kota Islands
1998	Philippines, Vietnam	In January, Vietnamese soldiers fired on a Philippine fishing boat near Tennent (Pigeon) Reef.
1999	China, Philippines	In May, a Chinese fishing boat was sunk in a collision with Philippine warship. In July, another Chinese fishing boat was sunk in a collision with a Philippine warship.
1999	China, Philippines	In May, Chinese warships were accused of harassing a Philippine navy vessel after it ran aground near the Spratly Islands.
1999	Philippines, Vietnam	In October, Vietnamese troops fired upon a Philippine air force plane on reconnaissance in the Spratly Islands.
1999	Malaysia, Philippines	In October, Philippine defense sources reported that two Malaysian fighter planes and two Philippine air force surveillance planes nearly engaged over a Malaysian-occupied reef in the Spratly Islands. The Malaysian Defense Ministry stated that it was not a stand-off.

Source: U.S. Energy Information Agency, Country Analysis Brief, *http://www.eia.doe.gov/emeu/cabs/schina.html.*

Table 3. Recent Military Clashes in the South China Sea.

nations bordering on the South China Sea. The group has been helpful in coordinating scientific marine research and environmental protection. This, in turn, has provided an authoritative basis for intergovernmental policy within ASEAN.

At the ASEAN Summit in November 1999, ASEAN members proposed a general code of conduct for resolving disputes in the region. China, which is a member of the ARF, argued in the past that the resolution of territorial disputes should be a bilateral issue. However, since November 1999, it has begun a dialogue with ASEAN on the

idea of a "code of conduct" governing actions by claimants. In general, ASEAN members have pushed for specific commitments to refrain from additional occupation of reefs or new construction, while China has favored a more vague commitment to refrain from actions that would complicate the situation.

Progress toward developing a regional code of conduct has continued, though at a slow and uneven pace. On the one hand, Malaysian Foreign Minister Syed Hamid bin Syed Jaafar Albar stated that it was his belief that ASEAN nations had agreed that the territorial disputes were an ASEAN issue, and should not be resolved in other international forums. [12] On the other hand, China has shown a preference for engaging in bilateral talks with Vietnam to resolve disputed boundaries in the Gulf of Tonkin, as well as land boundaries.

In a dramatic turnabout on December 25, 2000, Chinese president Jiang Zemin signed agreements in Beijing with visiting Vietnamese counterpart Tran Duc Luong to settle a long-standing territorial dispute over resources in the Gulf of Tonkin. The two pacts demarcate territorial waters and exclusive economic zones and outline fisheries cooperation in the Gulf of Tonkin, known as the Beibu Bay in China. The accords included a joint statement for all-round cooperation in the new century, an agreement on the delimitation of the Gulf of Tonkin territorial sea, the exclusive economic zone and continental shelves, and two intergovernment agreements on the peaceful use of nuclear energy and on fishing cooperation in the Gulf of Tonkin.

The joint statement said that both sides would seek a solution to their remaining marine territorial issues "through peaceful negotiations." It said the two counties "will not take actions to complicate or aggravate disputes. Nor will they resort to force or threat of force."[13] The agreements indicate the steadily improving relations between the communist neighbor states who fought a brutal border war 21 years ago.

Vietnam had wanted to include the dispute over the Paracel Islands in a regional code of conduct. However, other ASEAN members have not supported this proposal because the Paracels are disputed only between Vietnam and China.

Are the Spratly Islands worth fighting for? Some contend that they are not astride any major sea lanes and have little military significance.[14] If China really was determined to push the Philippines or Vietnam out of contested areas, it could do so from its military bases in Hainan and the Paracels. There have been many low-level incidents, but no major wars in the Spratlys, because no country has any major stakes there. Nevertheless, no one will foreclose options because of the lure of resources.

The belief—still unproven—that the South China Sea contains large deposits of resources has exacerbated the problem of territorial disputes.[15] While the claimants have agreed, in principle, to renounce the use of force to resolve the dispute, there is almost no agreement as to how to resolve the issue.

One common suggestion is that the various claimants should sign a Joint Development Agreement (JDA) in order to prevent conflict. They would agree to put aside questions of sovereignty and cooperate in joint resource development in the disputed area. The problem with this approach, however, is there is still little agreement among the claimants as to how this cooperation would work. Given the ambiguous, incomplete, and often contradictory claims to the islands of the South China Sea, a political settlement—not a legal solution—may be the only realistic means of resolving these complex issues.

Given the paucity of proven reserves, it seems unlikely that any of the claimants would be willing to engage in full-scale war to enforce their claims. This situation may change, however, as their energy and resource needs grow.

II. CONFLICTING CLAIMS TO OIL AND NATURAL GAS RESERVES

Over most of the past 2 decades, industrial output and energy consumption have grown faster in the countries around the South China Sea than anywhere else in the world, driven by the region's rapid economic growth and increasing population. It would be convenient indeed if fossil fuel reserves could be located within the region.

How much oil and natural gas might there be under the South China Sea? According to the U.S. Energy Information Agency, the South China Sea region has proven oil reserves estimated at about 7.8 billion barrels. Current oil production in the region is over 1.9 million barrels per day. Beyond that, estimates vary widely. According to a 1995 study by Russia's Research Institute of Geology of Foreign Countries, the equivalent of six billion barrels of oil might be located in the Spratly Islands area, of which 70 percent would be natural gas. According to Chinese media outlets, the South China Sea may be "the second Persian Gulf." Some Chinese specialists have asserted that the South China Sea could contain as much as 150 billion barrels of oil and natural gas.[16] Recent estimates of fossil fuel reserves from the U.S. Energy Information Agency are summarized in Tables 4 and 5.

In general, the Chinese estimates mentioned above are much higher than U.S. estimates. However, there is little hard evidence to substantiate the PRC claims. In the Spratlys, because of a lack of exploratory drilling, there are no proven oil reserve estimates. No commercial oil or gas has been discovered there. Nevertheless, oil and natural gas consumption in East Asia is widely expected to increase steadily for many years to come. For want of a source closer to home, the PRC, which has the region's largest projected energy demand, is looking to the Middle East for oil imports. China's growing dependence on imported oil from the Middle East has led to a substantial increase in shipping through the South China Sea.

	Proven Oil Reserves (Billion Barrels)	Proven Gas Reserves (Trillion Cubic Feet)	Oil Production (Barrels/Day)	Gas Production (Billion Cubic Feet)
Brunei	1.4	13.8	200,612	334
Cambodia	0	0	0	0
China*	1 (est.)	3.5 (est.)	273,000	141
Indonesia*	0.2 (est.)	29.7 (est.)	215,000	12
Malaysia	3.9	81.7	668,922	1,457
Philippines	0.3	2.8	3,000	<1
Singapore	0	0	0	0
Taiwan	<0.01	2.7	1,300	53
Thailand	0.4	11.8	169,346	565
Vietnam	0.6	6.8	282,463	19
Total	Est. 7.8	Est. 152.8	1,921,734	2,542

*Only the regions around the South China Sea are included. Note: There are no proved reserves for the Spratly and Paracel Islands. Proved oil and natural gas reserves are as of 1/1/2001 (except China and Indonesia South China Sea regions, where data is as of 1998). Oil production is a 2000 average through the first 11 months (except China and Indonesia South China Sea regions, where data is as of 1998). Oil supply includes crude oil, natural gas plant liquids, and other liquids. Natural gas production is the 1999 average, except for Indonesia, where production from the West Natuna gas field, which began in 2000, is included.

Source: U.S. Energy Information Agency, Country Analysis Brief, *http://www.eia.doe.gov/emeu/cabs/schina.html*.

Table 4. Oil and Gas in the South China Sea Region.

	Proven Oil Reserves (Billion Barrels)	Proven Gas Reserves (Trillion Cubic Feet)	Oil Production (Million Barrels/Day)	Gas Production (Trillion Cubic Feet/Year)
Caspian Sea Region	18.4-34.9	236-337	1.3	4.3
North Sea Region	16.1	148.2	6.7	9.0
Persian Gulf	672.0	1,800.0	21.4	6.8
South China Sea	Est. 7.8	Est. 152.8	1.9	2.5

Proved reserves as of 1/1/2001.

Oil production as of 2000. Oil supply includes crude oil, natural gas plant liquids, and other liquids. Natural gas production as of 1999 (except for the Caspian Sea Region, which as an estimate for 2000).

Source: US Energy Information Agency, Country Analysis Brief, *http://www.eia.doe.gov/emeu/cabs/schina.html*

Table 5. Oil and Gas in the South China Sea—Comparison with other Regions.

III. MAINTENANCE OF FREEDOM OF NAVIGATION

The South China Sea has become one of the world's busiest international sea lanes. More than half the world's annual merchant shipping traffic sails through the Straits of Malacca, Lombok, and Sunda. Crude oil, liquefied natural gas, coal, and iron ore comprise the bulk of shipping traffic. Over 100,000 oil tankers, container ships, and other merchant vessels transit the Straits each year. The oil tankers carry over three million barrels of crude oil through the straits each day.[17]

Tanker traffic through the Strait of Malacca at the southwestern end of the South China Sea is more than three times greater than Suez Canal traffic, and well over five times more than the Panama Canal. Over 9.5 million barrels of oil per day flow through the Strait of Malacca. Over 80 percent of oil imports for Japan, South Korea, and Taiwan flow through the South China Sea. [18]

Oil tanker traffic—already high—is expected to increase substantially with the projected increase in Chinese oil imports. Over the next 20 years, oil consumption among developing Asian countries is expected to rise by 4 percent annually on average, with about half of this increase coming from China. If this growth rate is maintained, oil demand for these nations will reach 25 million barrels per day—more than double current consumption levels—by 2020.[19] Almost all of this additional Asian oil demand, as well as Japan's oil needs, will need to be imported from the Middle East and Africa. Most all of it will pass through the strategic Strait of Malacca into the South China Sea. Supertankers going to Japan will pass through the wider Lombok Strait east of Bali.

Current and projected oil shipments dramatize the strategic importance of the South China Sea region, and qualify the Strait of Malacca as a major chokepoint in the world's oil transport system. The narrowest point of this

shipping lane is the Phillips Channel in the Singapore Strait, which is only 1.5 miles wide at its narrowest point. This creates a natural bottleneck, with the potential for a collision, grounding, or oil spill.

The disruption of shipping or any threat to close or restrict access through the Strait of Malacca would have a significant impact on world oil prices. If necessary, shippers could avoid the Strait, but only at some additional cost, time, and disruption.

All the countries of East Asia who depend heavily on oil imports—in particular, Japan, South Korea, Taiwan, and, increasingly, China—have a strong common interest in the safety and freedom of navigation through these crowded, narrow waterways. The shipping of energy through the South China Sea is more important than any possible oil resources in disputed waters.[20]

China has explicitly stated it will uphold the security of regional sea lanes.[21] To ensure this, China and other major shipping nations in the region all participate in the APEC Transportation Working Group (TPT-WG), which aims to increase the efficiency and safety of the regional transportation system through coordination and training for managing port and cargo traffic. They take part in the APEC TPT-WG and other international maritime organizations to pursue their common interests in securing freedom of navigation for their vital imports.

As Ji Guoxing notes, "proceeding from its economic interests, China is fully aware of the importance of the sea routes."[22] As a member of the International Maritime Organization (IMO), China has signed bilateral maritime transportation agreements with 51 countries, making positive efforts to promote international cooperation and exchanges in maritime transportation. At the 16th to 20th sessions of the IMO, China was successively elected as an A-level council member state. China has also acceded to over 30 conventions formulated by the IMO.[23]

To date, the Chinese government has accepted all the major international conventions related to maritime safety and pollution prevention. These include the Safety of Life at Sea Convention of 1974, Regulations for Preventing Collisions at Sea Convention of 1972, Search and Rescue Convention of 1979, Convention for the Prevention of Pollution from Ships, 1973/78, among others.[24]

IV. PIRACY AND SEA ROBBERY

The large volume of shipping in the South China Sea region has created opportunities for attacks on merchant shipping. In the 1990s, more than half of the world's reports of piracy took place in the South China Sea. Attacks on shipping include both piracy, defined as illegal acts for private gain on the high seas, as well as sea robbery, attacks taking place within 12-mile territorial limits.

At the beginning of the 1990s, there was a surge in reports of piracy around the Strait of Malacca. After Indonesia, Malaysia, and Singapore started coordinating their surveillance efforts, however, piracy attacks shifted to the waters around Hong Kong and Hainan. Russian ships were frequently targeted until Russian frigates arrived in 1995. Piracy attacks then shifted to Indonesian territorial waters, where they have steadily increased. Reports of piracy in the South China Sea in 1999 were 40 percent higher than 1998, and 300 percent higher than 1990 levels. The big increase in piracy in Indonesian waters and ports may be attributed to its economic crisis and domestic instability. It may also be attributed to increasingly sophisticated attacks by organized crime groups. In the new millennium of piracy, ships are targeted in port, and then tracked and boarded in vulnerable areas beyond national jurisdiction. Cargo is offloaded and readily disposed; captured ships are then repainted and reflagged.[25]

The response of littoral countries was delayed by uncertainties over legal jurisdiction, disputed sovereignty, and uncoordinated efforts at recovery of crew, cargo, or

ships. Even when pirates were detected, "hot pursuit" across national boundaries was seldom attempted. In recent years, however, greater efforts have been exerted. The International Piracy Control Center in Kuala Lumpur, and the International Maritime Organization's Piracy Reporting Centre in London have stepped up monitoring efforts. The ARF convened a meeting of maritime specialists to coordinate coast guard action, information exchange, and investigation of piracy reports. Japanese coast guard authorities called for a regional coordinated coast guard surveillance program and hosted a conference to discuss anti-piracy technologies. Singapore, Malaysia, and Indonesia have begun joint patrols of the seaways. Notwithstanding all the conflicting territorial claims, China has called for joint exercises with its South China Sea neighbors to control piracy and drug smuggling. Enforcement of penalties has been especially strict in China. In December 1999, 13 pirates were convicted and executed for seizing the cargo ship Cheung Son and murdering its crew of 23.[26]

All the major trading countries of the region together with their shipping companies have a strong common interest in the safety and freedom of navigation through the perilous, crowded, narrow waterways of the South China Sea. The PRC is no exception. The Chinese government recognizes its shared interest with the other countries of this region and has cooperated with regional and international maritime agencies to combat piracy threatening their vital imports.

V. ENVIRONMENTAL POLLUTION AND RESOURCE DEPLETION

The problems of environmental pollution and resource depletion around the South China Sea are generally due to population growth and urbanization in coastal cities, and highly polluting technologies for energy production and primary resource extraction. Among the many

environmental issues in the region, the problem of dwindling fish stocks is of pressing concern.

Fisheries are very important in Southeast Asia. They provide inexpensive sources of protein, increased job opportunities, and revenue for foreign exchange. In the mid-1990s, the region produced over eight million metric tons live weight of marine fish per year, about 10 percent of world total catch.[27] In addition, more and more coastal areas were converted for aquaculture of shrimp and fish, a booming industry of economic importance in the region.

However, as more people move to coastal cities around the South China Sea, the pressure to increase fish catch leads to overfishing, an extremely destructive force in the South China Sea. Destructive and illegal fishing methods—common in China, the Philippines, Indonesia, and Malaysia—include dynamite blasting, coral mining, and cyanide "fishing" to stun fish for live collection.

China depends heavily on fishing resources; one-fourth of all PRC aquatic products comes from the South China Sea. According to fishery specialists, the potential catch of the South China Sea is in the area of 2.5 million tons; however, in 1998, the marine catch in Guangdong, Guangxi, and Hainan provinces had reached 3.1 million tons. With 70,000 boats, the fleet has increased ten times over in the last 20 years, along with considerably decreasing yields per vessel.[28]

In 1998, 60 percent of fishing enterprises had lost money, and many fishermen were unable to sustain their livelihoods, according to the Guangdong Marine and Aquaculture Department. In 1999, the Director of Guangdong Marine and Aquaculture Department, Li Zhujiang, issued limits on any increase in marine production and disallowed introduction of any new fishing boats. Vice-Minister of Agriculture Wan Baorui imposed a seasonal moratorium on fishing in the South China Seas, from June 1 to August 1, due to failing fishery production. In 2000, Liu Guojun, Vice-Director of the Ministry's Fisheries

Department, announced another seasonal ban which affected an area twice as large as that of 1999. The ban idled upwards of 30,000 boats and approximately one million fishermen, as well as 800 boats from Hong Kong and Macao.[29]

Soon after the ban, many Chinese fishing fleets ventured into territorial waters claimed by other countries. The Philippine navy encountered several Chinese fleets and sank one boat, causing an uproar from Beijing. One incident occurred off Scarborough Shoal, another near Mischief Reef to the west of the island of Palawan. Numerous other incidents occurred in fishing disputes between Indonesia and Thailand, Burma and Thailand, and Malaysia and Indonesia.[30]

China's fishing ban also exacerbated the competition for fish resources coming from distant-water fishing countries, such as Japan, Korea, Hong Kong, and Taiwan. They have more powerful boats, more advanced fishing technologies, as well as most post-harvest technologies. These distant-water fishing countries are most interested in catching valuable species such as tuna, skipjacks, mackerels, and even shrimps in the coastal waters. Thus, high value species are exported out of the region to developed countries, while intraregional offshore and artisanal fishermen compete with each other for dwindling coastal resources, often violently.

Not surprisingly, fisheries have become a new source of conflict in the region. The increase in aggressive fishing methods and competition for dwindling fish resources has led to many fishing disputes. There have been many incidents in which naval forces chased foreign commercial vessels out of territorial waters or arrested foreign nationals for being in territorial waters. According to the U.S. Energy Information Agency, these events are too numerous to list. Vietnam, for example, noted that by 1997 its coastal forces had driven foreign fishing vessels away on over 2,000 occasions.[31]

In sum, many fishing areas are under threat from anthropogenic pressures as a result of population growth, urbanization, and economic growth in the area. Fishing grounds are being degraded and damaged by land and sea based human activities, including organic and inorganic pollution, sedimentation, overfishing, and oil spills.

Policies and reserves to protect fishing areas have been slowly developing. Numerous recent attempts have been made to minimize fishing conflicts through negotiations, fishing agreements, joint ventures and licensing arrangements.[32] Indonesia, for example, has established joint ventures with Taiwan to catch tuna in their EEZ waters in the Indian Ocean south of Java; with Thailand for mackerel in the Natuna Sea; and with Japan for shrimp fisheries in Java Sea, Arafura and the Mollucca Seas.

The most recent and perhaps the most ambitious regional action on environmental issues began in earnest this year with the start of a project entitled "Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand." The $30 million dollar project is funded by the Global Environment Fund and the U.N. Environment Programme. It aims to coordinate and improve the efforts of China, Cambodia, Indonesia, Malaysia, Philippines, Thailand, and Vietnam at managing the environmental resources of the South China Sea.[33]

VI. CHINA'S POLICIES TOWARD THE SOUTH CHINA SEA: "CREEPING ASSERTIVENESS" OR "STRATEGIC PRAGMATISM"?

Some have argued that the PRC has followed a policy of "creeping assertiveness"[34] or "slow-intensity conflict"[35] or "creeping irredentism and ambiguous threats"[36] in the South China Sea. In their view, China has quietly but steadily expanded its presence and claims in the region through policies of intimidation and insinuation. Others contend that the PRC is following a policy of "strategic pragmatism" in resolving conflicts with others in the region,

and has worked with nations to develop regional institutions and codes of conduct to resolve disputes.

China's regional assertiveness can be seen in its construction of an airstrip and docks for warships on Woody Island in the Paracels, in its development of aerial refueling facilities in Zhanjiang, and in military aid that it has given to Burma to build a naval base on Hanggyi Island and a monitoring station on Great Coco Island.[37] China also created widespread alarm early in 1995 when it occupied Mischief Reef. This was the first time that China had unilaterally changed the *status quo* at the expense of a claimant other than Vietnam. It had covertly established its presence in waters and in an area claimed by the Philippines as falling within its EEZ. The Mischief Reef, which the Philippines calls the Panganiban Reef, is 150 miles West of Palawan, the Philippines' nearest land mass, and 620 miles Southeast of China. These disputes and conflicts have led some observers to argue that China has been too willing to resort to force and therefore poses a growing threat to regional security. [38]

China's strategic pragmatism can be seen in its attempts to resolve its ocean frontier disputes peacefully.[39] For example, in the Mischief Reef case mentioned above, when the ASEAN Foreign Ministers gathered at Brunei for the ARF meeting in July 1995, Chinese Foreign Minister Qian Qichen expressed China's readiness to discuss the Mischief Reef issue with all the ASEAN claimants, thereby reversing its previous insistence that it would discuss this only bilaterally with each claimant. While he reiterated China's claim of "indisputable sovereignty" over the Spratlys, he also indicated that China would be willing to recognize international laws, including the 1982 U.N. Convention on the Law of the Seas, as a basis for settling the differences. The Chinese unilateral action on Mischief Reef should not be viewed as a premonition of more aggressive actions to further assert its claims, according to Ralph Cossa. "A blatant, unprovoked use of military force seems the most

unlikely potential trigger for conflict" in the South China Sea.[40]

China has also cooperated in multilateral and bilateral talks on scientific research, fisheries management, environmental protection, and security for shipping.[41] According to Carlyle A. Thayer, "China has moved methodically to put its long-term relations with Southeast Asia on a firm foundation through cooperative framework agreements."[42] ASEAN governments have reciprocated in what might be termed a "Gulliver" strategy of lashing China to Southeast Asia with myriad ties of mutual interest.[43]

China's restraint can be seen in the November 1998 incident, where Philippine naval forces seized 6 Chinese fishing vessels and arrested 20 fishermen. Chinese government authorities merely requested the return of several detained fishermen from Philippine authorities. In 1999, one Chinese boat was sunk in May and another in July. In another Philippine-Chinese conflict in 2000, the captain of a Chinese fishing boat was killed. In all cases, there were Chinese protests, but no retaliation.[44] Neither China nor the Philippines have allowed these long-standing irritants to cause deterioration in bilateral relations, according to Carl Thayer.[45] "If aggressiveness means attempts to change the status quo," then over the years, Malaysia and the Philippines have been the "most aggressive" of the countries in this region, according to Ralph Cossa.[46] The most violent conflicts in the region—between China and Vietnam in 1974 and 1988—have also been those which have come closest to resolution. The December 2000 agreement on the Tonkin Gulf, as noted above, represented a dramatic reversal of earlier Chinese policies.

Thanks to their growing mutual interests in resource management and shipping security, China and the ASEAN have a basis for extending the code of conduct proposed in 1999 and developing it into a process of genuine conflict resolution. The code of conduct already offers constructive

guidelines for behavior. It includes confidence-building measures; for example, nations are encouraged to give public assurance that they will resort to nonviolent means to settle disputes. It seeks to foster public awareness of different nations' interests and claims. It calls for an end to occupation and annexation of unoccupied territories, the reduction of garrisons and military patrols in contested areas, the standardization of naval operations, and the improvement of communication (especially the development of hotlines to deal with crisis situations). Satellite image technology, first employed on a regional basis to detect smoke haze from Indonesian forest fires, can also be used to monitor other environment and security agreements.[47] The code proposal is still voluntary; however, it is an important step toward a genuine regional conflict resolution process.[48]

Caveats.

Three factors may influence the pace of developing a regional dispute settlement mechanism: Taiwan's role, internal security threats within the region, and world oil prices.

Taiwan's role. As the forum for regional negotiations takes shape, more effort and thought needs to be given to finding a creative diplomatic formula for incorporating Taiwan's participation. Taiwan forces occupy the two largest islands in the South China Sea: Pratas Island (approximately 200 miles southeast of Hong Kong in the northern South China Sea) and Itu Aba (approximately 1300 miles south of Taiwan in the southern South China Sea). Taiwan has reduced its garrison on Itu Aba; defense responsibilities have been transferred from the ROC Navy to the ROC Coast Guard. This implies that Taiwan is no longer prepared to use force to defend this islet.[49] To the contrary, it is developing facilities for tourism there.[50]

There is a curious pattern of accommodation in PRC-Taiwan relations. On the one hand, the PRC views

Taiwan as a renegade province; Taiwan views the mainland with cultural empathy but political disdain. On South China Sea issues, however, they are often in agreement. They have not had any direct confrontations in the South China Sea. They make the same claims and use the same definitions, baselines, and maps in stating their interests in the region. There is even some direct cooperation between China and Taiwan on technical issues.

Adding another country would certainly make multilateral negotiations more difficult. But Taiwan—which occupies the largest amount of territory in the SCS—has to be involved in the process.

Regional instability. The South China Sea is not only a region of conflicting claims; it is surrounded by local conflicts in Aceh, Borneo, West Papua, Muluccas, and Mindanao, as well as widespread illegal activities. Political instability in Indonesia has weakened its ability to take an active role in regional dialogue. Internal security threats there and elsewhere may impair progress toward developing a regional code of conduct.

*World energy prices***.** What will happen if world oil prices continue to rise, and PRC energy demand continues to rise? The PRC government may find it in its vital interest to secure essential supplies such as fuel imports or nearby energy reserves. There are very meager *proven* resources in the South China Sea at this point in time, possibly because there has not been much exploration. This in turn is a function of widespread border disagreements and the failure of the various claimants to cooperate in the joint development of the resources. At some point, the PRC might push harder to secure what it considers vital resources for national development.

CONCLUSION

Given the increased activity around the South China Sea, it is not surprising that there have been many and

varied kinds of conflicts. The evidence presented here indicates that, on the whole, China has responded to these conflicts through cooperative regional institutions rather than confrontational, unilateral means. Chinese authorities have determined that transportation for oil imports through the South China Sea is more important than oil and natural gas exploration under the South China Sea. The PRC has pursued this policy of regional cooperation rather than unilateral action to help feed its growing population and fuel its industrialization.

ENDNOTES - CHAPTER 11

1. These observations and the tables in this chapter are based on the authoritative *Fact Sheet on the South China Sea* provided by the U.S. Energy Information Agency. Updated periodically, it is available online at *http://www.eia.doe.gov/emeu/cabs/schinatab.html.*

2. See "Coral Reefs in Southeast Asia," in Coral Reefs and Mangroves of the World' *http://www.wcmc.org.uk/marine/data/coral_mangrove/marine.maps.main.html.*

3. Chou Loke Ming and Porfiro M. Alino, Underwater Guide to the South China Sea, Singapore: Times Editions, 1993.

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CHAPTER 12

THE *GESTALT* OF THE SINO-INDIAN RELATIONSHIP

John W. Garver

INTRODUCTION

The purpose of this chapter is to provide a framework for thinking about China-India relations and about the probable future security situation in the South Asian-Indian Ocean region. Three concepts provide a useful framework for this purpose: *Gestalt*, the structure of power, and a security dilemma. The chapter will explain the utility of these three concepts to the analysis of Sino-Indian relations in the South Asian-Indian Ocean Region (SA-IOR). It will then look in closer detail at three particularly important components of the Sino-Indian *Gestalt*/balance as they relate to possible future Sino-Indian conflict. These are (1) the status of Tibet, (2) the Sino-Pakistan entente, and (3) the status of Myanmar

I. THREE INTERPRETATIVE CONCEPTS

The *Gestalt* of Sino-Indian Relations.

Gestalt theory is a particular approach to human psychological states and processes. That approach emerged early in the 20th century in response to still earlier theories. These theories saw a point-for-point correspondence between a physical stimulus and the resulting sensation apprehended by the perceiving individual. By the end of the

20th century, Gestalt theory remained an influential school within the field of psychology.[1]

According to *Gestalt* theory, perceptions in response to stimuli are greatly influenced by context, by the relation of the stimuli to other, surrounding elements. At a very basic level, perceptions of the size, shape, or color of an object are greatly influenced by the nature of the surrounding field. At a more complex level, in rendering judgments about what a particular stimulus "is," about its meaning, individuals will be greatly influenced by other cues or signals. Perceptions are thus relationally determined. Moreover, perceptions commonly involve a number of elements in dynamic inter-relationship with each other and with the whole.

When perceiving, individuals perceive a unitary, integrated, articulated structure emerging from a variety of elements. This whole pattern is called a "*Gestalt*." How a given individual understands the nature of the unitary whole (of which various data or stimuli are perceived as constituent parts) will greatly influence his or her understanding of those particular parts. A unified, integrated image of phenomena allows the individual to interpret, to structure, to make sense of, to make meaningful, to make comprehensible, various data. In sum, to make sense of a particular datum, one must understand the overall *Gestalt* into which that datum fits.

The interaction between India and China in the South Asian-Indian Ocean region may be thought of in terms of a *Gestalt*. That is to say, Indian and Chinese analysts and leaders do not view the relationship between their two countries as merely the summation of the border problem, differences over the status of Nepal, economic relations, rivalry or cooperation in global affairs, and so forth. Rather, they tend to view the relationship as made of all these elements interrelating to constitute a dynamic whole.

The perceptual *Gestalt* dominant among both Chinese and Indian analysts is an image of competition and rivalry across the SA-IOR. The elements constituting this *Gestalt* of

India-China rivalry consist of a series of geographic regions and influences plus a number of functional dimensions such as economic, political, cultural, and military relations. The constituent elements of this perceptual *Gestalt* of Sino-Indian rivalry will be enumerated in the next section.

The point to be made here is that actors on both sides tend to see these geographic elements and functional dimensions as tied together, as interacting in a subtle fashion, to impinge on their nation's security interests. What transpires in one geographic region or one functional dimension, is linked to and influences what occurs, and what is likely to occur in the future, in other areas. The significance of any particular geographic feature or functional relationship cannot be comprehended in isolation. The inter-relationship among all the parts is critical.

There is not, of course, a single *Gestalt* of Sino-Indian relations among the more than two billion Chinese and Indian people. One could discern perhaps a half-dozen main perceptual *Gestalt*s in either country. This chapter will not undertake to provide a comprehensive look at these many *Gestalt*s. It will proceed rather on the basis of the assumption that a *Gestalt* of Sino-Indian rivalry dominates policy thinking in both countries, and attempt to explain that particular, dominant *Gestalt*.

There is a second core meaning of the concept of *Gestalt*, which this chapter will not explore in depth, but which is worth mentioning. A *Gestalt* has the potential to cause misperceptions. A powerful human tendency exists to "make sense" out of known facts by ordering and structuring them so as to make them meaningful. This may lead to efforts to "improve" facts so as to make them fit more closely into the unifying *Gestalt*, resulting in misperceptions of reality. Thus, Chinese or Indians operating on the basis of a *Gestalt* of Sino-Indian rivalry may fit events/data into that *Gestalt* when in fact those events have little to do with such

rivalry. Again, this chapter merely notes but does not pursue this line of thought.

The Sino-Indian Structure of Power.

Structure of power means the configuration of relative capabilities distributed among a particular set of states under specific circumstances. This configuration or structure of power begins with these variables: the relative capabilities of the specified states, the alignments among those states, and the influence of geographic variables. Understood in this way, the structure of power involves a wide range of relative national capabilities. These include:

- military capabilities (force levels, troop morale, training, acuity of strategic thinking),
- technological capabilities (level of weaponry, etc.),
- geographic advantages and handicaps,
- industrial, fiscal, and technological capabilities,
- ideological advantages, and
- broad political and even cultural trends.

The term "structure of power" is preferable to the more common term "balance of power" because the latter term has multiple meanings, the most precise of which is very different from the meaning of "structure of power" presented in this chapter. The classic definition of balance of power is a shifting constellation of at least five powers, each with roughly equal capabilities and with the whole system operating to keep any single power from dominating the system and its other state members.[2] This definition does not do much to help us understand the Sino-Indian relationship. Structure of power as used here is much closer to the old Soviet-introduced concept of "correlation of forces."

The structure of power between India and China includes the following major elements:

1. Geographic areas:[3]

- the political-military status of Tibet,
- the capabilities and orientation of Pakistan,
- the political-military status of Nepal,
- the political-military status of Sikkim, Bhutan, and the Chumbi Valley,
- the political-military status of the southern slope of the eastern Himalayan region (roughly equivalent to the Indian state of Arunachal Pradesh),
- the political-military status of Myanmar,
- the political-military regime of the Indian Ocean, and
- the political-military status of Bangladesh.

2. Functional areas:

- the level of domestic support and degree of political purpose behind state efforts to influence events in the SA-IOR,
- the fiscal capabilities of China and India,
- level of support by major extra-regional powers for Indian and Chinese actions in the SA-IOR,
- military capabilities, especially the ability of China and India to project military power in the SA-IOR,
- the relative moral-ideological appeal within the SA-IOR of policies of China and India,

- nuclear deterrent capabilities of India and China vis-à-vis one another,
- strategic acumen and diplomatic skill of leaders of the Chinese and Indian states,
- the military and political position of India and China in Southeast Asia, and
- Chinese or Indian transit rights via Bangladesh territory.

All these elements fit together to constitute a *Gestalt* of the Sino-Indian structure of power, or of the state of Sino-Indian rivalry at any point in time. Leaders on both sides of the Sino-Indian divide tend to see the various elements as interacting to constitute a broad pattern of competitive, rival relations. The leaders on both sides tend to see all the elements as fitting together to make up a situation variously beneficial or adverse to their national security. They tend to view these elements as a whole and to be concerned with their inter-relationships.

Since the central concern of this volume is with possible future military confrontations between India and China, it is important to remember that states often go to war to maintain or establish an advantageous balance of power. Issues that might seem trivial in isolation often become weighty enough to lead to decisions for war when viewed in a more totalistic *Gestalt*. The status of Serbia in 1914 or the status of South Vietnam in 1964, were minor when seen in isolation. But when seen in terms of the credibility of the European alliance system underpinning the European structure of power, or in terms of the alignment of greater Southeast Asia in the global contest underway between Western and Eastern alliance systems, those matters assumed a much greater significance.

Stated most baldly, my proposition is this: China and India are likely to consider military conflict with each other

when, and perhaps only when, the leaders of one or both sides conclude that this is necessary in order to maintain an advantageous structure of power in the SA-IOR.

The Security Dilemma in Sino-Indian Relations.

The third concept useful for understanding Sino-Indian relations is that of a security dilemma. A security dilemma exists when a state arms itself for defensive purposes, out of fears of possible hostile military action by another state.[4] It is not necessary to impute aggressive or hostile intentions to the other state. Those intentions may now be benign, but there is no guarantee that they will not quickly change at some future time. This fundamental fact—that there are no guarantees for the security of states and that, as a result, states *must* provide for their own defense—arises out of the anarchic nature of the state system. Thus states arm to defend themselves against what might happen. But by building up their arms, states become more militarily powerful, and *that* necessarily increases the potential threat those states constitute to other states. Those other states then, also acting defensively, must arm in response to the actions of the first states. But by arming, they, too, increase the threat confronting the first states. All these states, therefore, in the course of arming themselves for defensive purposes, become locked in a pattern of mutual negative interaction.

A security dilemma does not necessarily involve attribution of aggressive or hostile intent to the other country in a dyad of interaction. It is quite possible, however, that this will happen. The objective security dilemma (arising out of the facts of the anarchic state system and the derivative need for self-defense) may become overlaid by mutually reinforcing misunderstandings. Each side may come to believe that the other not only constitutes a *potential* menace by virtue of its military capabilities, but also is an *active* threat by virtue of its *intentionally hostile* actions.

It may also become very difficult for each actor to recognize that its own actions can be seen as menacing by the other, and to conclude that the arming of the other actor can only be explained by malevolent, aggressive intentions. When a situation of mutually reinforcing misperceptions develops, what Robert Jervis calls a negative spiral may ensue. Each sees the other's actions as threatening and its own actions as purely defensive. Each side arms to defend itself against the hostile intentions and actions of the other. Yet both sides believe its own actions are defensively motivated.

Such a mutual security dilemma exists, I believe, in Sino-Indian relations across the SA-IOR. Both powers perceive themselves as acting defensively to influence key situations and processes in that region. Neither power sees itself as aggressive, as trying to establish some sort of exclusive imperium or hegemony over the region. Each views many of the activities of the other as gravely threatening, and seeks to counter those hostile, threatening actions. These defensively motivated counter actions, however, are seen as threatening by the other power, which devises its own defensively inspired countermoves in response.

Let me put some substantive flesh on these conceptual bare bones. Indian leaders and strategists have traditionally viewed the SA-IOR as a sort of Indian security zone, very loosely akin to the way Americans have viewed Central America and the Caribbean, or the way Russians have viewed Poland, or the way Chinese have viewed Korea. Although Indian leaders have not explicitly laid out such a regional doctrine, Indian behavior in the SA-IOR has generally conformed to such an implicit doctrine.[5] The military-security presence of virtually all extra-regional powers has been of concern to Indian leaders, although, of course, the level of such concern varied with the circumstances involved. Since the foundation of the People's Republic of China in 1949 some Indian leaders—most famously Sadar Vallabhai Patel—were deeply concerned

about Chinese moves toward the SA-IOR.[6] Following India's traumatic defeat in 1962, Patel's realistic perspective became dominant in Indian security policy circles, at least regarding China. A decade or more of Sino-Indian rapprochement after 1988 has modified but not fundamentally altered the dominance of this perspective.

Some Indian analysts see a process of creeping Chinese "strategic encirclement" of India underway, with Beijing engineering incrementally but cumulatively important advances in places like Myanmar (formerly Burma), Nepal, Bhutan, and Bangladesh—in fact, virtually all the elements of the Sino-Indian structure of power enumerated above. If India fails to counter or thwart Chinese moves, regardless of the Chinese intentions underlying these moves, India will find the structure of power in the SA-IOR increasingly and inescapably shifting to China's advantage and India's disadvantage.[7] Far more moderate Indian analysts with less skeptical views of China still find it necessary for India to resolutely uphold its advantages in key parts of the SA-IOR.[8]

Fundamental Chinese perspectives are just as defensive as the Indian. One transcendent Chinese concern regards the solidity of Chinese control over Tibet. From the Chinese perspective, it is indisputable that "Tibet is and has been for many hundred of years, a part of China." Indian leaders, however, have insisted on asserting certain special interests and relations with Tibet, and have consistently worked to thwart, weaken, or undermine Chinese authority in Tibet, at least from the Chinese point of view. Tibet was the fundamental cause of the 1962 war, again from the Chinese perspective. The aim of Indian policy prior to the 1962 war, according to authoritative Chinese histories of that conflict, was to expel Chinese authority from Tibet thereby transforming Tibet into a buffer zone between China and India.[9]

Another fundamental Chinese perspective is that India abandoned its previously reckless policies toward Tibet and

adopted more reasonable and cautious policies toward China including “China’s Tibet," because it was confronted by superior power. First there was the sobering effect of Beijing’s tough rejection of Indian protests over Tibet in 1949-50, followed by resolute Chinese moves to secure solid control over Tibet. Later came the sobering effect of the 1962 defeat. It was the realities of China’s power—of China’s unalterable control over Tibet, of the Chinese People’s Liberation Army’s clear ability to best Indian military forces in the Himalayan region—that laid the basis for the more cautious Indian policy that eventually emerged after the 1962 war, although it would take a decade for this shift to manifest itself. Ultimately this more sober, cautious, realistic Indian perspective would provide the basis for Sino-Indian rapprochement.

It follows from this Chinese analysis that Indian restraint toward China and its interests is founded on a structure of power that constrains India. A strong Pakistan and a solid strategic partnership between China and Pakistan are key elements of this India-constraining structure of power. If other elements of the SA-IOR structure of power can be shifted in a direction more favorable to China and more constraining to India, this, too, will contribute to India acting with greater caution and restraint vis-à-vis China’s key interests. Thus, China, like India, is inspired by defensive considerations. Both countries try to influence a complex set of inter-related factors in the SA-IOR so as to keep in check the malevolent inclinations of the other side.

II. COMPONENTS OF THE SINO-INDIAN *GESTALT*

The Tibetan Factor in the Sino-Indian Structure of Power.

Let us now take a closer look at three key elements of the Sino-Indian structure of power which would be particularly likely to play a role in future conflicts involving China—the theme of this volume.

Regarding Tibet, Beijing's use of Tibet as a military platform since 1951 has fundamentally altered the historic structure of power between China and India. Throughout history Tibet had not permanently hosted large military forces of the Chinese state. It had served, rather, as a *de facto*, though not a *de jure*, buffer between China and India. (It was only *de facto* because all the powers recognized China's suzerainty over Tibet.) This traditional status of Tibet was overthrown in 1950 when, for the first time, Tibet came under full, effective, and permanent Chinese military occupation. Over subsequent years Tibet was fully integrated into the Chinese military system and became a platform for the projection of Chinese military power. Indian leaders were deeply aware of the epochal implications of this change in Tibet's status for Indian security, but failed in their efforts to alter the direction laid out by Beijing. Repeated Indian policy efforts to limit China's military use of Tibet failed.

China, for its part, recognizes that it faces a problem in Tibet because of the profound ethnic cleavage between Han and Tibetan, the great difficulties of transportation into Tibet, and widespread international sympathy for the plight of Tibetan culture under Chinese rule. China's mortal fear is that domestic and international factors might coalesce in such a way as to detach Tibet from the People's Republic of China (PRC). Since the break-up of the Union of Soviet Socialist Republics (USSR) along ethnic lines, Beijing has adopted a policy of demographic inundation of Tibet by Han settlers as a final solution to its Tibetan problem.[10] India's counter to this has been to tacitly support efforts by the Dalai Lama's government-in-exile to mobilize international opposition to Chinese actions in Tibet. The efforts of India and the Dalai Lama have not had much impact on Chinese actions, however. New Delhi now faces the prospect that, within a few decades, Tibet will be populated by a large Han population and tied far more closely by road and rail to industrial centers of China

proper. Beijing's problem is how to keep India from acting before this irreversible *fait accompli* is created.

Chinese analysts typically deny, often vehemently, that the Tibetan issue is of any relevance to Sino-Indian relations. This is a manifestation of the Chinese belief that "Tibet is a part of China" and, by extension, is of no proper concern to any foreign person let alone government. Beijing's line—and I mean that in the precise sense of a position followed by members of a disciplined Leninist party—is that the only outstanding issue between China and India is the border issue.[11] Tibet, the Chinese say, is not an issue in Sino-Indian relations since New Delhi has recognized PRC sovereignty over Tibet. This position is itself a reflection of Chinese sensitivity to its vulnerability in Tibet.

Several developments could lead to Tibet's re-emergence as a pressing security issue between Beijing and New Delhi. One would be intensified Tibetan resistance to Chinese rule. This might take the form of nonviolent passive resistance within China, something like the on-going passive resistance of *Falun Gong*. Or, we might see resistance of a more violent kind than that inspired by the Dalai Lama. A younger generation of Tibetans might reject the Dalai Lama's pacifist approach, and begin armed attacks on Chinese targets within the PRC or abroad. Growing Tibetan resistance might also occur against a background of increasing Islamic activity in Xinjiang and/or the Central Asian countries bordering the PRC.

Developments such as these could well precipitate debate within the Chinese Communist Party (CCP) over how to respond. Hardliners, who clearly dominated policy on the Tibet issue at the time of writing (spring 2001) would probably insist on stern repression of Tibetan resistance, accelerated demographic inundation, and a belligerent response to foreign expressions of concern. More moderate elements might argue that hardline policies would further embitter China's Tibetan population, stimulate stronger

foreign criticism, and alienate India. The very existence of these elite divisions could further convince CCP hardliners that tough policies were necessary.

Another ingredient of a Sino-Indian confrontation involving Tibet would be an Indian decision to associate itself with Western criticism of Chinese repression. If New Delhi chose to disassociate itself from Western criticism, Beijing would be satisfied. If, however, Indian leaders decided to join Western criticism of Chinese actions, Beijing could well resort to coercive diplomacy against India. This coercion would not necessarily involve direct military action. Rather it would involve making a variety of threatening moves, with possible use of military force looming vaguely but menacingly in the background. This, in turn, could lead to an escalating spiral of hostility: Chinese efforts to coerce New Delhi could antagonize India, thereby exacerbating Indian concerns about China, and inclining India to make bolder moves to strengthen India's position vis-à-vis China.

Tibet constitutes China's only truly fundamental vulnerability vis-à-vis India. Tibet is to India, what Pakistan is to China—a major mechanism for constraining its rival. Nehru, in fact, played the Tibetan card circa 1960-62 when he countenanced Tibetan resistance as a way of pressuring China.[12] Be that as it may, Indian leaders have never, to my knowledge, seriously contemplated military intervention in Tibet in support of a Tibetan effort to liberate that region from Han rule. Indian and Chinese analysts are well aware of this possibility, however. Deterring or defeating Indian military intervention in Tibet would be a vital Chinese objective. For India, such intervention would be a high-risk but potentially high pay-off move. If successful, it could fundamentally shift the structure of power in favor of India.

Pakistan and the Sino-Indian Structure of Power.

The existence of a strong and hostile Pakistan is a major constraint on India. Thanks to Pakistan, India is confronted with a two-front threat: Pakistan in the west and China in the north and northeast. The existence of this two-front threat helps Beijing minimize the danger of possible Indian intervention in Tibet. In this way, it serves Beijing's defensive purposes.

Pakistan can also be counted on to oppose most major Indian initiatives in the international arena. When India applies for a permanent seat on the United Nations Security Council, for example, Beijing can rely on Pakistan to bear the brunt of opposition leaving Beijing to merely insist that the decision be unanimous. India's constant sparring with Pakistan—one result of Pakistan's challenges to India and its policies—reduces India to the level of a regional power, leaving Beijing to operate at a more elevated Asian and global level. The geopolitical reality of the multiple benefits Beijing derives from Indian-Pakistan conflict is the taproot of the remarkably durable Sino-Pakistan entente.

Would China support Pakistan against India in the event of another India-Pakistan war? That would probably depend on the character of that war. China would not risk alienating India by supporting Pakistan in a war in which India's objectives were limited, as, for example, the mini-war in Kargil in 1999.[13] An India-Pakistan war in which Indian objectives were relatively limited would probably not produce Chinese support for Pakistan at the cost of alienating India. On the other hand, an India-Pakistan war in which New Delhi decided to definitively subordinate Pakistan would be another matter. It is possible, indeed even likely, that a war of this sort might follow a nuclear exchange between India and Pakistan. In the aftermath of such an event, India might rouse itself to finally solve the Pakistan problem by definitively defeating Pakistan and arranging in one fashion or another that region's permanent post-war

subordination to India. Such decisive Indian action would sorely tempt Chinese intervention.

Beijing would view an Indian effort to subordinate Pakistan as a manifestation of Indian hegemony. It would also be hegemony directed against a small neighbor of China—Pakistan—with a long record of loyalty to and seeking protection from China. Such a situation would tap deep memories about the practice of statecraft by China's great dynasties throughout history. The success of Indian hegemonic efforts would also have the consequence of shifting the SA-IOR balance of power substantially and permanently in India's favor. Rather than acquiesce in this, China might move to support Pakistan. The costs of war with India would be outweighed by the benefit of preventing a long-term adverse shift in the structure of power to China's disadvantage.

Beijing would have an escalating menu of supportive moves. These would include:

- political-rhetorical support, including support in the United Nations,
- lobbying with the U.S. and other governments,
- material support to Pakistan—arms, aircraft, war supplies, loans, etc.,
- atomic diplomacy in the form of vague but effective hints that nuclear weapons might be used against India,
- pressure on India's northern border to divert forces from the Pakistan front, and
- outright intervention by Chinese forces.

Beijing would probably seek to retain maximum flexibility in supporting Pakistan and would probably not make a formal commitment to support Pakistan. At the

same time, while the United Sates and other countries would doubtless make statements opposing Chinese intervention in the struggle between India and Pakistan, such statements would not necessarily be effective. Efforts by Washington, Tokyo, or Moscow to deter a Chinese attack on India could be taken in Beijing as support for Indian hegemony and thus as further evidence of the need for firm action to uphold a structure of power constraining India to China's advantage.

Myanmar in the Sino-Indian Structure of Power.

The Shan plateau of northeast Burma provides fairly easy access from southwestern China to the valley of the Irrawaddy River. For over 2 millennia, this route has been the favored and frequently used corridor for movement of goods and people between southwest China and the Bay of Bengal region of South Asia. It is, in fact, a historic invasion route comparable to a half-dozen other topographically special corridors around the world.

From 1950 until 1989 Burma balanced carefully between its two giant neighbors, India and China, being careful not to get too close to either for fear of antagonizing the other. Since 1989, however, Myanmar has developed a close political-military partnership with China. China became Myanmar's major supplier of weaponry. It became involved in training the Myanmar armed forces. It fostered cordial ties with Myanmar's military elite, and worked with that elite to consolidate Yangon's control over areas of north and northeast Myanmar previously in rebellion (Rangoon was renamed Yangon in 1989).[14] Large numbers of ethnic Chinese migrated into northern Myanmar, while the economy of that region became increasingly oriented toward China. Myanmar military leaders became partners in lucrative business arrangements with Chinese partners. Beijing also offered Myanmar's rulers cordial political support while most other countries treated them as pariahs.

India was unable to halt the development of the new Sino-Myanmar strategic partnership. It shifted in 1993 from a policy of supporting Myanmar's opposition democratic movement to a policy of normal diplomatic relations with Myanmar's military junta, but this did not halt the development of the Sino-Myanmar partnership. New Delhi watched closely and with dismay as the Myanmar-China partnership waxed during the 1990s.

From a security perspective, the critical question is whether Myanmar will become a platform for Chinese military forces in the Indian Ocean region. During the 1990s a variety of entities in China, including many military-related companies, funded the construction or improvement of roads between Yunnan and Myanmar. Ambitious moves were also made to construct road, river, and rail connections between China and the Myanmar coast. At the same time, Chinese companies became involved in the improvement of Myanmar harbors, the modernization of some Myanmar naval facilities and the construction of other new naval bases. They also constructed maritime telecommunications and surveillance facilities on Myanmar's littoral, including at very sensitive positions opposite India's Port Blair in the Andaman Islands and near the Strait of Malacca. The Chinese People's Liberation Army (PLA) clearly had an interest in the Indian Ocean.

The strategic problem for India was that its superior military position in the Indian Ocean vis-à-vis China rested on the geographic advantages it enjoyed in that region. Viewed in isolation from geographic factors, China's naval capabilities were substantially superior to those of India both in quantity and technological quality. Those Chinese advantages were more than offset, however, by India's geographic advantages.

With deepening Chinese involvement in Myanmar, India's traditional geographic advantages in the Indian Ocean region were increasingly at risk. Given the central

position of the Indian subcontinent plus India's island territories in the Indian Ocean, the Indian Navy enjoyed a great advantage over Chinese military forces that might undertake to operate in the Indian Ocean region. Indian ships operated much closer to logistic bases and land-based air support. An intense pace of operations was thus within the capabilities of Indian forces there. Indian forces also enjoyed far superior air surveillance and attack capabilities in the IOR. But if China were able to establish logistic supply points at Myanmar harbors, or to base air or naval forces from those harbors, it would be able to compete on more equal terms with the Indian Navy.

China's objectives in Myanmar were equally defensive. Setting aside purely economic objectives (which were in fact substantial), Chinese objectives seem to have been to gradually strengthen PLA-Navy capabilities in the Indian Ocean so that China can better defend its interests in the region against possible Indian encroachment. High among these interests was the security of the sea lines of communication carrying China's very substantial commerce across the Indian Ocean. In the event of a Sino-Pakistan war, for example, Chinese assistance could be delivered to Pakistan via ports in western Pakistan or eastern Iran (for trans-shipment westward). In either case, India might be tempted to use its naval forces to interfere with that Chinese assistance—unless the PLA-Navy had the clear capability to prevent this. In the event of a Sino-Indian war, New Delhi might be tempted to interfere with Chinese commerce across the Indian Ocean—again unless the PLA-Navy was in a position to prevent this.

More broadly, and from the Chinese perspective, India has a tendency to throw its weight around in the SA-IOR by telling the small countries of that region what sort of relations they may conduct with China. This sort of Indian hegemony, this interference with China's normal, cooperative relations with the sovereign countries of the SA-IOR, will also be restrained by a stronger PLA-Navy position in the region.

It is difficult to foresee the role that Myanmar will play in future Sino-Indian interactions. Unlike Tibet and Pakistan, we do not have 5 decades of history to inform us about those patterns of interaction. Yet it is clear that Myanmar's geographic situation makes it highly sensitive, and that there has been great change in the status of Myanmar over the past decade. Myanmar would provide the Chinese with much easier access to the Indian Ocean than other routes. It would be far superior to either Pakistan's highly vulnerable Sino-Pakistani Friendship Highway or any route that transits the immensely high and rugged Tibetan plateau. Were China to develop strong logistic lines between Yunnan and the Bay of Bengal, and then position naval, air, or ground forces at the southern ends of those lines, it could swiftly develop very potent capabilities in the Bay of Bengal.

Myanmar offers a potential "anvil" for a Chinese "hammer" blow directed at India's northeast from atop the Tibetan plateau. Were Beijing to decide to deploy large ground forces against India, the best way, if not the only way, for it to get its troops to India would be by way of Myanmar. It is possible that Myanmar will play a role in unfolding Sino-Indian rivalry similar to that of Belgium in the Franco-German rivalry of the 20th century. As the most convenient corridor for a German move to strike France, Belgium saw its neutrality violated in 1914 and again in 1940. In the event of an Indian-Chinese war arising out of Tibet and/or Pakistan, Myanmar would immediately become extremely sensitive.

CONCLUSION

Any future serious military clash between China and India is not likely to arise out of a single, specific conflict—whether over Tibet, the disputed border, Pakistan, the status of Nepal, Bhutan, and Sikkim, or Myanmar. War is likely, rather, when conflicts between Chinese and Indian policy in several of these areas become

linked. Failure to substantially increase the level of national response to adverse developments, to cross the threshold of military conflict, will be perceived as leading to a major, deleterious shift in the overall structure of power between China and India with unacceptable implications for national security. The status of Sikkim or Bhutan might seem trivial, for example, until the situation in the Chumbi valley is factored into the equation and that is joined, in turn, with the magnitude of the Pakistani challenge to India, which, in turn, will be linked to control over Tibet. It is the inter-relatedness of the key elements of the Sino-Indian conflict, the *Gestalt* of the Sino-Indian structure of power, which will be critical. Various discrete elements will be seen as part of a mosaic constituting an overall structure of power between China and India. If China and India do decide to resort to war, it will be to uphold a structure that fundamentally preserves their security interests.

If and when such an eventuality occurs, both sides will probably be acting defensively. It will probably *not* be a question of either India or China trying to consolidate its hegemony over the SA-IOR—though the propaganda of both countries will almost certainly attribute such an objective to the other. This is not to say, however, that the outcome of such a Sino-Indian war would not have a fundamental effect on the future structure of power between the two countries in the SA-IOR. A decisive victory for either country could indeed shift the structure of power fundamentally to the advantage of the victorious country, regardless of the intentions initially underlying the war.

In contemplating war with China, Indian leaders would probably be inspired by apprehension that the over-all structure of power was sliding dangerously and possibly irreversibly in a direction in which India would be hemmed in by Chinese positions in the SA-IOR. What would be at stake, from New Delhi's perspective, would be India's ability to maintain a security environment in SA-IOR

favorable to India's long-term national security. India, that is to say, would be acting defensively.

China, too, would probably be inspired by defensive concerns. From Beijing's perspective what would probably be at stake is the security of Chinese control over Tibet and the ability of China to protect its westernmost regions against possible Indian aggression/intervention. Beijing would also probably be inspired by a desire to develop its multidimensional cooperation relations with its neighbors in the SA-IOR along lines agreed to by China and the governments of the sovereign, neighboring countries. Indian efforts to stunt or limit the development of those cooperative relations would be seen by Beijing as aggressive Indian aspirations of hegemony.

In short, in a future major military conflict between China and India, both sides would be inspired by defensive concerns having to do with the inter-relationship of elements constituting an over-all structure of power between the two states.

ENDNOTES - CHAPTER 12

1. This discussion of *Gestalt* theory is drawn from *Encyclopedia of Psychology*, Alan E. Kazdin, editor in Chief, Volume 3, American Psychological Association, New York: Oxford University Press, 2000, pp. 486-89.

2. The classic explication of this is Morton A. Kaplan, *System and Process in International Politics*, Huntington, NY: Krieger, 1975.

3. The author has analyzed these geographic factors at length in his work on Sino-Indian rivalry. See John W. Garver, *Protracted Contest, Indian-Chinese Rivalry in the 20th Century*, Seattle: University of Washington Press, 2001.

4. This exposition of the security dilemma is drawn from Robert Jervis, *Perception and Misperception in International Politics*, Princeton University Press, 1976, pp. 66-76.

5. George Tanham, "Indian Strategic Culture," *Washington Quarterly*, Winter 1992, pp. 129-42. Devin T. Hagerty, "India's Regional Security Doctrine," *Asian Survey,* April 1991, pp. 351-63.

6. Patel's views were laid out in a now famous letter to Nehru in November 1949. The letter is most recently reproduced in L.L. Mehrotra, *India's Tibet Policy*, New Delhi: Tibetan Parliamentary and Policy Research Centre, 1998, pp. 44-48.

7. For an example of this perspective see Gurmeet Kanwal, "China's Long March to World Power Status: Strategic Challenges for India," *Strategic Analysis*, New Delhi, Vol. 22, No. 11 February 1999, pp. 1713-28.

8. See for example, Surjit Mansingh, "China-Bhutan Relations," *China Report*, Vol. 39, No. 2, 1994, pp. 177-79.

9. *Zhong Yin bianjing Saiwai fang zuozhan shi* (*History of China's War of Self-Defensive Counter-Attack with India*), Beijing: Academy of Military Sciences, 1994, pp. 37-41. Xu Yan, *Zhong Yin bianjie zhi zhan lishi zhenxiang* (*True History of the Sino-Indian Border War*), Hong Kong: Cosmos Books, 1993, pp. 27-28.

10. Regarding Chinese policy in Tibet during the 1980s and 1990s, see Tsering Shakya, *The Dragon in the Land of Snows: A History of Modern Tibet since 1947*, London: Pimlico, 1999; Melvyn C. Goldstein, *The Snow Lion and the Dragon; China, Tibet, and the Dalai Lama*, Berkeley: University of California Press, 1997.

11. At least this was the case when I last discussed the Tibetan issue with Chinese analysts and systematically read Chinese articles on this topic in early 2000. I do not know whether the Chinese line has changed since the initiation of the Sino-Indian security dialogue in late 2000.

12. I explore the issue of Nehru's possible complicity with U.S. covert operations in Tibet in *Protracted Contest*, p. 58.

13. On May 26, 1999, India resorted to air strikes to drive out "freedom fighters" from Pakistan from the heights near Kargil. India alleged that these "militants" were sponsored by Pakistan, but the government of Pakistan claimed that it was not involved and that the heights were occupied by indigenous Kashmiri freedom fighters. Two Indian aircraft entered the territory of Pakistan, one of which was shot down. The situation across the line of control became tense. The Pakistanis, pressured by the international community, persuaded the militants to vacate the captured territory by July-August, 1999.

14. Yangon and Myanmar were renamed by the government in 1989.

Part V.
SINO-AMERICAN RELATIONS

CHAPTER 13

BUSH AND CHINA: THINKING STRATEGICALLY ABOUT UPCOMING CHOICES

David M. Lampton

INTRODUCTION

The rise of China is clearly one of the more important trends of recent times. Thinking strategically about how to manage future relations with this country is clearly vital. The purpose of this chapter is to offer some suggestions as to how this may be done. After a brief, preliminary examination of the strategic context in which China and the United States find themselves, this chapter will define the salient issues that preoccupy the U.S.-China relationship and suggest possibly productive ways to manage them.

I. THE STRATEGIC CONTEXT

China.

The starting point of the discussion must be a consideration of the political environment in China and the United States. This environment obviously has important implications for U.S.-Chinese relations. Let us first turn to China. Four points should be stressed.

First, the Chinese currently are engaged in something of a succession struggle. This may be too strong a word, but certainly there is a tussle for control as power shifts from third to fourth generation leaders, a process

admirably described by Cheng Li in his new book entitled, *China's Leaders: The New Generation*. This domestic struggle has implications for American foreign policy. First, it is not quite clear at the moment who the Chinese leaders of the future will be. Second, Americans are relatively little acquainted with the fourth generation leaders. Hu Jintao, Wen Jiabao, and Zeng Qinghong are not well known to Americans. In fact, Hu Jintao—the person who may occupy the lead role in the Chinese Communist Party after Jiang Zemin—has never been to the United States. Americans, ironically, knew the Third Generation of Chinese leaders rather better (at the time they ascended to power) than they do the Fourth Generation. This is because many of the Third Generation leaders came from Shanghai, and Deng Xiaoping made an attempt to expose his juniors to the West in a way that Jiang either hesitates to permit or thinks is not in his best interest.

Second, the current regime in China is insecure. While it is an exaggeration to see the ruling elite as hanging on by its fingernails, it is clear that it faces extensive problems. Among these are stagnating rural incomes, urban-rural inequality, unemployment, and corruption. The almost mono-maniacal efforts the elite has made to suppress the *Falun Gong* provides us with an indication of how much trouble it is having keeping the lid on the society it is trying to govern.

Third, the Chinese are worried by what they fear may be a dangerous drift toward independence on the part of Taiwan. We should be aware that the Chinese see things rather differently than do Americans. We tend to believe that President Chen Shui-bian has been remarkably flexible and even accommodating since he came to power in Taiwan. From our perspective, he has gone to some lengths not to alienate Beijing. However, the Chinese look at the big picture here—they see a problematic trend. Some 20 years ago, Chiang Ching-kuo spoke of "One China." Thereafter, at the end of his presidency, Lee Teng-hui spoke of "The Two State Theory" [*liangguolun*]. Today we have Chen

Shui-bian. He admittedly has somewhat distanced himself from the Democratic Progressive Party (DPP), but the DPP still has the independence of Taiwan written into its charter. This overall drift worries the Chinese almost as much as any given event of the day.

Fourth, the Chinese leaders are challenged greatly by the demands of the international community. They are waking up very rapidly to the implications of world trade in the era of globalization. They are aware of how the development of the global economy may affect internal Chinese affairs and even governance. They have some genuine concerns. What, for example, are they going to do about the call for labor unions? How will such calls affect domestic affairs?

In sum, the China with which Americans must deal is a China ruled by an elite in transition, which is faced by huge domestic problems, and worried about external problems (especially Taiwan). This elite is also troubled by the fact that the international community is making substantial demands that Beijing is not sure it either can, or wants to, meet.

The United States.

The political environment in the United States is also not entirely conducive to the development of more productive and better-managed relations with China.

First, a new administration is in place in the United States. Currently, the new team is still not fully assembled. Once it has been, it will take some time for its members to learn the commitments and policies of the last administration and to get its own bearings, even though some of the members of the new administration are quite experienced.

Second, the administration is locked into a decisionmaking calendar, which may not permit its members ample time for reflection and dialogue, even if

they are so inclined. Some decisions are forcing themselves prematurely onto this half-assembled and not yet fully briefed team. For example, in March, the United States intends to introduce a resolution condemning Chinese human rights behavior when the Geneva Human Rights Commission meets. The Chinese will not welcome this. In April, the United States is scheduled to make a decision on weapons sales to Taiwan. Beijing will be very upset if the United States transfers to Taiwan some of the classes of weapons that Taipei wants. Ironically, the Asia Pacific Economic Council (APEC) summit between U.S. President George W. Bush and his Chinese counterpart, Jiang Zemin, is scheduled for late in the year in Shanghai. This means that the hard decisions are being made before the opportunity is presented for constructive dialogue between top leaders of the two nations.

Third, there is no clear consensus in the current U.S. administration on how to relate to China. The Republican Party is deeply divided. We need only look at the attitudes of Brent Scowcroft and Jesse Helms; their views cover the spectrum of thought about China, and yet they are both in the same political party. Moreover, the Bush administration includes a number of very strong foreign policy personalities, who have firm views on China and who do not agree with one another.[1] Secretary of State Colin Powell, Secretary of Defense Donald Rumsfeld, Vice President Richard Cheney (who inevitably will play a very large role in foreign policy), Assistant to the President for National Security Affairs Condoleezza Rice, and even deputies in the State and Defense Departments have extremely strong personalities and firmly held views on China and China policy. They also have diverse views on the U.S.-China relationship.

What of the President? His method of governing resembles that of a chief executive officer (CEO): he tends to set broad goals, stand back, and let his staff work things out, preside over the final decision, and keep things on track thereafter. So it is not easy to determine what his views on

China policy substantively may be at this early date. But during the primaries, several of his Republican primary contenders did try to make China an issue during public debates in order to differentiate themselves from George W. Bush. At these moments, George W. Bush was on the stage and had to react on his own. The thrust of his argument was, "China is a big country, it is a sensitive issue, we have many interests, and China can't be pushed around." Although this position needs to be fleshed out more fully, it is not an unproductive framework.

Fourth, power is balanced on a knife's edge on Capitol Hill. Congress is basically evenly divided, meaning that for the next 2 years every day is going to be Election Day. One or two shifts in seats in the U.S. Senate, and much will change. Because Congress is so evenly divided, it may be very undisciplined. Unfortunately, many members may find China an attractive device to assist them in their partisan struggles.

Fifth, the American economy is showing signs of slowing. The rising trade deficit with China did not become a major issue during the Clinton administration, but the new Bush administration may not be so fortunate. On March 3, 2001, the front page of the *Durham Herald Sun* featured a picture of a woman cleaning out an empty factory. The thrust of the article was to warn that hard times are here. Clearly, trade and the trade deficit with China are likely to become more of an issue in a time of rising unemployment and factory closings than would be the case in good times.

The context for managing the U.S.-China relationship, in short, is not optimal in the United States any more than it is in China.

II. ISSUES AND MANAGEMENT

Thus far we have considered the political and economic environment which is likely to color our relationship in the period immediately ahead. At this point we should take

stock of the major issues that dominate discussion between the two nations and consider how each, in turn, may be productively managed.

Before turning to specific points of friction, however, we should stop for a moment and consider the remarks made by Admiral Dennis Blair, Commander in Chief of the U.S. Pacific Command (USCINCPAC), at the Triangle Institute for Strategic Studies (TISS)/Duke University's Program in Asian Security Studies (PASS)/U.S. Army War College (USAWC) conference on the "Rise of China." The Admiral's overall approach is one that should stand us in good stead as we think strategically about the future.[2]

Admiral Blair made two points of special relevance: First, he spoke of the importance of developing an "opportunity-based" rather than a "threat-based" relationship with China. This approach—which seems to be very much part of the *gestalt* of not only Admiral Blair, but also PACOM as a whole—is a very productive one. It does not mean being oblivious to threats, but it does mean actively seeking out opportunities.

Second, Admiral Blair reminded us of the enormous size and diversity of Asia. This is something that we must never forget. Opinions are not only divided among countries in Asia, but also within each one of them as well. Take Japan, for example. Japan gets worried when the United States is estranged from China. But it gets equally worried when the United States and China embrace one another too hotly, as when President Clinton went to China in mid-1998. The United States is a nation with a comparatively small population, trying to exert an influence over an enormous territorial and population base that is extremely diverse and very sensitive to American actions. As we try to manage relations, we must keep these basic facts in mind.

Security Issues.

At this point let us turn to specific areas of friction between China and the United States. Broadly speaking these fall into three categories: security, economics-trade, and human rights.

Security. Security issues are likely to be highest on the agenda of most Americans and certainly of the new Bush administration, so we will consider these first.

- At a macro-level, the revolution in military affairs (RMA) is creating a problem for Beijing. China is now further behind the United States in military power than it was in 1990. This is not just the Chinese perception of reality; American political and military leaders also accept this.[3] Indeed, some serious military analysts in the United States believe that China does not have a secure second-strike nuclear capability. Needless to say, China is reacting to this comparative decline in military power. It is trying to modernize its nuclear forces, improve its air force, and even increase its naval assets, particularly in light of China's need to acquiesce to the American show of force in the Taiwan Strait area in 1996.

The problem is that the minute China begins to react to what it sees as a widening gap with us by increasing its military might, its smaller neighbors begin to get worried. At this point, Washington appropriately worries that Beijing is seeking to boost the potential costs to America of intervention on Taiwan's behalf in the event of a breakdown of peace in the Taiwan Strait area. China's problem is how to keep from falling further and further behind the United States without alarming Japan, the Philippines, and Southeast Asia, and without eliciting a dramatic reaction from Washington.

How can this issue best be handled? While we should not weaken our alliances with Japan, South Korea, or Australia, we should develop new, sometimes multilateral,

relationships, some of which should include China, beyond the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF). We should think about how we could build a security relationship involving the United States, Japan, China, and perhaps Russia. The Big Powers should get together in Asia and hold official talks on a regular basis. The objective of these meetings should be to enable the countries to understand each other's security problems and develop cooperative methods for working out difficulties.

- Another security issue, again related to the RMA, is strategic missile defense. It is understandable that the United States should want to protect its assets, troops abroad, and its homeland. Even-handed analysis, however, should make it clear that missile defense poses some problems for China. At the current time, China has some 20 to 24 missiles capable of hitting the United States. Even a "thin" national missile defense is probably going to call into substantial question the capacity of the Chinese to have an assured second-strike capability. During the Cold War, at least, we thought that this was essential to a sense of security.

China is inevitably going to look at what we are doing rather differently than Russia, which currently has several thousand warheads. If we proceed with strategic defense, we must understand that China inevitably will feel more vulnerable and more threatened—it will do what it has to do to acquire the capability to have at least a modestly credible strategic force.

How may we ease concerns over management of Strategic Missile Defense? One recommendation is that we think about offensive inventories at the same time as we think about defensive systems. In a speech at the Citadel, then-candidate George W. Bush suggested that the United States begin to build down its offensive missiles and warhead stockpile, perhaps even unilaterally. This seems to

be a good idea. While there are debates about how many warheads constitute enough—1,500, 1,000, 800?—we certainly do not need the approximately 6,000 warheads that we currently possess. The Chinese would likely (over time) become somewhat more amenable to our development of a national missile defense if we introduced it gradually and in a cooperative fashion at the same time as we were reducing offensive inventories. We would need, in other words, to add the defensive weapons at the same time as we followed an agreed-upon trajectory for the reduction of offensive weapons.

- Theater Missile Defense (TMD) would affect China in a rather different way than strategic, national missile defense. The Chinese are worried that Americans will sell such a system to Taiwan. Beijing is not troubled by the possibility that Taiwan would be so well protected that it rationally could act without fear of PRC retaliation. Rather, China fears that Washington would then feel obligated to integrate Taiwan into its command and control and intelligence systems in a way that looks a great deal like an alliance. One of the preconditions for "normalization" of diplomatic relations in 1978-79 was that the United States would end its military alliance with Taipei.

Regarding management, as long as China continues to build up its own short-range missiles in Fujian Province, it is going to be impossible to get Americans to agree to abandon the idea of providing Taiwan with anti-missile systems. *Indeed*, America already has provided low-altitude Patriot systems to the island. Nonetheless, there are some interesting approaches we might take to make this less explosive. For example, we might agree with Beijing (presumably with Taipei's tacit concurrence) that we would not transfer high-altitude missile defense systems to Taiwan if the Chinese showed restraint on their deployment of missiles directed against Taiwan. Alternatively, we might, for example, think about developing a missile

defense system that can be kept on U.S. naval platforms. These would remain under U.S. control and move around in the region during a crisis. In other words, the United States would not provide the military capability to Taiwan, but instead would provide a mobile regional defense. Of course, there might be technical and practical difficulties that stand in the way of such a system. Whatever we do, however, we ought to take the concerns of the Chinese seriously.

- The "Taiwan question" is one of the most sensitive of all issues. The nature of the problem has already been alluded to. It is linked to the macro-military problem, for much of China's military modernization is aimed at deterring Taiwan from drifting toward independence.

Management of the Taiwan problem is a challenge in double deterrence. We need to deter the People's Republic of China (PRC) from using force. Few American audiences would disagree with this. But, at the same time, we also need to deter Taiwan from taking actions that are "provocative" and that might drag America into actions not in our best interest, or Taiwan's for that matter. The problem is, of course, defining what constitutes provocative behavior, or for that matter, "America's interests." If you use the word "provocation," and if a Taiwanese official is in the audience, he/she will say: "What's provocative? Is our leader transiting your country provocative? Is our leader going to Cornell University provocative? What's provocative?" However, while it is undoubtedly true that, to some degree, provocation is in the eye of the beholder, one can say of provocation what the Supreme Court said of pornography, "I don't know how to define it but I know it when I see it."

Steps to reverse the militarization of the Taiwan Strait would also be useful. The PRC has been conducting exercises and has been increasing the number of short-range missiles and other assets in the area since 1995-96. If the Chinese show no restraint in this matter, the

Washington policymaking and security establishments are less likely to be restrained in the kind of weapons they sell to Taiwan. We need to somehow develop mutual restraints in weapon sales and deployment in the area of the Taiwan Strait.

Cross-Strait economic cooperation should be encouraged. In his New Year's message, President Chen Shui-bian of Taiwan used a very interesting set of words—"political integration." The PRC did not seize upon this concept, but it seems to me to be a useful idea and might provide a framework for dialogue between Taiwan and China in the political realm. The United States should acknowledge that this phrase was used and promote its use with Beijing. In the meantime, while political dialogue is likely to remain moribund across the Strait for the immediate future, economic cooperation should be actively encouraged.

Trade Issues.

Trade is a second major issue/concern. A newspaper article (March 2, 2001) by Nicholas R. Lardy provides the final figures on the Year 2000 trade deficit between the United States and China. The figure was about $84 billion. This means that last year was the first year in which the American trade deficit with China was bigger than its deficit with Japan. We have now crossed a Rubicon, and we have done so precisely at a time when the U.S. economy is slowing and when political relations are not fully stable. The confluence of these trends is not helpful.

- Managing Trade. What can be done about this? Will WTO provide some solution to this particular problem? Probably not, for several reasons, though PRC entry is critical to the larger goal of China's integration into the world community. First, it seems unlikely that China will be able to join the World Trade Organization (WTO) before June 2001, at the earliest. (Perhaps one should say that China will not

be willing to make the necessary concessions that would enable it to join in the next few months). So politicians on Capitol Hill are getting reconciled to the idea that there will be another debate over the annual renewal of Normal Trade Relations (NTR).

Second, it will not solve the deficit problem. WTO was "sold" domestically as something that would provide Americans a level playing field and enable the United States to export more to the PRC, and it will. However, it also will probably soon dawn on Americans that WTO and market access will probably not, at least in the short term, reduce the U.S. trade deficit with China. In fact, the deficit with China will probably continue to rise. This is not entirely due to Chinese perfidy, although there may be some of that as well. First of all, China's real tariff level is rather low now. The effective current tariff rate is actually in the 3-4 percent range. In other words, China is not keeping American goods out of China principally by using tariffs. This means that significant Chinese adjustment to WTO rules (particularly those applying to tariffs) already has occurred and future changes in this respect will bring about fewer relative gains, though much more needs to be done. And finally China is not going to be subject to quotas on apparel after 2004, and it is very competitive in this area.

The fact is that when it comes to the goods that we are importing, China has the comparative advantage. Its production costs are low—so low that production is being relocated from all over Asia into the PRC. This production is not just in traditional labor intensive industries, but high-technology fields as well. The PRC also is benefiting from extensive foreign direct investment, in part because foreign investors are eager to gain access to Chinese markets. American workers really do not want to compete with Chinese workers on the battlefield of absolute wages.

So all we can do is try to upgrade our own work force, increase productivity, and stay on the cutting edge of high value-added products. Beyond this, there is not much we

can do to deal with this problem in the short and medium runs. If these products were not being imported from China, they would come from other low-cost producers outside the United States, as we see in the case of textiles from Mexico. For the most part, these jobs have left the United States for good. The only question is which developing country gets the jobs?

Human Rights.

The third point of friction is over human rights. Concern over the Chinese record in this area has been a continual feature of our relations with China for over a decade. Human rights problems in China are undeniably ongoing and serious, affecting both individuals and groups. This troubles Americans. They expect—and will continue to expect—their political leadership to express its dissatisfactions to the Chinese. We may, therefore, predict that continuing pressure will be put on the Chinese in international forums to improve in this area.

- Managing Human Rights. In the view of this author, those who are involved in this process recognize that it is largely a symbolic undertaking in the short run. Not too many people believe that outside pressure will bring about greater respect for human rights in China any time soon. Nonetheless, it is important for us to condemn ongoing and serious abuses, and we will no doubt continue to do so. But if we are really interested in human rights, we should spend more time focusing on long-term institutional and developmental issues in China. There are a variety of constructive things we could do. We might, for example, help the Chinese in their effort to build a legal system, a judicial system, and a rule of law system. Capitol Hill has, in general, been a lot more willing to talk about human rights than to appropriate money to do those things that might, over the long run, prove more effective than passionate rhetoric.[4]

CONCLUSION

In sum, it is clear that we have a very difficult agenda ahead of us. The issues that are presenting themselves early in the Bush administration are among the most difficult. They are in the security and human rights areas. The context for dealing with these productively is not auspicious, though neither is it futile. This is true whether we are looking at the Chinese or the American environment. When we speak of Chinese-American relations, we are not talking of problems and their solutions, but rather of problems and their management. Dealing with China in the future is thus likely to be leadership-attention intensive, protracted, and frustrating. Regrettably, in all likelihood, 5 years from now we will be looking at a very similar picture, speaking of the same broad issues, and facing a similar structure of choices.

ENDNOTES - CHAPTER 13

1. The reverse was true in the early Clinton administration, where the problem was a dearth of strong foreign policy personalities (Secretary of State Warren Christopher, National Security Advisor Anthony Lake, and even the President himself were not strong).

2. These remarks were made in response to the address given by Admiral Blair at the evening banquet.

3. During the last decade, this author had the good fortune to visit China with three former secretaries of defense and about 10 or 11 four-star military officers (retired). In his estimate, they would subscribe to this view.

4. The administration in which Susan Shirk served did, however, get some money appropriated for rule of law programs.

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