

Chapter 2

The People's Republic of China: Early Foreign and Security Policy Choices

The Mao era

In 1949, Mao Zedong's Communist forces swept their nationalist rivals out of China's heartland—with the remnants taking refuge on Taiwan and in northern Burma—and proclaimed the People's Republic of China (PRC) on 1 October of that year. Beyond superior military skills, the decisive development was that public opinion ultimately swung emphatically in favour of the Communists as more disciplined, less corrupt and less brutal than the Nationalists.

In allied discussions on the postwar order, US President Franklin D. Roosevelt consistently insisted that China had to be brought into the inner circle of major powers, including through granting them a permanent seat on the proposed United Nations Security Council (UNSC). Roosevelt would certainly have presumed a postwar China led by the Kuomintang, but such was the US disillusionment with its erstwhile Chinese allies that, at least initially, Mao's eventual victory did not generate great shock or alarm.

For rather different reasons, the Soviet Union was also disposed to react cautiously. Joseph Stalin was to admit later that he had not assessed China to be 'ripe' for a genuine Marxist revolution (as a pre-industrial state it was theoretically unqualified).¹ His dealings with the Chinese Communists in the 1920s and 1930s had been limited and hesitant, and he had established no rapport whatever with Mao. Stalin had cut a deal with Roosevelt at Yalta to restore Russia's Tsarist-era privileges in Northeast Asia in return for joining the war against Japan after Germany had surrendered, and he judged a Chinese Nationalist government to be more likely than the Communists to accept this arrangement. Moreover, Stalin was aware that some of the Communist leaders in China saw an accommodation with the United States as the surest means to rebuild China's economic strength. Moscow was therefore somewhat ambivalent about the new government in Beijing, initially uncertain about how reliable an asset it could prove to be in the Soviet Union's looming contest with the United States. Like the Americans, Stalin suspected more Chinese Nationalism than

¹ John Lewis Gaddis, *We Now Know: Rethinking Cold War History*, Oxford University Press, New York, 1997, pp. 70–84.

Communist ideology in Mao's movement—a characteristic that he feared (and the Americans hoped) would make China resistant to direction from Moscow. It would appear that this wariness endured until Beijing, egged on by Moscow, committed forces to the Korean War (1950–53) and codified Chinese-US enmity.

Even though Mao had said in a speech in June 1949 that a Communist China would 'lean' toward the East, engaging with Moscow proved awkward. Mao spent a full two months in Moscow toward the end of 1949, eventually concluding the mutual security pact that he, convinced of US belligerence, craved, but at no point achieving any genuine rapport with Stalin. In some ways, however, Mao gained rather more than a security pact. Stalin eventually appreciated the enormity of the advance for the Communist cause that Mao's victory brought about. He spoke graciously of the possibility that new centres of Marxist-Leninism could take the revolution even further than the Soviet Union could, and invited China to take the lead in promoting the Communist cause in its immediate region.

In the latter months of 1949 and through the first half of 1950, the United States continued to regard Northeast Asia (except for Japan) as a second-order arena. The political leadership had considered drafts of a major assessment (known as NSC-68) of what confronting and containing the Soviet Union would mean for US foreign and security policies. This assessment characterised the Soviet Union as having a 'grand design' of global dimensions, imparting strategic significance to Communist advances anywhere, and calling for major, and indefinite, US rearmament, both nuclear and conventional. In Korea, however, tired of being 'aligned' with a brutal regime in the South and judging reunification by force to be improbable, the United States withdrew its forces in 1949. Washington also anticipated, and was reconciled to, Communist China moving quickly, probably in 1950, to invade Taiwan and completing the victory over the Nationalists.

The United States then put these judgements on the public record, in a speech by US Secretary of State Dean Acheson in January 1950. Acheson all but said that those interests in Northeast Asia that the United States would defend proactively began and ended in Japan. Korea and Taiwan were quite explicitly excluded. These developments are thought to have tipped the scales in Stalin's calculations. He endorsed Mao's plans for Taiwan and supported Kim Il-Sung's renewed pressure for authorisation and support to invade South Korea, on the condition that North Korea and, if necessary, China do all the fighting. He made explicit that the direct engagement of Soviet armed forces in combat with US forces was out of the question. Kim suppressed some of these details, probably giving both Stalin and Mao a stronger sense of the other's enthusiasm for the invasion than was in fact the case. With the offensive capacities of his forces bolstered with Soviet-supplied equipment, Kim launched the invasion on 25 June 1950. Four months later, having come within a whisker of complete success,

North Korean forces were being overwhelmed by the US-led coalition and the exact opposite of what Kim had in mind looked inevitable. Stalin refused to budge, telling Mao in plain language that whether or not there would be a US-dominated Korea with US forces on the Yalu River was Mao's choice alone.

Mao, though presumably mindful that Japan's invasion of China had begun with the occupation of Korea, and disposed to come to the aid of the North Koreans, hesitated, incurring intensified pressure from Stalin but also promises of indirect assistance, including the sale of air support equipment.

The UNSC resolution authorising resistance to the North Korea invasion implied strongly that the objective was to drive Communist forces back over the de facto border at the 38th parallel. This objective had been accomplished by the end of September 1950 and US thinking began to lean toward dislodging the Communist leadership in the North. In moving down this path, the political leadership in Washington was sensitive to minimising any risk of provoking intervention by the Soviet Union in particular, but also by China.

The charismatic US military commander in Korea, General Douglas MacArthur, was somewhat dismissive of these concerns and secured Washington's conditional approval to press north of the 38th parallel (shortly afterwards he was famously relieved of his command by direct Presidential order for insubordination). Confirmation that the US-led forces were not going to stop at the de facto border pushed Mao to allow Chinese forces to infiltrate undetected across the Yalu River in October and November and to counter-attack on 26 November 1950. To soften the move at least slightly, they were labelled 'volunteers', not regular formations of the People's Liberation Army (PLA), even though they numbered an estimated 200 000 men. Within a few weeks, Mao also succumbed to the temptation of complete victory and pursued coalition forces deep into the South.

The US decision to intervene surprised everyone but itself. The United States had envisaged prolonged instability on the peninsula, but concluded that its interests did not require being around to ensure a particular outcome. North Korea's invasion, seen as blatant and unprovoked, fell outside the terms of this assessment. The United States chose to regard the invasion as a direct challenge to the sanctity of internationally-agreed boundaries and thus a precedent that, if allowed to stand, could return to haunt it in arenas of greater strategic significance. The outbreak of war on the Korean Peninsula also provided the political impetus to endorse NSC-68, which became the initial blueprint for an urgent rearmament program. Thereafter, a military program that consumed 6–7 per cent of Gross Domestic Product (GDP), roughly double the figure experienced in the years between the two World Wars, became the norm in the United States.

In addition to deciding promptly to resist the invasion, the United States quickly determined that military action across the Taiwan Strait, whether instigated by Taiwan or China, could complicate the prosecution of the campaign in Korea. Additionally, the Sino-Soviet security pact presumably changed US thinking about being indifferent to Beijing completing its defeat of the Nationalists by invading Taiwan. On the second day of the Korean War, 26 June 1950, US President Harry S. Truman ordered the US 7th Fleet to patrol the Taiwan Strait so as to deter action by either party. For Mao, already predisposed to regard the United States as an enemy and relatively bereft of good intelligence or diplomatic reporting, the combination of US forces back on the Korean Peninsula and, it seemed, protecting its erstwhile allies on Taiwan, must have looked awfully like precursors to an attempt to reverse his take-over, and contributed to his decision to enter the war in Korea.

Another fallout from the Korean War is likely to have been confirmation for the Chinese that the Soviet Union was a calculating friend, not one to rely on in difficult circumstances. Stalin had provided the initial approval of the invasion, donated the necessary offensive weaponry, and assigned senior officers to help plan the campaign, but then stepped away. Given his misgivings about Mao, Stalin may have wanted to test Mao's commitment to Socialism and, indirectly, his loyalty to Moscow. Mao passed the test and, by becoming an enemy of the United States, deepened China's dependence on the Soviet Union. Taking a longer-term perspective, with China becoming disillusioned with the alliance so soon after it was created, and picking up considerable kudos in the Third World for standing up to the United States, the test probably backfired on Stalin and the Soviet Union. Similarly, the lesson Zhou Enlai took away from the Korean War was that China should never again allow itself to be used as a pawn by the Soviet Union.²

Further confirmation came in Sino-Soviet negotiations in 1950 on borders and spheres of influence. Stalin had abandoned his protectiveness of the deal struck at Yalta with the United States and agreed that China and the Soviet Union, as new strategic partners, should strike a new deal. Mao secured a sunset clause on Soviet privileges in Manchuria and acceptance of Chinese control in Xinjiang. But Outer Mongolia, the homelands of the Western Xiongnu which the Ming succeeded in bringing into the empire in the late seventeenth century, was lost. Moscow had created (and dominated) a new Mongolian republic and made clear that the new state (which had been recognised by the short-lived Nationalist government of China) was non-negotiable. As noted earlier, after the Second World War, Britain ceased to press its interests in Tibet and China's sovereignty over this territory went uncontested.

² Han Suyin, *Eldest Son: Zhou Enlai and the Making of Modern China 1989-1976*, Kodansha, New York, 1994, p. 232.

After the Korean War, China had set about rebuilding its international relationships, concentrating on the large middle ground between the two superpowers, or the states of what was to become the non-aligned movement. In the late 1950s, China drifted toward characterising the superpowers as co-hegemonists and intensified its efforts to be a third force at the head of the non-aligned movement. Zhou Enlai had established a strong rapport with India's Prime Minister, Jawaharlal Nehru, in 1954–55, and played a prominent role at the famous non-aligned conference in Bandung, Indonesia in 1955, including the development and adoption of the Five Principles of Peaceful Coexistence. At this time, China also secured (at Soviet insistence, which it probably provided because Washington was adamantly opposed to the idea) a seat at the Geneva Conference convened to find an enduring settlement to the Korean War and to try to stop the increasingly complex conflict in Vietnam. Zhou evidently viewed China's participation as a coming-out event, renting a large villa on the outskirts of Geneva and turning up with a delegation of 150.

These gains were to be short-lived. Over the course of the 1950s, with China in a poisonous non-relationship with the United States, the alliance with the Soviet Union remained somewhat tepid as the two Socialist giants tried, without success, to define the basis for an enduring partnership. Specifics aside, Moscow's strong disposition to require clear recognition and acceptance of its leadership of the Socialist camp clashed with Beijing's hyper-sensitivity to subordinate status. The two countries clashed over Soviet Premier Nikita Khrushchev's wholesale trashing of Stalin's legacy. While China may have suspected that Stalin had manipulated them into confronting the United States in Korea, it had also embraced some of the core socialist ideas on economic development that he held dear, not least the collectivisation of agriculture. Similarly, Beijing queried Moscow's right to take corrective action in Poland and Hungary without consultation. Soviet-Chinese sparring over ideology became a dominant fixture of the periodic meetings of Socialist leaders, not least over Vladimir Lenin's conviction that war with the capitalist world was inevitable. The Soviet leadership had begun to distance itself from this tenet, while Mao remained a devotee, including to the corollary that Socialism needed to give first priority to ensuring that it would prevail in this war.

Zhou Enlai's early instincts that the United States would be a far more rewarding economic partner for China than the Soviet Union were confirmed. Moscow was exceedingly careful with its economic and technical assistance, and inclined to exploit, as fully as possible, the dependencies this assistance generated. This became particularly clear in the nuclear field where Moscow had agreed to assist China in developing its own nuclear weapon, but became progressively more reluctant to transfer critical technologies and knowhow. When it was acknowledged at the leadership level in 1958–59 that the differences were

irreconcilable, and the Soviet Union abruptly terminated all of its assistance programs, China had been expecting a promised warhead design for some two years.

By the late 1950s, China had split with the Soviet Union and therefore had an antagonistic relationship with both superpowers. Moreover, China's rapport with India was frayed by skirmishes along the Tibet-India border in 1958–59 and India's agreement in March 1959 to provide political refuge for the Dalai Lama. In 1962, these tensions erupted into a full-scale border clash in which the PLA trounced the Indian Army and opened up a territorial dispute that remains unresolved today. India responded by qualifying its non-alignment and tilting toward the Soviet Union, although this tilt only became conspicuous after the 1971 Indo-Pakistani War and Indian perceptions that US naval deployments in the Bay of Bengal reflected an antagonistic stance toward New Delhi. (India was thereafter depicted in pink on Western political maps.) India also resolved in 1964, when China conducted its first nuclear test, to acquire a matching capability. China in turn, developed a close relationship with Pakistan and ultimately played a decisive role in that country's ability also to acquire a nuclear weapon capability by the late 1980s—a policy setting that kept India wholly pre-occupied with its Muslim neighbour and effectively locked-up on the sub-continent.

At the same time, China's modest momentum as a re-emergent player on the international stage was interrupted by the first of Mao's endeavours to recapture revolutionary fervour and, in this instance, channel it to achieve instant economic growth. The Great Leap Forward of 1958–59 attempted to tap into China's vast rural workforce and get them to also engage in village-level industrial production and infrastructure projects. Politically, the goal was to reconnect the leadership and the 'masses', bypassing the increasingly bureaucratised party machine that Mao sensed was marginalising him. An estimated 25–30 million peasants may have died of malnutrition as a result, and the economic disruption, combined with the withdrawal of Soviet technical assistance in 1959, produced several years of absolute decline in China's GDP.³

In the early 1960s, the flimsy understandings on Vietnam reached at the Geneva conference in 1955 began to fall apart and US involvement began to escalate. Both Beijing and Moscow desired to be Hanoi's primary partner, although neither wanted to be seen as actively frustrating the other's assistance. China had to endure the shipment of Soviet supplies to Hanoi through China, although it insisted on having full control while this material was on Chinese territory; that is, no Soviet personnel were permitted on Chinese soil to manage, facilitate

³ John K. Fairbank and Edwin O. Reischauer, *China: Tradition and Transformation*, Allen & Unwin, Sydney, 1989, pp. 396–99.

or oversee these shipments. The volume of Soviet aid quickly exceeded that from China, although the latter would stress that all its aid was unconditional: no repayment was sought or expected.

China's long and bitter history with Vietnam also echoed into the 1960s. China stressed that it supported Vietnamese nationalism and reunification, but would not countenance Vietnamese hegemony over Cambodia and Laos. This shadow over Beijing's support for North Vietnam's President Ho Chi Minh had developed back in the 1930s when Ho renamed his movement the Communist Party of Indochina. The strength of this lingering aversion to anything resembling a competing centre of power in China's immediate region became apparent when Hanoi, presumably with some measure of concurrence from Moscow, ignored Chinese sensitivities and invaded Cambodia in 1977, deposing Pol Pot and the ruling political party, the Khmer Rouge. In a very traditional fashion, Beijing determined that its authority in the region mandated a sharp military strike to teach the Vietnamese a 'lesson'. The PLA strike was indeed sharp and short although, by all accounts, and as had been the case so often in Vietnam over the centuries, the Chinese forces only narrowly avoided actual defeat.

As the intensity of the war in Vietnam escalated, China threw itself into another ideological convulsion—the Cultural Revolution (1966–76)—designed to preserve Mao's position from opponents with power bases within the Party, again with devastating consequences for China's economic wellbeing and for the coherence of its foreign policy.

US-China re-engagement

Ironically, just when China's leaders were indulging their whims and paranoia with little regard to the consequences for the general public, the United States began to test the waters for the resumption of normal relations and, perhaps something a little stronger. It had taken several years for the Sino-Soviet split in 1959–60 to be accepted by policymakers in the West as deep and irrevocable and something that could be reliably factored into strategic assessments. And it took several more years, probably until North Vietnam's Tet Offensive in 1968, for the United States to begin to lose confidence in its capacity to defeat the North or hold the South in Vietnam at a cost acceptable to the US Congress and the American public. The immediate motive for the overture to China was to create a stronger constellation of forces to construct a basis for a face-saving US withdrawal from Vietnam. The longer-term motive, dependent on securing something stronger than 'normal' relations with China, was to tilt the global balance in the Cold War further against the Soviet Union. Despite the huge distractions of the Cultural Revolution, Beijing was not about to reject so

historic an invitation. The most powerful nation in the world, one that the new China had stumbled into war with in 1950–53, that was making powerful again China's most mortal enemy of recent times (Japan), and one that had refused even to shake a Chinese hand at the Geneva Conference on Indochina in 1955, was seeking China's friendship.

Developments with the Soviet Union also made better relations with the United States look attractive and most timely. China's leaders took the possibility of superpower collusion against them quite seriously. Beijing was concerned about Moscow's forceful intervention in Czechoslovakia in 1968 and the articulation of the so-called Brezhnev Doctrine by which Moscow reserved the right to use force to deal with errant behaviour in the Socialist camp. Then, from March 1969, Chinese and Soviet forces clashed in a series of border skirmishes along the Ussuri River, some quite significant in scale, and US intelligence reported evidence of a more wide-ranging build-up of Soviet nuclear and conventional forces in the Far East.

The story of US-China re-engagement from 1971–72 is broadly known.⁴ The two sides struck a practical bargain that developed over the next 20 years into something that had more depth and diversity to it than was readily apparent. China clearly relished getting back into the major league, but was equally determined to be cautious and principled in laying the foundations of its relationship with the United States, and even more determined to not convey the slightest hint of gratitude or indebtedness to Washington. It can be safely presumed that Beijing wanted to convey the impression that dealing with the great and powerful as equals represented normality for China.

Like the United States in respect of generating better conditions for an honourable exit from Vietnam, China's specific hope was that re-engaging with the United States might unlock Taiwan. Neither side could, nor wished to, accommodate fully the other's immediate aim. China insisted that the reunification of Vietnam was a just cause and refused to pressure Hanoi to qualify its war aims. Yet, it did address a concern that had nagged the United States for years; namely that, as in Korea, Chinese forces might intervene alongside those of North Vietnam: China said this would not happen, so long as it was clear, of course, that the United States had no designs on China itself. China did rather better on the subject of Taiwan. In the Shanghai Communiqué of February 1972, the United States accepted the one-China principle; no support for Taiwanese independence; no encouragement of closer Japanese involvement

⁴ One of the best accounts can be found in James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton*, Alfred A. Knopf, New York, 1999.

in Taiwan and, of course, China taking over Taiwan's seat at the United Nations, including permanent membership on the UNSC. But Taiwan was not 'unlocked' and continues to bedevil bilateral relations today.

On the broader target of the opening to China—the Soviet Union—it was easier to find common ground. The United States promptly began to share some of its intelligence on the disposition of Soviet forces in China's vicinity. By 1975–76, again at US initiative, this had developed into proposals for regular, institutionalised intelligence exchanges and for the provision of military assistance. In 1979, China agreed to host US signals intelligence facilities to monitor Soviet missiles tests—a function that the United States had performed from facilities in Iran until the Islamic revolution of that year. In the early 1980s, in addition to removing China as a primary strategic nuclear target in the Single Integrated Operational Plan (SIOP), the Reagan Administration went so far as to direct the Pentagon to plan for the provision of security assistance to China in the event of Soviet aggression.⁵

Washington also tried to reassure Beijing that it had nothing to fear from US–Soviet détente. One strand of Chinese difficulty with Khrushchev had been concern that his interest in more stable relations with the United States would be a prelude to superpower collusion against China. After 1971–72, Beijing shifted this concern to Washington. Beijing linked the alleviation of this concern strongly to the full normalisation of bilateral relations with the United States, a Richard Nixon/Henry Kissinger promise that was repeatedly delayed by domestic political developments like the Watergate scandal and the rise of the right wing of the US Republican Party. When it eventually occurred in 1979, under President Jimmy Carter, it was accompanied by the *Taiwan Relations Act* which went about as far as Congress could go toward replacing the security commitment that the United States had given Taiwan when it was recognised as the government of China, including helping Taiwan to maintain a 'sufficient self-defence capability'.

The importance of China and how important the Chinese should be encouraged to think they were to the United States during the Cold War was a hotly contested issue in Washington. Over the seven years or so that passed between the opening to China in 1972 and the normalisation of bilateral relations in 1979 an enduring split on this issue developed in the US policy community. The debate in Washington pivoted on the question of who had the most to gain from the relationship and, therefore, who should be regarded as courting whom? Those who pressed for playing close attention to the development of

5 Hans M. Kristensen, Robert S. Norris, Matthew G. McKinsie, *Chinese Nuclear Forces and US Nuclear War Planning*, The Federation of American Scientists, and The Natural Resources Defense Council, November 2006, p. 153, available at <<http://www.nukestrat.com/china/chinareport.htm>>, accessed 24 June 2009.

the relationship based their argument, fundamentally, on the decisive value of China's Western inclination to the Cold War strategy of containing the Soviet Union. And it was the case that, from the mid 1960s onwards, the Soviet Union deployed substantial conventional and nuclear forces in its far eastern territories, adding significantly to what turned out to be an unsustainable military effort. This assessment inclined successive administrations to deal with human rights issues in China with the greatest discretion; to officially encourage European suppliers of defence and defence-related items to provide what China wanted but the United States could not supply; to offer (in January 1980) to sell advanced 'non-lethal' defence-related technologies; to grant China Most Favoured Nation (MFN) status in 1979, effectively giving China the same access to US markets as most other states in the world; and to tolerate relentless Chinese pressure to more completely sever its ties with Taiwan.

The high-water mark of this assessment of China's importance was the August 1982 US-China Communiqué agreeing to restraints on military sales to Taiwan. Thereafter, with both US President Ronald Reagan and US Secretary of State George P. Shultz persuaded that the United States had been too eager, the domestic balance of power on China shifted against ascribing primary importance to this relationship and, specifically, against the corollary of 'abandoning' Taiwan.

Nevertheless, within the parameters already laid down, the relationship continued to broaden, not least in terms of large-scale supplies of Chinese weapons to the Mujahideen in Afghanistan, financed by the Central Intelligence Agency, and in terms of Chinese defence purchases from the United States. As we shall see, however, there were also accumulating signs of China's preparedness to signal that it did not feel 'dependent' on the United States for protection from the Soviet Union and was quite prepared to cut across US interests if they clashed with its own.

In addition, the China that the United States had engaged with in 1972 began an internal transformation in 1978 that was to have global ramifications. In that year, China's supreme leader, Deng Xiaoping, led the country away from socialist techniques for resource allocation and embraced the market economy internally and externally. Barely two years after the death of Mao, Deng succeeded in committing China to the development of a market economy and to opening China up to the international economic system. This represented a bold strategic judgement that China had to go back to basics and to restore the fundamental basis of power in any state, that is, its economic strength.

Deng, it could be said, had a 'grand strategy' to drive China back into a respectable position among the world's major states through a deliberate and methodical process of focusing the nation's energy on successive stepping stones. A word on grand strategy may be in order. It does not mean doctrine or any kind of

thematic strategy like a political, economic or defence strategy. All of these are more specific or concrete endeavours to organise means to achieve defined ends. Grand strategy involves the broadest or most elemental judgements about the forces at work in the world, particularly the primary agents of change, and determining which broad direction or setting for the nation's capacities is most advantageous and to which all more specific strategies must contribute or at least not contradict. The open-ocean yachtsman may provide a useful analogy. He or she must decide whether the best winds are to be found well out to sea or closer to the coast. If the wrong judgement is made, then even the most skilful seamanship (in itself a complex of strategies and tactics) is likely to prove futile. Similarly, even if the right judgement is made, that complex of more specific strategies and tactics which constitute good seamanship will still be necessary to make good use of the success at the level of grand strategy. Grand strategy, in other words

,refers to the central logic that informs and links [a state's foreign, economic and security policies], the regime's vision about how it can most sensibly serve the nation's interests (goals) in light of the countries capabilities (means) and the international constraints it faces (the context of interdependent choice).⁶

It would be difficult to underestimate the magnitude of the political task Deng undertook to 'sell' his grand strategy. First, he had to persuade China's Communist political leadership that socialist techniques for the production and distribution of wealth were conspicuously inferior to those of the market economy. It seems reasonable to suppose that Deng drew on the fact that China had tried the socialist way for three decades, but was still being outclassed to the point of humiliation by its mortal enemy of recent times (Japan), by its errant province (Taiwan) and by other entities like South Korea that had for millennia looked to China as an aspirational benchmark. After the fall of the Soviet Union, Francis Fukuyama was to call the triumph of the liberal democracy/market economy model 'the end of history', or the end of a centuries-long quest for the optimal combination of principles for the design of the nation-state. Fifteen years earlier, however, Deng had cast off one half of the socialist model (the economic half) in 1978 with a simple homile: 'It does not matter whether a cat is black or white so long as it catches mice.'

To sell his case, Deng also argued that the superpowers were in a robust stalemate and that 'peace and development' would increasingly become the dominant strands of national endeavour. Moreover, China was well positioned between the superpowers. China's cautious and practical but essentially 'normal' relationship

6 Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security*, Stanford University Press, Stanford, 2005, p. 19.

with the United States contrasted sharply with its 'hostile' relations with the Soviet Union and had a useful deterrent effect on the latter. Taken together, Deng was able to convince the various elements of the leadership community that what he proposed was a necessary but judicious gamble. As we shall see below, Deng even managed to cut a deal with the PLA to contribute to the priority goal of accelerated economic growth by allowing its onerous share of central government resources, and of GDP, to fall sharply for a time.

Deng's grand strategy also broke with a tradition of controlled and limited entanglement with other countries that had endured for millennia. The only departure from this tradition, the largely involuntary entanglement with the industrialised European states plus the United States and Japan in the period 1850–1950, seemed only to underscore its essential wisdom.

The Chinese leadership recognised that Deng's prescription would involve China becoming progressively more interdependent with other states and involved risk in that its full consequences over the longer term, not least on the domestic political front, were impossible to anticipate with any certainty. Clearly, however, the assessment was that a commitment to the market economy, international trade, foreign investment and economic interdependence was so critical to the restoration of China's economic strength in a reasonable timeframe that such risks simply had to be accepted and managed as they appeared.

Until his death in 1997, Deng continued to urge the strongest possible focus on economic growth and development and holding in check other national aspirations until the strength of this foundation was no longer in doubt. His adages, including 'Hide our capacities and bide our time' and 'Be good at keeping a low profile' remained beacons for the Chinese elite for years after his death, even as it began to dawn that they were counter-productive in implying so strongly that China could have a different and less attractive agenda for the era beyond the restoration of its economic fortunes.

Deng's core thesis that peace between the major powers and a preoccupation with developing economic strength would be the defining features of the contemporary era, providing China with a window of opportunity to give maximum priority to its economic agenda without being unduly concerned that its basic security or wider geopolitical interests would be irredeemably eroded while it was thus preoccupied, proved remarkably durable. Events like the internal dissent in Tiananmen Square in June 1989, the collapse of the Soviet Union in 1989–91 (which challenged all governments that based their legitimacy on constructing a socialist society), the emergence of the United States as the unipolar power, and of the neo-conservative thinking on how it should utilise this position all provoked introspection about the basic wisdom of the course China was travelling. Thus far, however, China's leadership has elected to stay

the course, to adjust its foreign and security policies in the light of changing circumstances so as to keep the window of opportunity open and to enable a continued focus on economic development.

Inevitably, perhaps, and not unforeseen, the encouragement of free enterprise and the accumulation of wealth, and of engagement with the predominately capitalist outside world, generated appetites for other freedoms and a propensity to test the system's inclination to grant them. From the mid 1980s, protest movements (focused variously on price rises, corruption, Japan and, at least indirectly, on political liberalisation) exhibited a significant potential to catch on, to grow in scale in one location and to spread quickly to others. It would seem that the United States essentially missed the significance of these signals. In the case of the Soviet Union, the United States was keenly interested in all manifestations of unrest and the methods Moscow used to squash them, both for their propaganda value and for what they might say about the Soviet Union's capacity to sustain the Cold War. The US perspective on China was very different: it was simply not in the business of making life difficult for the Chinese leadership and thus was prone to casual assessment of these episodes as inevitable turbulence in a basically positive process of transformation and reform.⁷

A second consequence of harnessing capitalist mechanisms to the economic side of the Socialist equation, that had a marked impact on the character of the Sino-American relationship, was international arms sales. Zhou Enlai used to boast that China neither sought nor expected compensation for the military assistance it provided. In the early 1980s, however, in addition to payments from the Central Intelligence Agency for arms supplied to the Afghan Mujahideen, China tapped into the bonanza provided by the Iraq-Iran war. Although China, for the most part, filled a substantial niche in the market for robust, low-cost weaponry and equipment, its missile sales progressively exposed the reality of a state with its own interests and, despite the informal anti-Soviet alliance, little inclination to be sensitive to US concerns.⁸

China's arms sales to Iran included a land-based anti-shipping missile code-named *Seersucker*. While a somewhat cumbersome system embodying old technology (its pedigree extends back to the *Silkworm* missile, the initial

⁷ See Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton*, especially pp. 155–66.

⁸ Around this time (1982), China and the United Kingdom were negotiating the transfer of sovereignty over Hong Kong. Deng Xiaoping sought to underline the pro forma nature of these negotiations by telling the British Prime Minister (Margaret Thatcher) that he had the option of simply taking the colony 'this afternoon'. A senior Chinese official revealed subsequently that this was not simply a negotiating ploy: the People's Liberation Army had been readied to invade because it was feared that the announcement of a date for the handover would trigger anti-China unrest. See Michael Sheridan, 'China plotted Hong Kong invasion', *Australian*, 25 June 2007.

Chinese version of the *Styx*, a Soviet system from the 1950s), the *Seersucker* has a range of 100 km and a formidable 500 kg warhead. In the confines of the Persian Gulf and the Strait of Hormuz, the weapon was a genuine headache for the Pentagon.⁹ China initially responded to US complaints in 1987 with outright denials of involvement in these transactions. It eventually gave an undertaking not to supply these missiles to Iran, while at the same time discreetly assisting Iran in building the capacity to manufacture the missile indigenously.

An even ruder shock came in early 1988 when the United States learned that China had already transferred 36 CSS-2 intermediate-range (2700 km) ballistic missiles to Saudi Arabia. In PLA service, the CSS-2 was a nuclear weapon delivery system. The Saudi version had been modified to carry a conventional warhead, but the United States was still furious that the two 'allies' had conspired in complete secrecy to introduce a capability that could provoke serious reactions and make US interests in the stability of the several military balances in the region (Arab-Israel, Arab-Persian, Iran-Iraq) so much harder to achieve.

Finally, in the late 1980s, with US intelligence alerted to the new challenge, the United States endeavoured to discourage China from proliferating its newer solid-fuelled tactical ballistic missiles, the M-9 (range 800 km, warhead 1000kg) and M-11 (range 300 km, warhead 500kg). The prospective markets of particular concern to the United States were Syria and Pakistan. What followed was a tortuous cat-and-mouse game extending well into the 1990s (and still the subject of much speculation) involving the transfer but not deployment of complete systems, the transfer of key components to be integrated into 'indigenous' missile development programs, repeated US sanctions on Chinese enterprises suspected of involvement in such transfers, and Beijing's exquisitely gradual commitment to comply fully with the guidelines of the Missile Technology Control Regime. This game allowed China to repeatedly set up opportunities to leverage its policy on missile exports for better conditions for trade and technology transfer, and, occasionally, for US concessions on Taiwan.

Some broader considerations may also have been at work, reinforcing China's propensity to be an increasingly 'rebellious' member of the anti-Soviet Union coalition. In the late 1960s and 1970s, China's immediate concerns about a military threat from the Soviet Union were reinforced by assessments that the

9 Both sides in the 1980–88 Iran-Iraq War attempted to damage the other's capacity to pump and transport oil, a tactic that produced friction with naval forces deployed to the Gulf to protect the security of oil supplies. In 1987–88, China's determined efforts to protect a positive relationship with Iran were made more difficult by Tehran's preparedness to threaten 'Western' and neutral shipping in the Strait of Hormuz with sea mines and Chinese land-based anti-ship *Seersucker* missiles. In October 1987, a missile struck a tanker being escorted by the US Navy, which retaliated by destroying an Iranian offshore oil production platform. In April 1988, a US frigate struck a mine, resulting in wider US retaliation. For a fuller discussion of these events, see John W. Garver, *China and Iran: Ancient partners in a Post-Imperial World*, University of Washington Press, Seattle, 2006, especially pp. 82–93.

correlation of forces globally had tilted in favour of the Soviet Union. These considerations encouraged a rather more conspicuous tilt toward the United States. In the 1980s, with the Soviet Union bleeding in Afghanistan and the United States embarked on a massive military buildup (including the Strategic Modernization Program (addressing offensive nuclear forces), the Strategic Defense Initiative (Star Wars) and the 600-ship navy), the pendulum swung the other way, inclining Beijing, if not to tilt towards the Soviet Union, at least to perceive greater safety in stepping out on its own road.¹⁰ Additionally, of course, Beijing would not have missed the signals from Washington from 1982–83 that the propensity to woo China had weakened appreciably.

Post-Cold War: The United States repositions China in its worldview

There were, as we have just seen, a number of pointers to the fact that the US-China relationship in the latter half of the 1980s was beginning to break out of its original parameters—a pragmatic political accommodation with a hint of alliance to confront a common enemy in the Soviet Union. Then came the suppression of student protests in Tiananmen Square on 4 June 1989, an episode that transformed popular attitudes in the United States and around the world toward China. Business as usual with Beijing became politically untenable, particularly in the United States and the rest of the Western world. This sudden estrangement was soon compounded by a far more deep-seated watershed—the collapse of the Cold War order between November 1989 when the Berlin Wall came down and December 1991 when the Soviet Union disintegrated.

We speculated earlier in this paper about whether, and how strongly, the foreign and security policy drivers in imperial China echoed into the modern era. This question now began to intrigue American security analysts and to find expression in investigations into China's probable 'grand strategy'. Over the course of the 1990s, the need to rely on abstract judgements by professional Sinologists about China's likely 'grand strategy' diminished. The Chinese Government's penchant for secrecy remained pretty much intact, but China became a far more visible and active player on the international stage, providing a relative abundance of data points to be evaluated and linked as a basis for judgements about the thinking that informed Chinese policies.

10 See Ron Huiskens, *America and China: A Long-Term Challenge for Statesmanship and Diplomacy*, SDSC Working Paper no. 386, Strategic and Defence Studies Centre, The Australian National University, Canberra, March 2004.

The end of the Cold War saw a surge of interest in the United States in China, its ambitions, and its capacity to realise those ambitions, especially as the suppression of student protests in June 1989 had shattered generally optimistic expectations of a political transformation as well as an economic one.

In retrospect, it would appear that, as the shadow of the Soviet Union faded from the scene, the United States formed the view that if the significant space on its 'radar screen' formerly occupied by the Soviet Union was to be filled in due course by another power, that power was most likely to be China. In the early 1990s, this prospect had none of the shape or perceived imminence needed for focused policy development, but it is likely that Washington and Beijing have been interacting with a shared sense of such a future since that time.

The end of the Cold War came as a considerable surprise to both policymakers and academics. Few had spent any time thinking about how to deal with this development. In Europe, however, being taken by surprise proved to be no handicap. With the North Atlantic Treaty Organization (NATO) and the European Union serving as critical safety nets, the old order cascaded into the new with astonishing speed. The Berlin Wall came down, Germany re-unified, the Warsaw Pact was dissolved and the 'iron curtain' raised, the Red Army went home, and home (the Soviet Union) broke up. All in the space of 25 months, and all without a shot being fired.

In East Asia, in stark contrast, it seemed that absolutely nothing happened. This was an illusion, of course. It was quickly appreciated that, in strategic terms, East Asia (and especially Northeast Asia) remained as the major piece of unfinished business from the Cold War and therefore a key determinant of the ultimate shape of the post-Cold War order. Relationships of power and influence were still underdeveloped and fluid. Moreover, it soon became apparent just how important the Soviet threat had been to sustaining relatively harmonious relations among the big three—the United States, China and Japan. Managing these relationships without the Soviet Union was to prove tantamount, in some respects, to going back to the beginning, to the pre-Cold War days. And there were not too many positives from those days to build on.¹¹

As China and the United States began, more or less unconsciously, to test the parameters of their post-Cold War relationship, they discovered that the comparative harmony of the 1970s and 1980s had been lost. Though probably

11 These circumstances produced a spate of influential articles on the theme that East Asia retained more strongly than any other region the ingredients for war between the major powers. See, for example, 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 Aaron L. Friedberg, 'Ripe for Rivalry: Prospects for Peace in a Multipolar World', *International Security*, vol. 18, no. 3, Winter 1993–94, pp. 5–33.

hazy on both sides, their respective visions of the preferred relationship between them—and, by implication, the influence that each was prepared to concede to the other in shaping the future of Asia—were different, and diverging.

In retrospect, it may well have been the case at the outset of the post-Cold War era that China developed inflated expectations about the scope available to exploit the new fluidity on the international scene to position it more favourably in the regional hierarchy of power and influence. The factors contributing to such a frame of mind are not hard to discern. China had, after all, been a behind-the-scenes but rather close strategic partner of the United States for 20 years—closer in fact than many people realised because the relationship had comparatively little visibility.¹² Moreover, with its particular historical baggage, and all the hype about the power it was expected to become, the Chinese leadership may have felt encouraged to reap earlier rewards and be more assertive about the role it expected to play. Furthermore, in addition to the mainstream academic (and, indeed, governmental) prognosis for a relatively brisk transition to multipolarity, it would have seemed in Beijing that the United States was signalling that it intended to loosen its strategic grip on Asia and provide more space for other actors. US President George H.W. Bush was speaking of a 'new world order'; prosecuted the first Gulf War in strict compliance with UNSC resolutions which authorised the liberation of Kuwait, not unseating the regime in Baghdad; signalled a diminution of US military power to 'just enough' to protect US interests and meet US obligations; planned significant reductions in its forces forward-deployed in Europe and Northeast Asia; accepted the loss of its major air and naval bases in the Philippines in 1992; and was prepared to push its trade disputes with Japan to the point of jeopardising the political and even security dimensions of the relationship with this hitherto pivotal ally.

What China appears to have found difficult to fully appreciate was the extent to which the events in Tiananmen Square had transformed the generally positive impressions of China in the West, and China's abrupt demotion in strategic importance to the United States following the demise of the Soviet Union. In any event, as the United States gradually absorbed the full implications of winning the Cold War and began to develop new policy bearings for the still strangely fluid post-Cold War era, it looked upon China with very different eyes. Far from being regarded as the co-determinant of the future order in Asia, Beijing found itself regarded as a prospectively dangerous loose cannon lacking the disciplines of democracy, respect for human rights and compliance with the established norms and conventions of international conduct in fields like trade and non-proliferation.

¹² See Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton*, especially pp. 369–76.

The US-China relationship in the early 1990s began to be dominated by differences, above all Taiwan, human rights and proliferation, both nuclear and conventional. In addition, the United States changed course with Japan, restoring the primacy of the political and security relationship, froze the planned reductions in its forward-deployed forces, and reaffirmed its determination to resist the threat or use of force to secure the incorporation of Taiwan into China. The Clinton Administration ultimately settled firmly on a policy of engagement toward China, but the Republican-led debate in the United States on the alternative of containment was by no means just political posturing.

China has never been enamoured of the US alliances with Asian states, and the forward-deployed forces that attended these arrangements. During the Cold War, Beijing's official stance on alliances waxed and waned with its assessment of how the correlation of forces was tilting the East-West balance, and on where Beijing saw itself positioned in that balance at the time.¹³ With the end of the Cold War, China initially took a relatively tolerant line: there was no particular urgency, but alliances were anachronistic hangovers from a bygone era that should have no place in the new one.

Ongoing friction with the United States eroded this tolerance until two developments apparently tipped the scales. The first was the confrontation with the United States over Taiwan in 1995–96, when China's attempt to weaken the appeal of pro-independence groups through missile tests provoked the United States to step away from its policy of 'strategic ambiguity' and to deploy two US carrier battle groups in waters near Taiwan. This was the first time since 1958 that either side had resorted to the coercive use of military forces to underscore their positions in respect of Taiwan.

The second was the Joint Declaration by the United States and Japan in April 1996 strongly re-affirming the relevance of their alliance into the indefinite future. As part of this declaration, Japan undertook to develop new defence guidelines to better define its military role within the alliance as well as the geographic area deemed to be within the scope of alliance operations. For Beijing, the one major benefit of the US-Japan alliance was that it obviated the need for Japan to provide fully for its own defence. In Beijing's eyes, it now seemed that the alliance was to become a springboard for Japan's 'normalisation' as a security actor and, in all probability, for further development of its military capabilities.

13 For additional observations on this issue, see Ron Huiskens, 'Accelerating the Evolutionary Process of Security Cooperation in the Asia-Pacific: An Australian Perspective', in See Seng Tan and Amitav Acharya (eds), *Asia-Pacific Security Cooperation: National Interests and Regional Order*, M.E. Sharpe, Armonk, NY, 2004, pp. 38–42.

In 1996–97, it was widely reported that China had made the fundamental determination that, on balance, the direct and prominent US role in the security equation in East Asia was no longer in China's interests and that China should seek to weaken that role.¹⁴ As we shall see, however, the question of how and when to pursue this objective became subordinate to the broader policy judgement that China needed to continue to give first priority to economic development. This, in turn, meant maintaining the most constructive possible relationships with the countries, especially the United States, whose markets, capital and technology remained critical to sustaining China's economic trajectory.

When US President George W. Bush assumed office in January 2001, his Administration essentially codified the preceding decade of difficulty and deterioration in US-China relations. During the election campaign, the Bush team had bluntly characterised China as a strategic competitor. Once in office, it consciously took a more detached or aloof approach to China, signalling—as befits a sole superpower—that China was an important concern but not especially important. In an early crisis—the collision between a Chinese fighter aircraft and a US intelligence-gathering EP-3 aircraft in international airspace off Hainan Island in April 2001—the Bush Administration conspicuously resisted elevating its significance and pursued a resolution through normal diplomatic channels. Moreover, with no particular subtlety, it flexed its muscles. In the delicate psychological game over Taiwan, it tilted conspicuously in favour of Taiwan, with Bush declaring that the United States would do 'whatever it takes' to help Taiwan defend itself. The Bush Administration followed this up in April 2001 with the most generous arms package for Taiwan since 1992. As a US Department of State official put it in 2002: 'Taiwan is not looked at as a problem anymore. We look at it as a success story.'¹⁵ China clearly remained suspicious that US insistence on peaceful reunification was a cover for a more strategic objective, namely to protect Taiwan's considerable value as a military complication for China. In protesting the US decision to allow Taiwan's Defence Minister to attend a conference in Florida in March 2002, a Chinese Vice Foreign Minister exposed this view when he urged the United States to abandon its policy of regarding Taiwan as an 'unsinkable aircraft carrier'.¹⁶

In May 2001, the Bush Administration also accelerated and recast the missile defence program in ways that would have made it seem an even more serious prospective challenge to China's nuclear deterrent. In particular, the Administration erased the distinction between strategic or national and

14 See, for example, Jim Hoagland, 'China: Two Enquires...', *Washington Post*, 20 July 1997. The evidence for this policy shift has remained anecdotal.

15 Quoted in John Pomfret, 'In Fact and in Tone, US Expresses New Fondness for Taiwan', *Washington Post*, 30 April 2002.

16 Quoted in Bonnie S. Glasser, 'Two Steps Forward, One Step Back', *Comparative Connections*, (An E-Journal on East Asian Bilateral Relations), 16 April 2002.

theatre missile defence systems, insisting that advances in capability would be exploited wherever they occurred. This development was re-enforced by the US decision in December 2001 to withdraw unilaterally from the Anti-Ballistic Missile (ABM) Treaty (a decision that came into effect in June 2002), despite solemn joint warnings from China and Russia (not to mention many European Union countries) that this would weaken global stability. The United States was at pains to stress that it had no interest in or intent to degrade the nuclear deterrent of other established nuclear weapon states.¹⁷ Still, it should be borne in mind that the US withdrawal from the ABM Treaty meant that Russia and China would have to rely solely on US *political* assurances that it would limit missile defences to the numerically small threat from 'rogue' states.

Finally, in its *Quadrennial Defence Review* (QDR) (released in October 2001) the Bush Administration announced far-reaching changes in policy and posture regarding US conventional forces.¹⁸ Among other things, for the first time in decades the QDR made Asia the region of primary interest and concern—ahead of Europe and the Middle East. Within Asia, in contrast to the past focus on Korea, the QDR signalled US determination to put itself in a position through enhanced long-range strike capabilities and more readily deployable ground forces, so as to shape more closely the security environment across the region as a whole. The Pentagon called the new area of special interest the 'East Asian Littoral', defined as extending from south of Japan, through Australia and into the Bay of Bengal. The QDR made it abundantly clear that US objectives for this region were very much driven by caution about China; that is, the United States adopted a hedging strategy.

It is also very likely that China was conscious of the neoconservative strand in US strategic thinking that developed in the Pentagon in 1990–92 into the thesis that, with the demise of the Soviet Union, the United States had a historic opportunity, even a duty, to perpetuate unassailable superiority and to use it to project its (universal) values and beliefs across the globe. This thesis, leaked to the press in 1992, sparked a major controversy, and was emphatically rejected by then US President George H.W. Bush. Although its most senior champion, then Secretary of Defense Richard Cheney, succeeded in putting a softer version

17 The United States acknowledges a formal strategic nuclear relationship with Russia (as the successor to the Soviet Union), with their mutual interests and responsibilities codified in the Anti-Ballistic Missile (ABM) and SALT/START agreements. This includes, as a practical matter, recognising Russia's 'right' to be able to deter the United States through capacities to mount a nuclear strike. The United States has never recognised China in this way, and remains reluctant to grant China the kudos associated with doing so. Accordingly, while Washington was obligated to reassure Moscow about its strategic intentions (even though it was abrogating the treaty that most clearly articulated this obligation), this was no more than an option in respect of Beijing. Washington did exercise the option, but used then Secretary of State Colin Powell to deliver the assurances discreetly in the context of a regular visit to China.

18 See Ron Huiskens, *QDR 2001: America's New Military Roadmap*, SDSC Working Paper no. 366, Strategic and Defence Studies Centre, The Australian National University, Canberra, March 2002.

of this thesis on the public record just days before Bill Clinton was inaugurated in January 1993, this radical grand strategy vanished from the scene until it was spectacularly revived without debate by US President George W. Bush in June 2002. While Americans may have lost sight of this proposal for a new grand strategy for the United States, it is very likely that it remained in the back of the mind of Chinese policymakers and was a factor in their strategic deliberations.¹⁹

In 2000, Michael Swaine and Ashley Tellis published an influential assessment of China's grand strategy, together with a realist projection of how that strategy might evolve over the first half of the twenty-first century.²⁰ This analysis characterised China's traditional or imperial grand strategy as a trilogy of goals: (1) domestic order and well-being; (2) defence against external threats; and (3) geopolitical status and influence commensurate with being a major and, ideally, the primary state in its region. Surveying China's behaviour since the death of Mao and the winding down of the last of the ideological convulsions he inspired (the Cultural Revolution), Swaine and Tellis concluded that China had adopted a 'calculative' strategy—an awkward term, but one with considerable merit.

The label 'calculative' stems from the reasonable inference that China's leaders recognised that 30 years of using socialist tools and looking to others in the socialist bloc to rebuild China had accomplished little in the way of elevating China's relative status in the community of states, and that its profound weaknesses relative to other major powers would endure unless everything was subordinated to a revival of its economic strength.

During the period needed to rebuild its economic strength, China would have to continue to manage its non-economic ambitions, including its security interests, from a position of relative weakness. This involved keeping the number of objectives about which China was prepared to be assertive to an absolute minimum, and selecting them carefully so that China would not be caught out defining objectives that were beyond the product of its physical capacities and its political will at any point in time to protect and defend.

Swaine and Tellis then go on to offer a realist projection of how China's grand strategy can be expected to evolve over the course of the twenty-first century. As continued economic growth expands China's weight and influence, it will reach tipping-points relative to other actors (either individual states or collectives like the Association of Southeast Asian Nations (ASEAN)) where

19 For a more complete account of the genesis of this thesis, see Ron Huisken, 'Iraq: The Neocon Strategy', *Agenda*, December 2006. Although the Neocon thesis is strongly associated with the 11 September 2001 terrorist attacks on the United States and the invasion of Iraq, a strong case can be made that it informed the George W. Bush Administration's foreign and security policy thinking from the outset.

20 Michael D. Swaine and Ashley J. Tellis, *Interpreting China's Grand Strategy: Past, Present, and Future*, RAND Corporation, Santa Monica, 2000, available at <http://rand.org/pubs/monograph_reports/MR1121/>, accessed 24 June 2009.

their dependency on China exceeds their capacity to inhibit China's economic performance, liberating China's strategic calculations. Similarly, China's military capacity to deter, intimidate or defeat other powers in locations and scenarios Beijing considers important will expand, even though other powers would also be expanding their capabilities. These authors anticipated that China would experience the same pressures as rising powers in the past: accumulating an expanding set of international interests and obligations, seeking to elevate its standing in the international system, and seeing the ambitions of its leadership expand with perceptions of rising capacities to fulfill them. According to Swaine and Tellis, we should expect that China will gradually outgrow its calculative stage and adopt more assertive policy settings.

Swaine and Tellis wisely resist the temptation to be prescriptive. Rather, they note that the world in which China is seeking to re-establish itself as an adequately influential player is very different not only from the 'world' that imperial China dominated in the past, but also very different from the experiences of Spain, France, Britain, Germany and Japan from which the 'realist' school derives its key tenets. For one thing, if it is the case that states are driven by the 'anarchic' international system ceaselessly to accumulate power to preserve their security, the only logical endpoint today is to achieve global hegemony. Subsequent to the revolutions in transport and communication technologies, China is unlikely to wish or to be able to be content with major power status (or pre-eminence or hegemony) just in Asia. Similarly, if power ultimately resides in the capacity to coerce other states, the ultimate source of such power has transitioned from industrial capacity to information-intensive technologies. Whether and when China could achieve or even begin to compete seriously for primacy in this field is a far more problematic proposition than whether it will become, statistically, the largest economy in the world or when it will acquire an undisputable capacity to preclude US intervention in support of Taiwan. In addition, if the realists are correct, the competition for supremacy in the coming decades is likely to evolve in an unfamiliar environment of multiple mega-states (most of them nuclear armed)—the likes of India, Brazil and possibly a revived Russia along with the United States, the European Union and China. How the old rules might play out in such an environment is anyone's guess.

Another prominent analyst, Robert Sutter, writing five years after Swaine and Tellis, broadly endorses their thesis and is correspondingly sceptical that the comparative tranquility of US-China relations in recent years has a robust basis or provides a reliable platform for assessments about the future.²¹ Sutter acknowledges that the transformation in China's policies since the mid 1990s (see below) has been significant and important—too important in fact to be casually labelled as tactical. Still, Sutter insists that there is no consensus on

21 Robert G. Sutter, *China's Rise in Asia*, Rowman & Littlefield, Lanham, MD, 2005.

how deeply rooted these changes are, and therefore no consensus on what they suggest for the future. Most particularly, Sutter contends that, since the end of the Cold War, China has attached such importance to the United States that China's approach to, and policies toward, the United States essentially shape its foreign and security policies generally. Consistent with the Swaine/Tellis 'calculative' thesis, Sutter inclines to the view that China has thus far determined that it is not ready to overtly contest US leadership in Asia. Put another way, China's intent is to displace the United States as the primary actor in Asia, but circumstances have compelled China to blend in and work with the United States for an indefinite period.

China re-calibrates

The new Chinese leadership under Jiang Zemin took a number of years to evaluate the implications of the end of the Cold War and the demise of the Soviet Union, including the effects these events had on the thinking of the other major powers. In particular, the cumulative difficulties with the United States in the years immediately following the Cold War tested the extant grand strategy articulated by the last of China's paramount leaders, Deng Xiaoping.

Something of a consensus has emerged that, around 1995–96, Beijing undertook a thorough review of the broad policy settings put in place to implement Deng grand strategy, against the new external landscape. In summary, this review reaffirmed his core assessments and priorities, not least the continued primacy of economic development (albeit qualified, as we shall see, by the decision to also accelerate military expenditure), but settled on a very different philosophy to inform the development of policies intended to achieve the broad purposes of the 'grand strategy'.²²

A key judgement in this stocktake was that China's extant policy settings (and the attitudes and assessments that supported these policies) seemed to be exacerbating perceptions that China's rise was a threatening phenomenon and therefore likely to provoke countervailing strategies in other countries. This, in turn, could complicate China's priority interest in rebuilding its 'comprehensive national power' on the foundation of economic strength. It would appear that Beijing became newly sensitive to how disturbing China's rise might look from the outside (literally, the power of projections), but also to how China's assertive stance on issues like Taiwan and its extravagant territorial claims in the South China Sea could be exacerbating these concerns.

In other words, it would appear that the leadership recognised that it had misread the tea leaves in the early years of the post-Cold War era and succumbed to

22 Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security*, p. 12.

temptations to seek a premature 'early harvest' in respect of its ambitions in East Asia. A particularly important judgement that emerged from this policy review was that unipolarity and US hegemony would be a longer lasting phenomenon than it had seemed would be the case in the early 1990s. The US economy had revived strongly and the initial signals that Washington was looking to a softer and more distant style of international leadership had been reversed. In short, the United States was becoming accustomed to unipolarity rather than inclined to welcome a transition to multipolarity. Moreover, there seemed to be little prospect over the coming decades that other major powers would acquire the capability and have the will to decisively erode US supremacy. This was a crucial judgement. It pushed further into the future China's acquisition of adequate power relative to the United States to contemplate any fundamental strategic re-ordering favourable to China. Looked at another way, it prolonged the era in which China's fortunes depended heavily on positive relations with the United States. For one thing, US markets, capital and technology remained decisive to China economic trajectory. For another, in order to give effect to the strategy of giving maximum priority to economic development, it was imperative that China avoid generating the view in the United States that it was a prospective strategic challenger and provoking Washington into a dedicated effort to block the development of China's power and influence.

Subsequent developments allow the inference that two further policy settings emerged to support the key objective of preserving a basically positive relationship with the United States. First, China should aspire to dispel absolutely its reputation as a spoiler or loose cannon and present itself as a responsible participant in the international system. The second could be seen as a 'hedge' in the event of unmanageable difficulties with the United States; namely, capitalising on China's economic needs and capacities to develop its political position and make China an attractive or at least indispensable partner for a broad range of influential actors on the international stage. This would benefit China directly and make it more difficult and costly for the United States to take a contrary stance toward China.

A number of developments in the latter half of the 1990s probably tested China's resolve to persist with the core judgements underpinning its grand strategy. The thrust of events and developments seemed to be moving in the direction of closer US interest in Asia and sharper interaction with China. The steady consolidation and development of US pre-eminence—most spectacularly in the military field—throughout the decade also visibly strengthened the pressures and temptations in the United States to act unilaterally to achieve its objectives. From China's perspective, two developments in the late 1990s were seen as further graphic examples of US disdain for China's interests. First, North Korea's launch of a rudimentary three-stage missile in August 1998 tilted the political

balance in Washington on missile defence decisively in favour of a commitment to deploy. Even the limited deployment envisaged to cope with numerically small threats from 'rogue' states like North Korea could readily be shown to have the theoretical capability to negate China's modest nuclear deterrent. In addition, the sea-based component of the layered missile defence capabilities envisioned by the Pentagon could be deployed to cover Taiwan. The fact that Japan committed itself to acquire an almost identical sea-based missile defence capability only intensified these concerns. More to the point, China found it hard to disguise its view that these possible outcomes in fact constituted the real motives behind the US and Japanese missile defence programs, with Pyongyang merely providing a convenient political cover.

Second, when China and Russia adamantly opposed military intervention against Serbia (over humanitarian concerns in Kosovo) in the UNSC, the United States went ahead, with NATO support, but without any form of UN authorisation. And it accomplished its objectives. For China, dispassionate assessment of this episode was made difficult by the bombing of the Chinese Embassy in Belgrade in 1999 and the deaths of three Embassy personnel. The United States insisted that this was a simple accident, arising from the failure of the Pentagon to maintain accurate records (that is, US planes had struck the assigned target but did not know that it was now the Chinese Embassy). Unsurprisingly, many Chinese remain less than fully persuaded that the United States did not intend this 'accident' as a political message. In any event, Chinese scholarly writings on the Kosovo affair suggest that, within Chinese leadership circles—with an eye to Taiwan, Tibet, and the separatist movement in Xinjiang—confidence that the United States could be relied upon to be a relatively benign hegemon (an important element of China's grand strategy) declined rather sharply.

Despite these potential challenges and risks, China stuck to its decision to give developing its comprehensive national power absolute priority, particularly through adopting more proactive and reassuring foreign and security policy settings to create as much time and space as possible for this priority to be pursued without giving rise to alarm and reactive policies on the part of others.²³

If developments on the missile defence front, US defiance of the UNSC in respect of Kosovo, and the assertive unilateralism that characterised the early policies of the Bush Administration tested the thrust of Deng's 'grand strategy', other developments were supportive of its continuing validity. Two developments were of particular importance in persuading the leadership that Deng's path remained a judicious gamble. One of these was the 11 September 2001 terrorist attacks on the United States, which is discussed below.

23 For an insightful assessment of these developments, see Bates Gill, *Rising Star: China's New Security Diplomacy*, Brookings Institution Press, Washington, DC, 2007.

The other was that China's post-1996 resolve to be more pro-active in keeping a benign and low profile, to actively attenuate concerns about its accumulating power and to replace the old label of 'loose cannon' with 'partner' and 'team player', began to pay off handsomely by the early years of the new century. The enhancement of China's status, accentuated by a distinct contrary trend in respect of the United States, strengthened the hand of those in leadership circles who felt that China was on the right track and should resist pressures and temptations to contemplate significant changes to its 'grand strategy'.

The new thinking on how best to advance the broad objectives of the 'grand strategy', perhaps most clearly evident in respect of Southeast Asia, centred on embracing multilateralism. China's growing weight in the economies of Southeast Asia states ensured heightened sensitivity to Chinese interests. For example, by 2005, China accounted for 8 per cent of ASEAN exports. This was still well short of the United States, European Union and Japan, but the share of these partners had slipped in recent times while China's had risen from around 2 per cent just 15 years earlier.²⁴ In sharp contrast to the United States, the European Union and Japan, China emerged from the 1997–98 Asian economic crisis as helpful and responsible. China did little more than decline to devalue its currency, but the Western powers found themselves tagged as having exacerbated the crisis through being thoughtlessly and arrogantly pro-active with painful and inappropriate economic prescriptions for dealing with the crisis.

At the same time, China shed its ambivalence about multilateralism in favour of being pro-active in the ASEAN Regional Forum (ARF) and the ASEAN Plus Three (APT), while also being supportive and protective of ASEAN's role as the 'driver' of these processes. China agreed to a code of conduct to defuse tensions over rival claims in the South China Sea (although the code of conduct's main effect is to defer rather than resolve the issue), and signed ASEAN's Treaty of Amity and Cooperation. In 2003, China's leadership launched its 'peaceful rise' slogan to replace the less marketable phrases authored by Deng 25 years earlier, only to conclude a year later that 'peaceful development' was even more felicitous, perhaps because it was more timeless and thus less likely to promote musing about what might follow China's 'rise'.

In the security arena, China moved more warily, perhaps mindful that a number of ASEAN states had not that long ago dealt with Chinese-supported insurgents, that security was the long pole in America's engagement with the region, and that most regional states valued this engagement rather highly. China did encourage the APT to extend its agenda beyond trade into the non-traditional security field but, both in the APT and the ARF, it has been noticeably more

24 Data on ASEAN trade and investment is taken from the ASEAN Secretariat website at <<http://www.aseansec.org/13100.htm>>, accessed 24 June 2009.

cautious than in the Shanghai Cooperation Organisation (SCO), where it is in the driver's seat. China has felt on safer ground in discreetly but relentlessly portraying its New Security Concept as more suited to the post-Cold War environment and more compatible with ASEAN values than the US alliance-based system (usually characterised euphemistically in Chinese commentary as the system based on a 'Cold War mentality'). To support this message, the PLA even initiated some substantively trivial but still unprecedented and therefore interesting transparency measures, and intensified the frequency of bilateral military-to-military contacts, naval visits and modest joint exercises. Even so, China stepped beyond ASEAN's comfort zone in 2004 by seeking a role in policing the Malacca Strait.

With the conspicuous exception of Myanmar—which is just as conspicuously outside the ASEAN mainstream—China has been very shy about arms sales, waiting to be asked rather than being pro-active. There has been a modest ice-breaking transaction with Thailand and a potentially more comprehensive arrangement with Indonesia involving short-range missiles and technical assistance to Indonesian defence industries.²⁵

In short, although the speed of China's entrenchment in Southeast Asia and elsewhere has tended to produce exaggerated assessments of a fundamental shift in the balance of power that has already occurred, it seems undeniable that, in Southeast Asia in particular, Beijing is already well-positioned relative to the United States and Japan to compete for influence.

The 11 September 2001 terrorist attacks

The salience of Deng's grand strategy was reinforced indirectly by the fallout from the 11 September 2001 terrorist attacks on the United States. China was among the many states that spontaneously aligned themselves with the United States in the largest 'coalition of the willing' yet seen to signal that arbitrary violence of this kind could not be tolerated. Practical collaboration on terrorism was facilitated by US preparedness to list Islamic separatists in Xinjiang as terrorists. China subsequently became sceptical about and/or contested a number of dimensions of the US response to the terrorist attacks, notably the Pentagon's swift penetration of Central Asia and the drive against Iraq in the absence of a substantive link between that country and the events of 11 September 2001. In 2005, for example, the communiqué from the summit meeting of the SCO called on the United States to indicate when its forces would leave central Asia. While this call was not repeated in 2006 or 2007, it was a clear assertion by China and Russia of a priority claim to this region as their legitimate sphere of influence.

²⁵ For a fuller account, see Carlyle A. Thayer, 'China's International Security Cooperation with Southeast Asia', *Australian Defence Force Journal*, no. 172, 2007.

From a broader perspective, however, the events of 11 September 2001 delivered an overwhelming benefit for China. It put on hold for an indefinite period the declared intent of the United States, for the first time in decades, to put Asia (and therefore China) ahead of Europe and the Middle East as the region of priority interest and concern for US foreign and security policy. Washington's diversion into the 'war on terror', and then its fateful decision to invade Iraq, will have reinforced Beijing's confidence that it could remain focused on building its economic power and political influence without attracting focused countervailing stratagems from Washington. The attractiveness of this prospect can be inferred from the fact that, as early as October 2002, China's President Jiang Zemin stepped away from France and Russia and told Bush privately that China would not use its veto in the UNSC to deprive the United States of a resolution 'authorising' the invasion of Iraq.

Taiwan and Korea: continuing flashpoints?

Taiwan

Taiwan can be said to be one of those accidents of history that harden into an issue that makes history. It is widely believed that neither China nor the United States believe that Taiwan is worth a war between them, but it has remained for decades the pre-eminent 'flashpoint' in the region.

For the People's Republic of China, emerging from the so-called 'century of humiliation' that straddled the demise of the imperial system, being fiercely defensive of its sovereignty lay at the core of its determination to 'stand up' and conduct its affairs free of coercion. We have seen how circumstances (dominated by the United States) conspired to allow China to retain nearly all of the empire that its imperial predecessors had regained in the preceding 400 years or so, leaving Chinese nationalist emotions focused on three relatively small blemishes: Hong Kong, Macau and Taiwan. Taiwan quickly emerged as the priority. Not only had significant Nationalist forces taken refuge on the island following their defeat in the civil war, Taiwan had been ceded to Japan in 1894 as part of a peace settlement following imperial China's defeat in the Sino-Japanese war of that year.

We have also seen that, despite Washington's disappointment with the defeat of its Nationalist Chinese allies during the war against Japan, the United States did not dispute China's claim to sovereignty over Taiwan and was reconciled to mainland forces invading the island and completing the victory, both over their internal opponents and, in some sense, over the Japanese. The Korean War radically altered the strategic calculus in Washington. On 26 June 1950, the day

after North Korea invaded the South, US President Harry S. Truman ordered the US 7th Fleet to patrol the Taiwan Strait.²⁶ This was months before Chinese forces intervened so decisively in Korea, and Washington's public rationale was that it wished to preclude those on either side of the Taiwan Strait from actions that could complicate the challenge the United States faced in Korea. In fact, of course, China had aligned itself with the Soviet Union, including via a mutual security agreement, making it part of the Soviet bloc that the United States now recognised as its opponent in a pervasive 'cold war' and as the entity abetting North Korean aggression.

Washington's de facto and tangential commitment to the security of Taiwan naturally hardened after November 1950 when the war in Korea transitioned into a conflict essentially between US and Chinese forces—a conflict that the United States came perilously close to losing, and which led the United States to allude openly to its nuclear option. In the context of major power political and security calculations, and especially so in an environment of a global strategic contest, even de facto commitments assume great significance and are very difficult to undo. Policymakers worry that not living up to a commitment may embolden the opponent, possibly in arenas of greater strategic importance. They also worry that such actions will make allies less certain about the choice they have made, and neutral players more reluctant to make the 'right' choice. Washington's gravitation into Taiwan's security guarantor intensified in the 1950s. A major crisis erupted over the months of August 1954–May 1955 against the backdrop of US-Taiwanese consideration of a mutual security agreement, naturally seen in Beijing as a frontal assault of its sovereignty. The crisis involved artillery exchanges and air strikes from and against two islands (Quemoy and Matsu) that are technically Taiwanese, but which lie just a few kilometres off the coast of China. The United States was ambivalent about formally committing itself to the defence of these vulnerable Taiwanese territories, and the crisis was laced with public hints that, in the event the United States made such a commitment, the Pentagon advocated the use of tactical nuclear weapons to negate the rear-echelon capabilities that China would be able to bring to bear.

In the event, China and the United States, who had no diplomatic relations and therefore constrained communications, agreed to ambassadorial level talks as a means of defusing the crisis. The US-Taiwan security agreement was signed in November 1954. The agreement did not directly specify that the forward territories were included, and it contained language that gave the United States an effective veto over any attack by Taiwan on the Chinese mainland, but

26 For a fuller discussion on the management of US-China relations during the Korean War and the later crises over Taiwan, see Michael D. Swaine, Zhang Tuosheng and Danielle F.S. Cohen (eds), *Managing Sino-American Crises: Case Studies and Analysis*, Carnegie Endowment for International Peace, Washington, DC, 2000, especially chapters 6 and 7.

it provided the legal basis for a US military presence on Taiwan, eventually including nuclear weapons. Chinese perceptions that, despite US nuclear threats, the Soviet Union had been very timid about supporting China through invoking their 1949 mutual security agreement, is said to have been a significant factor in Mao's decision in mid 1955 that China had to acquire its own nuclear weapons. Three years later, in August–October 1958, hostilities between China and Taiwanese forces on Quemoy and Matsu erupted again. On this occasion, the crisis was shorter and less intense, although it did involve a letter from the Soviet leader, Nikita Khrushchev, informing his US counterpart, Dwight D. Eisenhower, that an attack against China would be regarded as an attack against the Soviet Union. It would appear that the Chinese regarded this as meaningless bluster when circumstances made it quite safe to make such threats, so Moscow got little credit for the gesture.

The Richard Nixon/Henry Kissinger initiative to re-connect with China in 1971–72 involved tortuous negotiations and, ultimately, some Delphic wording on Taiwan's position between the two states.²⁷ In the Shanghai Communiqué, issued during Nixon's visit, the crucial one-China principle was phrased as follows: 'The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain that there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position.'

Although the US initiative meant that China's seat at the United Nations now went to Beijing and that the establishment of full diplomatic relations between Washington and Beijing was foreshadowed, the language of the communiqué still left hanging just where the government of China actually resided. And while the communiqué also recorded US assurances that it would not encourage Taiwan's independence and would seek to constrain the quality of Japanese ties with Taiwan, it was again ambiguously worded on the issue of whether a peaceful resolution of the issue was a US preference or something closer to a US requirement. The issue here, of course, was whether the United States would contest any effort to re-integrate Taiwan by force.

This nebulous compromise was necessitated in part by Nixon's assessment of the domestic political opposition that he would encounter, but also by the more strategic thought that the United States should not be seen by the world as having been coerced by China (or anyone else) into 'abandoning' an ally. China has pressed the United States relentlessly to make its disengagement from Taiwan more absolute. In a further communiqué in 1982, the Reagan Administration agreed, in broad terms, to scale back US arms sales to Taiwan to the minimum necessary for defence.

27 An excellent source of detail on the vicissitudes of US-China relations over the period 1972–98 is Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton*.

These undertakings have left ample scope both for Chinese complaints that the United States was going back on its word and for shifts in emphasis on the part of the Americans, whether as a reflection of changes in the balance of political power in Washington or to discourage aspirations in either Beijing or Taipei that the United States regarded as unhelpful or destabilising. In the 1990s, the United States characterised its approach as one of strategic ambiguity. The policy objective was to leave Beijing with the sense that the United States might come to the defence of Taiwan, and Taipei with the sense that it might not.

In the lead-up to Presidential elections late in 1995, pro-independence sentiments in Taiwan appeared to be on the rise, and the prospects for the pro-independence candidate, Lee Teng-hui, looked good. Beijing evidently concluded that the Taiwanese electorate needed a direct reminder of the price it would pay if it indulged these sentiments. The PLA conducted a series of major military exercises in the Taiwan Strait, including missile tests with a splash-down area just to the north of Taiwan. Coincidentally, the Clinton Administration bowed to Congressional pressure and approved an informal visit by Lee to Cornell University, his alma mater. Beijing deemed this to be a violation of the ground rules regarding 'official' contact between Taiwan and the United States (and the US Department of State concurred) and probably saw it as tacit US endorsement of independence (which constituted a more serious violation of the undertakings given by the United States in the Shanghai Communiqué). The United States, in turn, saw the missile tests in particular as unduly provocative, and determined that it was timely to give the policy of strategic ambiguity a concrete reference point, that is, to go beyond even the explicit warnings it had conveyed through diplomatic channels. Two aircraft carrier battle groups (one returning from the Persian Gulf) were overtly redeployed to areas proximate to Taiwan to signal, successfully, US resolve regarding a peaceful resolution of the Taiwan question.

As a presidential candidate in 1992, Clinton had taken a hard line in respect of China in response to the suppression of protesters in Tiananmen Square on 4 June 1989. This negative attitude basically informed Washington's approach to Beijing throughout his first term and into the second. In June 1998, visiting China for the first time after over six years in office, Clinton used a joint press conference with Jiang Zemin, carried live on Chinese television, to charge that the use of force in Tiananmen Square had been 'wrong'. On the other hand, Clinton used the visit to reiterate publicly assurances on Taiwan that he had privately conveyed to Jiang Zemin during the crisis of 1995–96: the United States would not support Taiwan's independence, its admission to the United Nations or the creation of two Chinas.

The Bush Administration came to office in 2001 critical of the policy of strategic ambiguity and disposed to tilt toward making US support for Taiwan

unambiguous. In April 2001, shortly after the two governments had worked through a collision in international airspace between a US intelligence-gathering aircraft and a Chinese fighter, Bush found an opportunity to declare informally, but publicly, that the United States would do 'whatever it takes' to assist Taiwan in defending itself.

In the Congressionally-mandated *Quadrennial Defense Review*, released two weeks after the 11 September 2001 terrorist attacks but, as a practical matter, still the only major policy document on national security crafted before these attacks, the Administration signalled an emphatic switch of US interest and concern toward Asia and China. After 11 September, with US priorities completely re-ordered and China proving to be helpful in practical ways in the global 'war on terror', the United States reverted to a more even-handed approach on Taiwan, insisting that both sides should protect the status quo and demonstrating a readiness to overtly oppose Taiwanese initiatives (particularly one calling for a referendum on seeking membership of the United Nations) as disturbing the status quo.

Although the Taiwan question has lost some of its immediate potency as a 'flashpoint', its intrinsic characteristics suggest that it remains an issue that merits the closest attention. First, both China and the United States see themselves as having compelling, if intangible, interests at stake in the manner in which the issue unfolds. China's Communist leaders have placed a great deal of weight on restoring the nation's honour and ensuring that others respect China's core interests. The restoration of full sovereignty over all territories claimed by China has been a core mission and a key indicator of the effectiveness and legitimacy of the regime. The end of the Cold War, if anything, heightened the importance of this nationalist mission, as the regime continued to lack democratic legitimacy while building socialism became a discredited and compromised *raison d'être*. For the United States, Taiwan is a similarly vital stitch in the fabric of its status as the world's pre-eminent state and, in Asia, as the chief architect and ultimate guarantor of the region's security arrangements. For nearly 60 years, the United States has 'required' that the issue be resolved without the use of force, and the ramifications of being seen to step away from this position would be far-reaching.

Second, there is a decisive military as well as political difference between deterring and, if necessary, defeating any Chinese attempt to take Taiwan by force, and reversing any successful Chinese occupation of the island. This simply means that any crisis will be characterised by powerful instincts on all sides to put their armed forces on a very short fuse. Third, geography tells us that it will be extremely difficult for a US-China conflict over Taiwan to be contained or limited. The Pentagon's response to the Taiwan crises of the 1950s illustrates that China's physical proximity generates military imperatives to

widen any conflict. Finally, as China's economic capacities have flourished over the past 30 years, the modernisation of its armed forces has been moved up the list of national priorities, particularly since the mid 1990s. And the PLA's initial capability aspiration is to be able to prevent or to make sufficiently costly any US intervention on behalf of Taiwan that Washington will be deterred from doing so. The Pentagon has made clear that it is alert to the growing challenge to the US position in respect of Taiwan.

Taiwan is not in itself a sufficiently large strategic prize to push either party into war. The United States and China, however, are in an intensifying strategic competition, and Taiwan is most strongly symbolic of a distribution of power and influence that China remains resolved to change.

China's aspiration to have greater freedom in how it deals with Taiwan should not be equated with a preference to use force and to settle the matter sooner rather than later. We have noted on several occasions earlier in this paper that China attaches high importance to the quality and manner of its revival as a great power. It has consciously shed its image as a dissatisfied, rebel state in favour of painstakingly re-establishing itself as a comprehensively powerful state that is admired and respected—a state that can advance its interests through the weight of its economy, its soft power assets, and the potential of its armed forces. For such a China—a China that sees itself as recovering its rightful place among the world's great powers—even the extreme vigilance that Beijing deems necessary to deny Taiwan any form of visibility on the international scene is probably a source of discomfort to many in its policy circles. But the loss of face in having to use force to prevent Taiwan's independence would be immeasurable.

In short, there are grounds for confidence that the United States and China will share a strong interest in maintaining the status quo in respect of Taiwan. That said, Taiwan remains the issue most likely to channel the broader suspicions and uncertainties in Washington and Beijing about whether and how they can fit together over the longer term into a focused and militarised standoff that could well set the tone for their wider relationship.

Korea

For some 50 years after the 1950–53 Korean War, US resolve to preclude the forceful re-unification of the peninsula by North Korea (and, at one remove, the Soviet Union and China) was a key determinant of America's military posture in North Asia. North Korea remained on a war footing after the 1953 armistice, and sustained an unrelenting belligerence toward the South and its superpower ally. The Soviet Union and China supported this posture through judicious economic and military assistance, seeking to protect the viability of North Korea, but to deny it the option of deciding independently to resume the war against the

South. They also offered political support through refusing to recognise South Korea and insisting that there should be just one seat for Korea in the United Nations—a seat that should be filled by North Korea. Their joint support for North Korea in the 1950s transformed into a competition for influence after the Sino-Soviet split in 1960—a development that North Korea was able to exploit to its advantage.

The United States based substantial ground and air forces, including tactical nuclear weapons, in South Korea throughout this period and developed elaborate plans for the rapid reinforcement of these forces from Japan and the continental United States. North Korea has sustained a prodigious military effort. It has more than a million people in uniform and some 70 per cent are deployed in the 250 km deep band of the peninsula between Pyongyang and the demilitarised zone (DMZ) that constitutes the border. The DMZ is barely 30 km from Seoul and North Korea has exercised the option of deploying many thousands of artillery pieces and rocket systems within range of the South Korean capital. To strengthen deterrence, and to reassure its South Korea allies, the United States persevered with deployment arrangements for its forces that ensured that even focused and limited North Korean aggression would put US lives at risk and increase the certainty of triggering US involvement in resisting the aggression. The circumstances that created and sustained extreme belligerence across perhaps the most highly militarised border in the world began to be dislodged with the end of the Cold War. Even so, the military standoff on the Korean peninsula had become so entrenched and so calcified that it has proved surprisingly resistant to nearly two decades of post-Cold War developments.

The Soviet Union, under Mikhail Gorbachev, took the initiative in 1990–91 to open diplomatic relations with South Korea and to abandon its opposition to both Koreas being represented in the United Nations, symbolically erasing even the pretence of a legitimate North Korean claim to lead a re-unified Korea. China followed the Soviet lead in 1992. Unfortunately, this decisive disengagement by its two large socialist benefactors appears only to have stiffened North Korea's resolve to stay the course. It probably also strengthened North Korea's determination to acquire nuclear weapons and long-range ballistic missiles as it became apparent to Pyongyang that sustaining the effectiveness of its massive army with minimal external support was beyond its capacities. It seems likely that North Korea's absolute resistance to change, especially on the economic front (which would include greater receptivity to doing business with the South and supporting adjustments in its foreign and security policy settings) ultimately persuaded Russia and China that it was a liability they could live without. It was to be a consequential development.

In 1992, the United States withdrew all its remaining nuclear weapons from South Korea (reportedly 192 of them), pursuant to an agreement with Russia

to bring all forward-deployed sub-strategic nuclear weapons back to their respective national territories. The two Koreas appeared to capitalise on this development by concluding a bilateral agreement in January 1992 to keep the peninsula free of nuclear weapons and the means to make them, with each side permitting the other to verify compliance with this undertaking. Later in the same year, Pyongyang's difficulties in living up to its Non-Proliferation Treaty (NPT) obligations—specifically, the degree of transparency requested by International Atomic Energy Agency (IAEA) inspectors—began. It initiated procedures to withdraw from the NPT and reached an eleventh hour deal with the United States in October 1994 to freeze its nuclear program in exchange for a regular supply of fuel oil and the construction of two 1000 megawatt light water power reactors. Under this 'Agreed Framework', the new reactors would be completed and come online only after more permanent arrangements had been agreed to dismantle those North Korean capacities that could contribute to a weapons program.

The Agreed Framework held together, if only barely, until October 2002 when the Bush Administration accused Pyongyang of violating the agreement by secretly developing a uranium enrichment capacity to give North Korea an alternative to the plutonium-based bomb program that it had agreed to freeze. Events escalated quite dramatically. North Korea expelled IAEA inspectors monitoring the freeze, the United States suspended fuel oil shipments (and, later, work on the two power reactors), North Korea withdrew from the NPT and, by mid-2003, the six most directly concerned states (the United States, China, Japan, Russia and the two Koreas) found themselves in the so-called Six-Party Talks seeking to reverse Pyongyang's all but declared intent to acquire nuclear weapons. This effort failed, with North Korea becoming the eighth state in the world to conduct a nuclear test in October 2006.

This is not the place to give an account of the Six-Party Talks process. Our interest lies primarily in what developments on the Korean Peninsula suggest and foreshadow about China's relations with the United States. During the 1990s and into the new century, the position of both North and South Korea between these two giants underwent almost revolutionary change. When China effectively ditched Pyongyang in favour of Seoul, the relationship with the latter flourished quite dramatically. Trade and investment flows grew strongly, while the political relationship not only matured but achieved a noticeable degree of comfort. Coincidentally, public attitudes in South Korea toward North Korea underwent a marked transformation, with negative memories of the war and of a continuing acute threat giving way to perceptions of kinship and a propensity to discount the threat. In addition, South Korea's strong economic performance since the 1970s had allowed Seoul to acquire a genuinely potent defence capability. These several developments contributed to a significant

qualitative change in South Korean attitudes toward the United States and the South Korea-US alliance in the direction, naturally, of a weakened sense of dependence on the United States and less tolerance of both the irritations associated with the US military presence and of US pressures to sustain common or at least complementary policies, particularly toward North Korea.

As part of its broader initiative to 'transform' its conventional military forces, but also to respond to the new political climate between Washington and Seoul, the United States has reduced its forces stationed in South Korea, is redeploying its forces out of Seoul and away from the area between Seoul and the DMZ, and has pressed South Korea to assume some of the most taxing roles in the event of aggression from North Korea (particularly the prompt suppression of all those rocket and artillery systems within range of Seoul). In addition, the arrangements (in place since the 1950s) that would place South Korean forces under US command in the event of war will end in 2012. A further important element of this re-modelling of the US-South Korea alliance is that the United States is restructuring its remaining forces to make them lighter and easier to deploy and sustain in operations *beyond* the Korean Peninsula.

The changed dynamics in South Korea's relations with both the United States and China have been reflected in the Six-Party Talks. South Korea has often found China's priorities and preferred approaches to North Korea more in sympathy with its own interests than those of the United States. For Washington, the exclusive objective has been to erase Pyongyang's capacity to build nuclear weapons. China certainly shares this interest but attaches far more importance to precluding any sudden, destabilising change in North Korea that could be difficult to control and which could result in a continuing strong role for the United States and Japan in a reunified Korea. Protecting the regime in North Korea, sustaining its capacity to act as buffer between the United States and China and relying on China's proximity to bring a reforming North Korea (re-unifying gradually with the South) securely into China's sphere of influence looked much more attractive to Beijing.

These differing priorities bedevilled the Six-Party Talks, not least by offering scope to Pyongyang to manoeuvre between the other camps. Beijing was at pains to deny that it had significant leverage over Pyongyang and sought to sustain, for as long as possible, the contention that it was merely a facilitator for negotiations centred on the United States and North Korea. In the event, Pyongyang's preparedness to test the boundaries of Beijing's preference to see the regime remain in place led China to become increasingly overt in its demands for more reasonable behaviour on the part of North Korea. Finally, in respect of North Korean threats to conduct missile tests in July 2006 and then a nuclear test in October, Beijing elected not to be discreet about its strong high-level protests, only to be humiliated by Pyongyang's rejection of these warnings.

Many were surprised that Pyongyang would bite the hand of the closest thing it had to a friend. What has probably been overlooked or discounted is that North Korea may always have had profound reservations about undue reliance on China for its security. The United States and Japan may be the primary contemporary enemies (that is, in the twentieth century), but for the preceding millennia China had been Korea's mortal enemy. It can be surmised that being 'downgraded' by Beijing in 1992 refreshed these historical memories and that Pyongyang's eventually unshakeable determination to get nuclear weapons was intended not only to diminish the risk of coercion by the United States but reflected also a deep-seated preference to be 'buffered' from China.

The consequences for North Korea of humiliating China have included closer and more effective policy coordination between Washington (which controls most of the carrots) and Beijing (which controls the more obvious sticks). The academic debate in China (presumed to be officially sanctioned) reflects a new appreciation that protecting the regime in Pyongyang, helping to ensure minimal societal stability in North Korea and reversing the nuclear program may not be compatible objectives, and that China will have to choose.²⁸ Some Chinese academics are prepared to speculate, privately, that Beijing has already signalled Pyongyang to the effect that all options are now on the table, that is, that the survival of the Kim regime is no longer Beijing's first priority. It is most unlikely that Pyongyang was oblivious to this risk and much more likely that it concluded that it was a risk it had to take. It may even have been a step that it relished being in a position to take.

For our present purpose, the important conclusion to be drawn from this brief review of the Korean issue is that it is now a most unlikely 'flashpoint' in US-China relations. To the contrary, it is shaping up to be a point of cooperation, even of partnership, and may give rise to a standing forum to shape and manage the security affairs of Northeast Asia.

28 Bonnie Glasser, Scott Snyder and John S. Park, 'Chinese Debate North Korea', *PacNet Newsletter*, 8 February 2008, available at <pacnet@hawaiiibiz.rr.com>, accessed 20 June 2008.

