

제5회 한미동맹컨퍼런스

# 동아시아의 새로운 안보질서와

**한미동맹** A New Security Order in East Asia  
and the ROK-US Alliance

2011. 10. 21. 9:30-18:15

서울 웨스틴조선호텔 2층 튜립룸

Westin Chosun Hotel, Seoul, 2<sup>nd</sup> Floor Tulip Room

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## 제5회 한미동맹컨퍼런스

# 동아시아의 새로운 안보 질서와 한미동맹 A New Security Order in East Asia and the ROK-US Alliance

2012년 10월 21일 09:00~18:15  
웨스틴 조선호텔 툄립룸



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## 초대의 글

동아시아 질서가 변화하고 있습니다. 세계경제위기 이후 미국의 역량은 감소되는 반면 중국은 경제, 군사, 문화, 정치 무대에서 보다 공세적인 부상을 추구하고 있습니다. 북핵문제의 해결이 난항을 겪고 있고, 북한 정권은 불안정한 권력승계 과정을 거치고 있습니다. 지진과 원전사태 이후 일본은 국제무대에서 책임감 있는 모습을 보여주고 있지 못합니다. 이러한 상황에서 2012년 미국을 포함한 동북아 주요국가들은 새로운 리더십의 등장을 앞두고 있습니다. 반세기를 넘어 한국의 안보는 물론 동아시아 지역의 안정을 담보해 왔던 한미동맹이 이러한 전환기에 어떤 역할을 담당해야 할지에 대한 논의가 더욱 중요해지고 있는 때입니다.

이에 동아시아연구원은 2011년 10월 21일(금) “A New Security Order in East Asia and the ROK-US Alliance”라는 주제로 제5회 “한미동맹컨퍼런스”를 개최합니다. 우리 연구원은 지난 2008년부터 매년 “한미동맹컨퍼런스”를 개최해 오고 있습니다. 이를 통해 두 나라의 대통령 안보담당 비서관을 비롯하여, 정부관계자, 국회의원 등 한미동맹과 관련한 실질적 정책결정자들이 서로의 식견을 공유해 왔습니다. 한국, 미국, 중국, 일본 등을 대표하는 동아시아 지역 외교안보 전문가들의 대안도 경청할 기회를 가졌습니다. 이번 회의에서는 동아시아의 새로운 안보 질서와 주변국의 전략을 살펴보고 그를 토대로 한미동맹의 미래비전을 제시해 보고자 합니다. 이 뜻 깊은 자리에 한미동맹의 장래 비전과 역할 더 나아가 한반도의 미래에 대한 아낌없는 제언이 있기를 희망합니다.

감사합니다.

2011년 10월 21일  
동아시아연구원장 이숙종

## Conference Statement

The future role of the ROK-U.S. alliance has become more complicated due to the North Korean nuclear crisis, the political situation related to North Korea's leadership succession, and the uncertain future of military governance on the Korean Peninsula. In lacking a formidable regional security mechanism for multilateral cooperation, the power transition that comes with the rise of China also complicates the security situation in the region. It is not yet certain how the ROK-U.S. alliance will contribute to the peaceful management of power balance or any possible power transition in this region. Following a series of rivalries between the United States and China in 2010, this year will be a very important time in predicting future bilateral and regional security relations, especially in light of the leadership changes that will occur across East Asian countries in 2012.

The East Asia Institute (EAI) has held the *ROK-U.S. Alliance Conference* since 2008 and it has provided the opportunity for policymakers including government officials and legislative representatives from both countries to share their insights on the ROK-U.S. alliance and future strategies. Along with these officials, leading national security experts from South Korea, Japan, and China have also provided their respective thoughts and policy recommendations. Continuing on from this successful experience, the EAI will hold the 2011 conference entitled "A New Security Order in East Asia and the ROK-U.S. Alliance." There are three sessions under the topics of 1) Change in East Asian Security Architecture; 2) Rise of China and the Strategy of Neighboring Countries; and 3) Issues on the Korean Peninsula and Future of the ROK-U.S. Alliance.

# 컨퍼런스 일정

09:10~09:30	등 록	장소 : 웨스틴 조신포텔 2층 툐립룸
09:30~09:40	환영사	하영선 서울대학교 교수
09:40~10:00	기조연설	김성환 외교통상부 장관
10:00~12:00	제 1 부 사회자 발표자	<p>동아시아 안보 아키텍처의 변화 하영선 서울대학교 교수</p> <p>“미 국방예산과 한미동맹” 마이클 오헨런 브루킹스연구소 선임연구원</p> <p>“중국 외교정책의 지속과 변화” 왕 동 북경대학교 교수</p> <p>“중국의 부상과 미중관계의 변화: 한국의 관점” 전재성 서울대학교 교수</p>
	토론자	<p>최 강 외교안보연구원 교수</p> <p>마스다 마사유키 일본방위연구소 선임연구원</p> <p>마크 매닌 미국의회조사국 연구위원</p>
12:00~14:00	오 찬 오찬사	<p>장소 : 웨스틴 조신포텔 2층 오키드룸</p> <p>제임스 셔먼 주한미군 사령관</p>
14:00~16:00	제 2 부 사회자 발표자	<p>중국의 부상과 주변국들의 전략 김호섭 중앙대학교 교수</p> <p>“일본의 대중국 안보전략 구상” 마스다 마사유키 일본방위연구소 선임연구원</p> <p>“대만의 대중국 전략” 리 밍 대만국립정치대학교 교수</p> <p>“인도의 대중국 전략” 아누미타 라취 인도전략전망그룹 연구위원</p>
	토론자	<p>남창희 인하대학교 교수</p> <p>이승주 중앙대학교 교수</p> <p>김태현 중앙대학교 교수</p>

16:00~16:15      휴식

16:15~18:15	제 3 부 사회자 발표자	한반도 문제와 한미동맹의 미래 한용섭 국방대학교 부총장 “한반도 문제와 한미동맹” 마크 매닝 미국의회조사국 연구위원 “한미동맹의 현재와 미래” 최 강 외교안보연구원 교수 “중국의 군사력 증가와 한미동맹” 김태호 한림대학교 교수 신성호 서울대학교 교수 리 밍 대만국립정치대학교 교수 왕 동 북경대학교 교수
	토론자	

- \* 오찬의 참석은 사전에 초청된 분에 한합니다.
- \* 일반 청중께서는 1세션 종료 후 식권을 배포해드립니다.
- \* 영-한 동시통역이 제공됩니다.

# Program of the Conference

09:10- 09:30	<b>Registration</b>	Venue: Tulip & Cosmos & Violet Room, 2 <sup>nd</sup> floor
09:30-10:00	<b>Welcoming Speech</b>	Young-Sun Ha, Seoul National University
	<b>Keynote Speech</b>	Sung-hwan Kim, Ministry of Foreign Affairs and Trade
10:00-12:00	<b>Session 1</b>	<b>Change in East Asian Security Architecture</b>
	Moderator	Young-Sun Ha, Seoul National University
	Presenters	“Defense Budgets and the U.S.-Korea Alliance” Michael E. O'Hanlon, Brookings Institution “Chinese Assertiveness? Continuity and Changes in China’s Foreign Policy” Dong Wang, Peking University “The Rise of China and Changing U.S.-China Relations: South Korean Perspective” Chaesung Chun, Seoul National University
	Discussants	Kang Choi, Institute of Foreign Affairs and National Security Masayuki Masuda, National Institute for Defense Studies Mark E. Manyin, U.S. Congressional Research Service
12:10-14:00	<b>Luncheon</b>	Venue: Orchid Room, 2 <sup>nd</sup> floor
	Speaker	Gen. James D. Thurman, Commander of the ROK-U.S. Combined Forces Command
14:00-16:00	<b>Session 2</b>	<b>Rise of China and the Strategy of Neighboring Countries</b>
	Moderator	Ho Sup Kim, Chung-Ang University
	Presenters	“Forming of Japan’s Security Strategy toward China” Masayuki Masuda, National Institute for Defense Studies “Taiwan’s Strategy toward China” Ming Lee, National Chengchi University “India’s Strategy toward China” Anumita Raj, Strategic Foresight Group
	Discussants	Changhee Nam, Inha University Seungjoo Lee, Chung-Ang University Tae Hyun Kim, Chung-Ang University
16:00–16:15	<b>Coffee Break</b>	

16:15–18:15	<b>Session 3</b>	<b>Issues on the Korean Peninsula and Future of the ROK-U.S. Alliance</b>
	Moderator	Yong Sup Han, Korea National Defense University
	Presenters	“North Korean Nuclear Issues, Power Succession, and the ROK-U.S. Alliance” Mark E. Manyin, U.S. Congressional Research Service “Maintaining the ROK-US Alliance and the Future of ROK-US Alliance: Tasks for Transforming into “Strategic Alliance”” Kang Choi, Institute of Foreign Affairs and National Security “China’s Growing Military Strength and the ROK-U.S. Alliance”
	Discussants	Taeho Kim, Hallym University of Graduate Studies Seongho Sheen, Seoul National University Ming Lee, National Chengchi University Dong Wang, Peking University

**\*Simultaneous interpretation is provided for all sessions.**

## 참석자 약력

\* 참석자 약력은 가나다 순으로 소개되어 있습니다.

### 김성환

김성환 장관은 대한민국 제 36대 외교통상부 장관으로 재직 중이다. 서울대학교에서 경제학 학사학위를 받고, 런던대학(University of London)에서 슬라브/동유럽학을 전공하였다. 외교통상부 북미국 국장, 기획관리실 실장, 비엔나 국제기구 대사, 외교통상부 제2차관, 대통령실 외교안보수석비서관, 오스트리아 및 우즈베키스탄 특명전권대사를 역임하였다. 저서로는 *Russian Politics in Turbulence*가 있다.

### 김태현

김태현 교수는 중앙대학교 국제대학원 교수이자 국가대전략연구소 소장으로 재직 중이다. 서울대학교 외교학과에서 학사, 석사 학위 수여 후 미국 오하이오 주립대학교에서 정치학 박사 학위를 수여 받았다. 플로리다 대학교 정치학과 조교수, 일리노이 대학교 미리암연구소 연구위원, 세종연구소 연구위원으로 활동하였으며, 민주평화통일자문회의 상임위원을 역임하였다. 현재 외교통상부 정책자문위원으로 활동 중이다. 최근 저작으로는 “Gathering Storm or Silver-lining out of the Clouds? North Korean Nuclear Issue and the Case of Coercive Diplomacy,” “Taming and Tamed by the United States”가 있다.

### 김태호

김태호 교수는 현재 한림국제대학원대학교(한림대 국제학대학원) 국제학과 교수이며 한림대 만연구소 및 현대중국연구소 소장으로 재직 중이다. 한국해양전략연구소(KIMS) 선임연구위원 및 국방부, 해군, 재향군인회 등 자문위원으로 활동 중이며, 한국국방연구원(KIDA) 중국 담당 연구위원 겸 연구협력실장, 미 머션(Mershon)센터 연구원 역임하였다. SSCI 등재지인 *The Korean Journal of Defense Analysis* 및 *The KIDA Papers* 편집장 역임한 바 있으며 주요 연구로는 *China's Arms Acquisitions from Abroad, The Dynamics of Sino-Russian Military Relations*, “Leading Small Groups(領導小組),” 《중국외교연구의 새로운 영역》 등이 있다.

### 김호섭

김호섭 교수는 미시간 대학에서 정치학 박사학위를 받고 현재 중앙대학교 국제관계학과 교수로 재직 중이다.

### 남창희

남창희 교수는 현재 인하대 정치외교학과 교수, 인하대 대학원 부원장으로 근무하고 있다. 2001년까지 한국국방연구원 선임연구원을 역임하였다. 연세대학교에서 정치외교학 학사, 미 캔사스 대학(University of Kansas)에서 정치학 석사, 박사를 취득하였다. 현재 한국 국방부, 통일부, 육군본부, 공군본부 자문위원과 민주평통 상임위원으로도 활동하고 있다. 주요 저술로는 “Relocating the U.S. Forces in South Korea: Strained Alliance, Emerging Part-

nership in the Changing Defense Posture”, “The Alliance Transformation and US-Japan-Korea Security Network: A Case for Trilateral Cooperation” 등이 있다.

### 리 밍

리 밍 교수는 대만 국립정치대학 외교학 교수 및 한국학센터 원장으로 재직 중이다. 대만 국립정치대학 동아시아대학원에서 국제관계학 석사학위와 미국 존스홉킨스 국제관계대학원(SAIS)에서 국제경제학 석사학위, 1988년 미 버지니아 대학(University of Virginia)에서 국제정치학 박사학위를 취득하였다. 4년 동안 대만 국립정치대학 소속의 국제관계연구소(Institute of International Relations: IIR) 참여연구원으로서 연구활동을 하는 동시에 연구소의 대외협력 업무를 맡은 바 있으며, 이후 1992년 대만 국립정치대학 부교수를 역임하였다. 전문 분야는 동아시아관계, 미국외교정책, 중국문제, 국제관계 및 위기관리이다.

### 마스다 마사유키

마스다 마사유키는 일본 게이아이대학에서 평화와 안보학 강사로 재직 중이며, 2003년 일본 국방부 산하 국립국방연구소(NIDS)에서 중국 안보와 외교정책에 관한 연구와 교육을 담당하였다. *East Asian Strategic Review*의 중국 챗터와 NIDS의 연차보고서 *NIDS China Security Report*의 저자이기도 하다. 일본 게이오대학 정책미디어대학원에서 공부하였고, 2001년부터 2002년까지 중국 상해대학에서 방문연구원으로 중국정치와 외교정책을 연구하였으며, 2004년부터 2007년까지 게이오대학에서 선임방문연구원으로 중일관계를 연구하였다. 또한 2008년부터 2010년까지 동경여자대학에서 방문교수로 아시아국제관계를 강의하였다. 최근 저서로는 *Asia-Pacific Security Architecture*(일본어), “The Pluralization of the Chinese Foreign Policy Making Process”, “Tokyo and Beijing in Search of ‘Strategic Relations’”, “China’s Military Diplomacy and Expanding Military Power Projection Capability” 등이 있다.

### 마이클 오헨런

마이클 오헨런은 Brookings Institution에서 외교정책 선임연구원으로서 미국의 국방전략, 군사력 이용, 국토 안보, 미국의 외교정책을 전문분야로 연구한다. 프린스턴 대학 방문강사, 존스홉킨스대학 조교수, 국제전략문제연구소(IISS) 멤버로 활동 중이다. 현재 아프가니스탄과 핵무기의 미래에 관한 책을 집필 중이며, Brookings의 이라크, 파키스탄, 아프가니스탄 지수 발표에 참여하고 있다. 최근에는 Kurt Campbell, Richard Bush와 함께 미중관계와 대만 문제연구를 진행하여 그 결과를 각각 단행본으로 발간하였다. 미 프린스턴 대학에서 물리학 석·박사 학위, 국제관계학 박사학위를 취득하였고, 콩고와 킨샤사에서 1982년부터 2년 간 평화 봉사단으로 활동하며 불어로 고등학교 및 대학 물리학을 가르친바 있다. *The Washington Post*, *The New York Times*, *The Los Angeles Times*, *The Washington Times*, 그리고 *The Japan Times* 등의 신문에 수많은 사설들을 게재하였고, *The Financial Times*, *The Wall Street Journal*을 포함한 많은 신문에도 기여하였다. 2001년 9월 11일 이라 텔레비전과 라디오 등 언론매체에 2,000회 이상 출연하였으며, 현재 Alhurra television의 코멘터이기도 하다. 1989년부터 1997년까지 미국 의회예산처에서 애널리스트로 근무하였으며, 국립국방연구원에서도 근무한 바 있다. 최근 저서로는 *A Skeptic’s Case for Nuclear Disarmament*, *The Science of War*, *Budgeting for Hard Power*, *Hard Power: The New Politics of National Security*

(Kurt Campbell과 공동편찬), *A War Like No Other, Protecting the Homeland 2006/2007, Defense Strategy for the Post-Saddam Era, The Future of Arms Control, Neither Star Wars nor Sanctuary: Constraining the Military Uses of Space* (Mike Mochizuki와 공동편찬), *Crisis on the Korean Peninsula* (Mike Mochizuki와 공동편찬), *Expanding Global Military Capacity for Humanitarian Intervention* 등이 있다.

### 마크 매닝

마크 매닝은 미국의회에 정보를 제공하는 중립적인 연구 기관인 의회조사국(Congressional Research Service: CRS)에서 미국의 아시아(일본, 한국, 북한 및 베트남) 경제정책 전문가로 활동하고 있다. 아시아 지역 아키텍처, 동남아시아 테러문제 및 아시아 안보 위협의 환경적 요인 또한 그의 연구 분야이다. 2006년부터 2년 간 CRS 아시아 팀장으로서 태평양지역과 아시아지역 연구를 감독하였다. 2005년부터 2010년까지 미국외교관계평의회(Council on Foreign Relations) 회기 멤버로서 활동한 바 있으며, 2010년부터 2011년 현재, Council on Foreign Relations Hitachi Fellow로 활동하고 있다. 1999년 플레처 법학 및 외교학 대학원에서 일본의 통상정책과 협상 행태에 관한 연구로 박사 학위를 취득하였다. 베트남과 한국에 관한 수많은 논문을 발표하였고, 미국-동아시아 관계 및 동아시아 국제관계에 대해 강의를 하였으며, 경영 컨설턴트로도 활동한 바 있다.

### 신성호

신성호 교수는 현재 서울대학교 국제대학원 부교수로 재직 중이다. 신성호 교수는 미국 터프츠 대학 플레처 스쿨에서 국제정치학 박사학위를 받고, 미 국방부 아태안보연구소(APCSS) 연구교수, 미국 부르킹스연구소 동북아연구소 객원연구원, 워싱턴 East West Center 객원연구원 등을 역임하였다. 연구관심은 동아시아 안보와 국가전략, 한미동맹과 한반도, 인구변화와 동북아 국제정치 등이다. 최근 논문으로는 “Nuclear Sovereignty vs Nuclear Security: Renewing the ROK-US Atomic Energy Agreement,” “Demographic Peace: Decreasing and Aging Population and Its Impact on Northeast Asian Security,” “A Smart Alliance in the Age of Complexity: ROK-U.S. Alliance in the 21st Century”, “부시와 오바마: 핵 테러”에 대한 두 가지 접근” 등이 있다.

### 아누미타 라취

아누미타 라취는 글로벌 이슈를 다루는 씽크탱크인 Strategic Foresight Group에서 남아시아 정책에 대한 분석 연구가로 활동 중이다. 인도 마드라스 대학에서 수학을 전공한 뒤, 영국 런던 Westminster 대학에서 국제정치학 석사를 취득 하였다. John D. and Catherine T. MacArthur Foundation의 지원을 받은 아시아 수자원 안보 이니셔티브(Asian Water Security Initiative)에 참여하여 “The Himalayan Challenge: Water Security in Emerging Asia”와 “The Himalayan Solution: Co-operation and Security in River Basins” 보고서를 발행하는데 기여하였으며, 이 두 보고서는 국제 언론의 많은 주목을 받은 바 있다. 특히 두 번째 리포트에서는 책임연구원 및 프로젝트 기획자로 참여하였다. 또한, 인도를 중심으로 남아시아와 동남아시아의 개발과 빈곤 문제에 대한 Rockefeller Foundation 월간 보고서 발행에도 참여하고 있다. 인도의 외교 정책에 관한 글을 집필하며 *Indian Economy Review, Turkish*

*Weekly, The Green Prophet, Future Directions International and MyLaw* 등에도 많은 논문을 게재한 바 있다.

### 왕 동

왕 동 교수는 북경대학교 국제학과 부교수 및 동아시아전략연구센터 원장으로 재직 중이다. 1999년 북경대학교에서 학사를, 미국 캘리포니아주립대학교 로스앤젤레스(University of California, Los Angeles)에서 2003년과 2007년 각각 정치학 석·박사 학위를 받고, York College of Pennsylvania에서 전임교수를 역임하였다. 주된 연구 분야는 냉전세계사, 미중관계, 미국외교정책, 중국외교정책 및 국제관계이론이며, 현재 국제관계이론, 미국외교정책, 중국 외교정책, 현대미중관계 및 현대국제관계이슈를 가르치고 있다. 박사학위 논문 “From Enmity to Rapprochement: Grand Strategy, Power Politics, and U.S.-China Relations, 1961-1974”는 미국과 중국의 폭넓은 최신 자료를 바탕으로 냉전기 오랜 라이벌이었던 미국과 중국이 적대관계를 넘어 관계개선을 이룩할 수 있었던 이유와 배경 그리고 그 양상을 논한다. *International Politics Quarterly, Foreign Affairs Review, Chinese Journal of International Relations, Journal of Historical Science, Studies of Chinese Communist Party History, Encyclopedia of the Cold War, Cold War International History Project Working Paper Series, Journal of American Studies, China Information, Journal of East Asian Studies, the People's Daily, Global Times* 등의 국제학술지에 학술 논문과 리뷰를 게재하였다. 또한 *Issues & Studies, Asian Policy & Politics, Chinese Journal of International Politics, International Politics Quarterly* 등 유수의 국제학술지 논문심사위원으로서 활동한 바 있다.

### 이승주

이승주 교수는 현재 중앙대학교 정치국제학과 교수로 재직 중이다. 연세대학교 정치외교학과를 졸업하고 미국 캘리포니아주립대학교 버클리(University of California at Berkeley)에서 정치학 박사학위를 취득하였다. 통일연구원 연구원, 버클리대학교 APEC 연구소 박사 후 연구원, 싱가포르 국립대학교 정치학과 조교수, 연세대학교 국제관계학과 조교수를 역임하였다. 최근 저작으로는 *Northeast Asia: Ripe for Integration?*(공편), *Trade Policy in the Asia-Pacific: The Role of Ideas, Interests, and Domestic Institutions*(공편) 등이 있다. 그 외 <한국정치학회보>, *Comparative Political Studies, The Pacific Review, Asian Survey* 등의 저널에 다수의 논문을 발표하였으며, 주된 연구 분야는 동아시아 지역주의, 글로벌 FTA 네트워크, 세계화시대 동아시아 지역 국가들의 발전전략 등이다.

### 전재성

전재성 교수는 서울대학교 정치외교학과 교수로 재직 중이다. 현재 동아시아연구원의 아시아안보연구센터 소장을 맡고 있고, 대한민국 외교통상부와 통일부의 자문위원회 위원으로도 활동하고 있다. 서울대학교 외교학과에서 석사, 미국 노스웨스턴 대학에서 정치학 박사 학위를 취득하였으며, 국제관계이론, 안보학, 한국 외교정책, 동아시아 안보문제를 주요 연구 분야로 삼고 있다. 주요 저술로는 “A Study on the Formation of European Modern States System”, “Critique of constructivism from the perspective of postmodernism and realism”, “The Rise of New Powers and the Responding Strategies of Other Countries.” 등이 있다.

### 제임스 씨먼

제임스 씨먼 사령관은 현재 대한민국 유엔사령부, 한미연합사령부, 주한미군사령부 사령관으로 재직 중이다. 미 육군 및 합동참모본부의 다양한 직책 및 전투 작전 수행 경험을 가지고 있다. 코소보와 이라크전 당시 군을 지휘하였으며, 바그다드에서 다국적연합군의 공동 작전을 관할하는 사령관이기도 했다. 이탈리아에 주둔한 남유럽 연합군의 사령관, 미 육군 부참모총장직, 그리고 쿠웨이트 주둔 연합군 상륙군 작전지휘관을 역임하였다. 다수의 군사 학교에서 수학하였으며, 미 육군 지휘참모대학과 육군대학을 졸업하였다. Distinguished Service Medal, Defense Superior Service Medal, Bronze Star Medal, Meritorious Service Medal 등을 수상한 바 있다.

### 최 강

최 강 교수는 외교안보연구원 교수이며 외교통상부 외교안보연구원 미주연구부 부장이다. 경희대학교 영문학 학사, 위스콘신대학교 메디슨캠퍼스(University of Wisconsin-Madison)에서 국제정치학 석사학위를 취득한 후 오하이오주립대학교(Ohio State University)에서 국제정치학 박사학위를 취득하였다. 1992년부터 1998년, 2002년부터 2005년까지 한국국방연구원 교수로 재직했으며, 집행위원장, 현 국방문제를 위한 태스크포스, 국제군비통제 연구 등 다양한 직위로 활동을 하였다. *Korean Journal of Defense Analysis*의 편집위원이며, 군비통제, 위기관리를 위한 정치, 군사 모의훈련, 한미동맹과 관련한 60개 이상의 연구 프로젝트를 맡은 바 있다. 1998년부터 2002년까지 국가안전보장회의(NSC)에서 사무처 정책기획·조정부장으로 있었으며, 4자 회담 당시 한국측 대표를 역임하였다. 주요 저술로는 “An Approach toward a Common Form of Defense White Paper”, “International Arms Control and Inter-Korean Arms Control”, “Inter-Korean Arms Control and Implications for the USFK”, “Future ROK-US Security Alliance”, “A New Approach toward Inter-Korean Arms Control”, “North Korea’s Intensions and Strategies on Nuclear Games”, “A Prospect for US-North Korean Relations: beyond the BDA issue” 등이 있다.

### 하영선

하영선 교수는 현재 서울대학교 정치외교학부 교수로 재직 중이다. 프린스턴대학교 국제문제연구소 초청연구원, 스톡홀름 국제평화연구소 초청연구원, 서울대학교 사회과학대학 국제문제연구소 소장, 조선일보의 객원 논설위원, 한국평화학회 회장을 역임하였다. 하영선 교수는 서울대학교 외교학과를 졸업하고 동 대학에서 정치학 석사학위를 취득하였으며, 워싱턴대학교에서 국제정치학 박사학위를 받았다. 현재 동아시아연구원 지구넷21 회장을 맡고 있다. 최근 편저서로는 《위기와 복합 : 경제위기 이후 세계질서》, 《북한 2032 : 선진화로 가는 공진전략》, 《21세기 신동맹 : 냉전에서 복합으로》, 《국제화와 세계화: 한국, 중국, 일본사이버공간의세계정치》, 《21세기 평화학》, 《21세기 한반도 백년대계 : 부강국을 넘어서 지식국가로》, 《변화하는 세계 바로보기》, 《21세기 한국외교 대전략 : 그 물망국가건설》, 《북핵위기와한반도평화》, 《동아시아공동체 : 신화와 현실》 등이 있다.

### 한용섭

한용섭 교수는 국방대학교 부총장으로 재직 중이다. 서울대학교 정치학과에서 학사, 석사

를 수여 받고, 하버드대학교 케네디스쿨에서 석사 학위를, RAND 대학원에서 안보정책학 박사 학위를 수여 받았다. RAND연구소 연구위원, 몬테레이 비확산연구소 객원연구원, 국방대 안보문제연구소 소장을 지낸 바 있으며, 한국 평화학회 회장 및 한국국제정치학회 부회장직을 역임하였다. 또한 현재 한중 싱크탱크 네트워크 부회장직과 제 2차 핵안보정상회의 준비위 자문위원으로 활동 중이다. 주요 저서로는 《한반도 평화와 군비통제》, 《미일 중립의 군사전략》, 《미중경쟁시대의 동북아평화론》, 《자주냐 동맹이냐》, 《동아시아 안보공동체》, *Sunshine in Korea, Nuclear Disarmament and Nonproliferation in Northeast Asia, Peace and Arms Control on the Korean Peninsula*가 있다.

## Biographies of Participants

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Kang Choi is a professor and Director-General for American Studies at the Institute of Foreign Affairs and National Security, Ministry of Foreign Affairs and Trade. Professor Choi received his Ph.D. from the Ohio State University. From 1992 to 1998, and from 2002 to 2005, Professor Choi worked in the Korea Institute for Defense Analyses (KIDA). When at KIDA, Professor Choi assumed various positions such as Chief Executive Officer, Task Force for Current Defense Issues, Director of International Arms Control Studies, and one of the editors of Korean Journal of Defense Analysis (KJDA). He has done researches on arms control, crisis/consequence management, North Korean military affairs, multilateral security cooperation, and the ROK-US security alliance. From 1998 to 2002, he served in National Security Council Secretariat as Senior Director for Policy Planning and Coordination. He was one of South Korean delegates to the Four-Party Talks. Professor Choi has published many articles including “An Approach toward a Common Form of Defense White Paper”; “International Arms Control and Inter-Korean Arms Control”; “Inter-Korean Arms Control and Implications for the USFK”; “Future ROK-US Security Alliance”; “North Korea’s Intentions and Strategies on Nuclear Games”; “A Prospect for US-North Korean Relations: beyond the BDA issue.” Professor Choi holds several advisory board membership including Committee on Foreign Affairs, Trade, and Unification of National Assembly, Ministry of National Defense, Ministry of Unification, and the National Unification Advisory Council.

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## **발표자료\_Presentational Materials**



## **제1부 동아시아 안보 아키텍처의 변화**

### **Session 1 Change in East Asian Security Architecture**



## **Session 1 Change in East Asian Security Architecture**

### **“Defense Budgets and the U.S.-Korea Alliance”**

Michael E. O'Hanlon, Brookings Institution



# Defense Budgets and the U.S.-Korea Alliance

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July 2011

The United States, with its trillion dollar deficits and sluggish economy recovery, is in the throes of a major economic and budgetary dilemma of a magnitude not seen since Vietnam and its immediate aftermath. American power is at risk, and key U.S. security alliances and partnerships around the world including in Korea will require substantial rethinking. I do not predict American isolationism or major retrenchment, but a continuation of the status quo is unlikely in light of the severity of the problem. How can America’s deficit be attacked—and reductions of up to 10 percent in the core, peacetime defense budget perhaps be carried out—without damaging the U.S.-ROK alliance at a time of continued danger from North Korea as well as major structural change in power alignments in the broader Asia-Pacific?

To address this question, I first sketch out more about the nature of the problem and then suggest ways in which American military reductions can be carried out in a way that would minimize the disruptive effects upon East Asia.

## **HISTORICAL AND STRATEGIC PERSPECTIVE ON THE PROBLEM**

A quarter century ago, as U.S. GDP growth slowed, budget deficits remained stubbornly high, and other economies outperformed that of the United States. Arguments that “the Cold War is over—and Japan and Germany won” were heard frequently. Since that time, however, these U.S. allies have encountered their own challenges—Germany in reintegrating its eastern half and then helping establish the viability (and solvency) of the European Union (EU) and Euro systems, Japan in dealing with a protracted deflating of its earlier financial bubble combined with demographic challenges that leave its future economic prospects uncertain, at best.

Now, we are witnessing a period of even greater American economic travails, with much larger fiscal deficits. These are coupled with deep concern that less friendly powers—China in particular, perhaps Russia and others—may be poised to benefit from the relative decline of the United States in specific and the West in general. Is this true? What do these shifting economic realities bode for the future of American power and ultimately the security of this country and its allies? Most of all, in light of these changes, to what extent can the United States mitigate the downsides of any hegemonic realignment of global power by more responsible fiscal policy? Put most sharply for the purposes of this essay, to what extent should the United States, as part of a broader strategy to reduce its deficits and strengthen its future economic prospects, accept some defense

budget cuts now to preserve and enhance its power in the future?

One need not be anti-China to have the concerns addressed here.<sup>1</sup> There are also powerful arguments that in a world of nuclear weapons, terrorism and civil conflict, infectious diseases, possibly growing threats from biological pathogens, climate change, and overpopulation, the great powers can ill afford the ultra-competitive habits of the past.<sup>2</sup> But they do not change the fact that American military power is designed in part to maintain stability in an international system that includes rising powers like China, and that it is sized and structured and modernized in large part with an eye towards the behavior of those other powers. Nor is it any secret that the U.S. Department of Defense watches these developments with a careful eye.<sup>3</sup> The same is true, I believe, of key allies like South Korea, even when they also hope and plan for a positive relationship with the PRC in the years ahead. The goal here is less deterrence of China, or preparations for combat against China, than the desire to reassure and reaffirm an alliance that should help prevent problems from even beginning to develop in the first place. In any event, any proper examination of the U.S. defense budget must consider the inherent linkages between global economic trends and future military power.

It would be a major mistake to jeopardize the general stability of today's international system in an overly assertive effort to reduce the U.S. federal deficit by some specific percentage. Today's defense spending levels are preferable to a major-power war or other serious conflict. Nor are they inherently dangerous; the United States has enough checks on its uses of force, including general casualty aversion as well as a desire to look inward and focus on domestic issues rather than expend resources abroad, that it is not necessary to cut defense in order somehow to prevent unwanted operations or harmful defense investments. But it would also be wrong to ignore the facts that major American deficit reduction is probably necessary for the country's long-term strength, and that only by creating a spirit of shared sacrifice throughout the nation can such deficit reduction likely occur on the necessary scale. Former Chairman of the Joint Chiefs of Staff Admiral Mullen {he will be former by the time the conference occurs}, former Secretary of Defense Gates, and Secretary of State Clinton have all identified U.S. deficit and debt levels as national security threats and they are all surely right.<sup>4</sup> Mullen has called the debt the nation's "biggest

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<sup>1</sup> On China's rise, and how the United States should respond, see for example Ashton B. Carter and William J. Perry, *Preventive Defense: A New Security Strategy for America* (Washington, D.C.: Brookings, 1999); pp. 92-122; and C. Fred Bergsten, Charles Freeman, Nicholas R. Lardy, and Derek J. Mitchell, *China's Rise: Challenges and Opportunities* (Washington, D.C.: Peterson Institute for International Economics and CSIS, 2008), pp. 226-229.

<sup>2</sup> John D. Steinbruner, *Principles of Global Security* (Washington, D.C.: Brookings, 2000).

<sup>3</sup> See for example, Jan van Tol, *Airsea Battle: A Point-of-Departure Operational Concept* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2010); Andrew F. Krepinevich, *7 Deadly Scenarios* (New York: Bantam Books, 2009), 169-209; Roger Cliff, Mark Burles, Michael S. Chase, Derek Eaton, and Kevin L. Pollpeter, *Entering the Dragon's Lair* (Santa Monica, Calif.: RAND, 2007); and Stuart E. Johnson and Duncan Long, eds., *Coping with the Dragon* (Washington, D.C.: National Defense University, 2007).

<sup>4</sup> See for example, Secretary of State Hillary Rodham Clinton, "Remarks on United States Foreign Policy," Council on Foreign Relations, Washington, D.C., September 8, 2010, available at [www.state.gov/secretary/rm/2010/09/146917.htm](http://www.state.gov/secretary/rm/2010/09/146917.htm) [accessed September 10, 2010]; Speech by Secretary of Defense Robert Gates at the Eisenhower Library, Abilene, Kansas, May 8, 2010, available at

security threat.”<sup>5</sup> At a political level, too, the American public is likely ready for a period of less assertive foreign policy, and the relative desirability of “wars of choice” probably will be seen—and should be seen—as lower in the future than it may have been in the past.<sup>6</sup>

This paper begins from the premise that we cannot deduce whether U.S. defense budgets are too high, or determine appropriate levels, with broad and sweeping arguments about the aggregate size of Pentagon appropriations. Such arguments are common, usually among those with a pre-determined agenda of either making the defense budget seem high or low. Many who wish to defend the magnitude of Pentagon spending often point out that in recent decades its share of the nation’s economy is modest by historical standards. During the 1960s, national defense spending was typically 8 to 9 percent of gross domestic product (GDP); in the 1970s it began at around 8 percent and declined to just under 5 percent of GDP; during the Reagan buildup of the 1980s it reached 6 percent of GDP before declining somewhat as the Cold War ended. In the 1990s it started at roughly 5 percent and wound up around 3 percent. During the first Bush term, the figure (inclusive of war costs) reached 4.0 percent by 2005 and stayed there through 2007; it exceeded 4.5 percent but remained less than 5.0 percent by 2009/2010. Seen in this light, current levels (including wartime supplemental budgets) seem relatively moderate.<sup>7</sup>

By contrast, those who criticize the Pentagon budget often note that it constitutes almost half of aggregate global military spending (to be precise, 45 percent in 2008, according to the estimates of the International Institute for Strategic Studies).<sup>8</sup> Or they note that estimated 2009 and 2010 national security discretionary spending levels approaching \$700 billion each year exceed the Cold War inflation-adjusted spending average of \$450 billion (expressed in 2009 dollars, as are all costs in this chapter) by about 50 percent once war costs are included (and exceed the Cold War average modestly even *without* including war costs). Or they note that defense spending dwarfs the size of America’s diplomatic, foreign assistance, and homeland security spending levels (roughly \$16 billion, \$38 billion, and \$55 billion respectively in 2009).<sup>9</sup>

These observations are all simultaneously true, and as such they are probably inconclusive in the aggregate. The U.S. defense budget is, and certainly under any plausible alternative strategy will remain, large relative to the budgets of other countries and other agencies of the American government. Yet at the same time, it is modest as a fraction of the nation’s economy at least in comparison with the Cold War era. As such, while informative at one level, these observations

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[www.defense.gov/speeches/speech.aspx?speechid=1467](http://www.defense.gov/speeches/speech.aspx?speechid=1467) [accessed September 10, 2010]; and Remarks by Admiral Mike Mullen at the Detroit Economic Club Luncheon, August 26, 2010, available at [www.jcs.mil/speech.aspx?ID=1445](http://www.jcs.mil/speech.aspx?ID=1445) [accessed September 10, 2010].

<sup>5</sup> “Admiral Mike Mullen: ‘National Debt Is Our Biggest Security Threat,’” *Huffington Post*, June 24, 2010, available at [http://www.huffingtonpost.com/2010/06/24/adm-mike-mullen-national\\_n\\_624096.html](http://www.huffingtonpost.com/2010/06/24/adm-mike-mullen-national_n_624096.html) [accessed November 8, 2010].

<sup>6</sup> Richard Haass of the Council on Foreign Relations coined this phrase; see for example Richard N. Haass, *War of Necessity, War of Choice* (New York: Simon and Schuster, 2009).

<sup>7</sup> Office of Management and Budget, *Historical Tables: Budget of the U.S. Government, Fiscal Year 2011* (Washington, D.C.: Government Printing Office, 2010), p. 146.

<sup>8</sup> International Institute for Strategic Studies, *The Military Balance 2010* (Oxfordshire, England: Routledge, 2010), p. 468.

<sup>9</sup> Office of Management and Budget, *Historical Tables*, pp. 62, 83.

are of little ultimate utility in framing defense policy choices for the future. We must look deeper. Only by carefully examining how defense dollars are spent can we decide if the budget is excessive (or insufficient); the key is to try to identify missions that are not needed, or weapons modernization plans that are too fast and indiscriminate, or war plans that are excessively cautious and conservative. But first, we need to take stock of the state of America's broader security in these early years of the 21<sup>st</sup> century.

## TRILLION DOLLAR DEFICITS AND THE DECLINE OF GREAT POWERS

Throughout history, economic strength has naturally been a key foundation of military power. To be sure, technological innovation as well as military organizational creativity and tactical cunning have always been central too, as writers from Sun Tze onward have argued.<sup>10</sup> Political commitment, military courage, and more generally the human element of warfare have been crucial as well, as students of Clausewitz all understand. But without a strong and prosperous nation behind them, no military leaders or heads of state have been able to keep their countries preeminent in matters of armed conflict for long. Ultimately, the ability to innovate, the ability to build military forces, and the capacity to sustain national political will through the thick and thin of war and peace require some level of relative prosperity and economic strength.

In the post-World War II era, Soviet economic decline was ultimately perhaps the greatest ally of the United States in bringing the Cold War to an end on terms favorable to the western world. But even as celebration unfolded at one geostrategic level, anxiety crept in at another around the late 1980s, just as it had in related ways in the 1970s and 1950s. The problem was not just the relative rise of U.S. allies Japan and Germany noted earlier. The fundamental economic health of the American economy became uncertain, and with it the sustainability of the global economic order that had not only helped win the Cold War but held the western alliance system together.<sup>11</sup>

Clearly the demise of the Soviet Union after these writings, together with the gradual improvement of the U.S. economy in the 1990s, eased some of these concerns. Japan's economic bubble also burst, and Germany was consumed with the costs of reunification. But by the onset of the 21<sup>st</sup> century, even more significant challenges from even more potentially worrisome competitors appeared in stark relief—and the economic recovery of the 1990s gave rise to large deficits, war costs, and then a major financial meltdown.

In the 2<sup>nd</sup> decade of the 21<sup>st</sup> century, a sense of American economic weakness combined with the rise of other powers, particularly China, has again put declinism into vogue. Samuel Hun-

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<sup>10</sup> Thucydides, *History of the Peloponnesian War* (New York: Penguin Books, 1986); Sun Tzu, *The Art of War* (London: Oxford University Press, 1963); Andrew F. Krepinevich, "From Cavalry to Computer: The Pattern of Military Revolutions," *The National Interest* (Fall 1994); Stephen Biddle, *Military Power* (Princeton, N.J.: Princeton University Press, 2004); Martin van Creveld, *Technology and War* (New York: Free Press, 1991); and Max Boot, *War Made New: Technology, Warfare, and the Course of History, 1500 to Today* (New York: Gotham Books, 2006).

<sup>11</sup> Robert Gilpin, *The Political Economy of International Relations* (Princeton, N.J.: Princeton University Press, 1987), pp. 341-347.

tington famously argued during the last major period of declinism, the late 1980s, that in fact such thinking frequently occurred in the United States—and that in fact our collective tendency to worry about unfavorable trends in the balance of power helped us make course corrections that usually made the declinists wrong. In other words, because policymakers and the public took fears of U.S. decline seriously, they fixed the problems that led to the worries and the decline in fact did not occur in any significant sense.<sup>12</sup> The question is, are we willing to do so again today? And do those problems include scaling back the defense budget as part of a broader deficit-reduction effort intended to restore the eroding foundations of national economic strength and thus long-term military power?<sup>13</sup>

The United States retains many impressive strengths. It is still the world's top economic power, with more than 20 percent of global GDP even according to purchasing power parity calculations, and 25 percent according to classic exchange-rate calculations.<sup>14</sup> Those who compare this data to the 50 percent share the United States held after World War II as evidence of U.S. decline forget that the postwar period was highly unusual because so many other powers had been so (temporarily) weakened by war. In fact, it was largely U.S. grand strategy that led to the rapid recovery of western European democracies as well as Japan, to say nothing of the rise of new economic powerhouses like South Korea and Taiwan, in the ensuing decades. Thus, the decline in U.S. GDP as a percentage of the global total should arguably be seen more as a success of American strategy than a weakness or failing. The international institutions that Washington led the way in creating, the foreign aid it provided, and the alliance system it forged made possible economic trends that have generally worked to the U.S. advantage.<sup>15</sup>

As a further benefit of the success of this strategy, most key nations around the world viewed the United States as either friendly or benign. That was not true for the Warsaw Pact or communist China initially, of course, but the latter relationship was transformed starting with Nixon and the former bloc ultimately collapsed. Meanwhile the United States led the way in the creation of a security system that, as Steve Walt famously argued, encouraged more bandwagoning

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<sup>12</sup> Samuel P. Huntington, "The U.S.—Decline or Renewal?" *Foreign Affairs* (Winter 1988/89), pp. 76-96.

<sup>13</sup> For more important writings on the general subjects of American primacy and power and possible decline, see Eric S. Edelman, *Understanding America's Contested Primacy* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2010); William C. Wohlforth, "The Stability of a Unipolar World," *International Security*, vol. 24, no. 1 (Summer 1999), pp. 5-41; Michael Mastanduno, "System Maker and Privilege Taker: U.S. Power and the International Political Economy," *World Politics*, vol. 61, no. 1 (January 2009), pp. 121-154; Barry Posen, "Command of the Commons: Military Foundations of U.S. Hegemony," *International Security*, vol. 28, no. 1 (Summer 2003), pp. 5-46; Christopher Layne, "The Unipolar Illusion Revisited: The Coming End of the United States' Unipolar Moment," *International Security*, vol. 31, no. 2 (Fall 2006), pp. 147-172; and Aaron L. Friedberg, "The Strategic Implications of Relative Economic Decline," *Political Science Quarterly*, vol. 104, no. 3 (Fall 1989), pp. 401-431.

<sup>14</sup> World Bank, *World Development Report 2010* (Washington, D.C.: 2009), p. 380, available at <http://siteresources.worldbank.org/INTWDR2010/Resources/5287678-1226014527953/Statistical-Annex.pdf> [accessed October 6, 2010].

<sup>15</sup> G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars* (Princeton, N.J.: Princeton University Press, 2001).

behavior than the balancing which had typified previous centuries of European power politics.<sup>16</sup> Even when other major countries disagreed with how Washington handled a specific issue or problem—and they often did, as over Vietnam or nuclear weapons issues or other matters—they did not see the United States as a fundamental threat to their security. As a result, no other major security organization was created to counter American-led alliances. (The Shanghai Cooperation Council involving Russia and China may have some motivations along the lines of checking western influence, but it is not truly a security alliance and carries out no significant military operations or even preparations.) This is a remarkable characteristic of the modern international system that we too frequently forget.

As of today, the United States leads a global alliance system of more than 60 partner states that collectively account for almost 80 percent of global GDP and more than 80 percent of total global military spending between them.<sup>17</sup> That system includes the ROK-US alliance as well as the US-Japan and US-Australia alliances, NATO, the Rio Pact in Latin America at least at a formal level, and (less formally but quite significantly) American security partnerships with Taiwan, Israel, the Gulf Cooperation Council, and Iraq and Afghanistan. Arguably even Pakistan and India are best seen as part of this system rather than outside of it; at worst they are neutrals. Among the world's major nations, only China and Russia are essentially outside this somewhat informal but still quite significant network. And America's actual nemeses as well as potential adversaries—Iran, North Korea, perhaps Venezuela, Syria and Burma and one or two other such countries—collectively account for 1 to 2 percent of global economic output or military power. The geostrategic forces working to the advantage of the United States are extraordinary.

The list of American assets does not end there. As Joseph Nye argues, the country's demographics including its immigration policy are more favorable than almost any other country's.<sup>18</sup> Even with its melting pot, and economic challenges, America's crime rates have been falling for years. Would-be rivals like China, Russia, and India all have far less favorable demographics—the first due to overpopulation combined with the resulting one-child policy that promises huge economic challenges for the PRC within a generation,<sup>19</sup> the second due to underpopulation, the

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<sup>16</sup> Stephen M. Walt, *The Origins of Alliances* (Ithaca, N.Y.: Cornell University Press, 1990). Walt was admittedly more worried about how American power and leadership were viewed around the world when he wrote *Taming American Power* (New York: W.W. Norton and Co., 2006). But even then he did not predict that alliances would be formed against it unless Washington was particularly careless or assertive. See for example pp. 11-12 of the latter book.

<sup>17</sup> Michael E. O'Hanlon, *Budgeting for Hard Power: Defense and Security Spending Under Barack Obama* (Washington, D.C.: Brookings, 2009), p. 24; International Institute for Strategic Studies, *The Military Balance 2010* (Oxfordshire, England: Routledge, 2010), pp. 462-468; and World Bank, *World Development Report 2010* (Washington, D.C.: 2009), pp. 378-380.

<sup>18</sup> Joseph S. Nye, Jr., "The Future of American Power," *Foreign Affairs*, vol. 89, no. 6 (November/December 2010), pp. 2-12.

<sup>19</sup> Feng Wang, "China's Population Destiny: The Looming Crisis," Washington, D.C., Brookings, September 2010, available at [http://www.brookings.edu/articles/2010/09\\_china\\_population\\_wang.aspx](http://www.brookings.edu/articles/2010/09_china_population_wang.aspx) [accessed November 8, 2010]; and Eric S. Edelman, *Understanding America's Contested Primacy* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2010), pp. 52-65.

last due to overpopulation with few prospects of change on the horizon.<sup>20</sup> Moreover, as noted before, India hardly seems likely to be a threat to American interests. Delhi may harbor some great-power ambitions but there are no irredentist territorial issues auguring future problems in dealings with the United States, and in fact few signs of any overly assertive Indian approach to the broader region or world.<sup>21</sup> What great-power rivalries it does possess, notably with China, may in fact tend to drive it towards greater partnership with the United States.

This nation's universities are still the best in the world, with recent surveys estimating that 58 of the world's top 100 institutions of higher learning are on American soil.<sup>22</sup> Korean friends are often important contributors to this U.S. university system as both students and professors. American manufacturing is down, as a percent of the global total overall, it is true. But cutting-edge industries like aerospace and software development remain robust. The recent financial crisis has exposed weaknesses in the United States as an investment destination, an issue to which we also return below. But there is no obvious preferred alternative as of yet among the world's major powers given American strengths—its robust and dependable legal system, its transparent politics, and its traditions of openness to people, investments, goods, ideas, and innovation.

But if there are no reasonable grounds for paranoia, nor is there any basis for complacency. The United States has serious weaknesses, as a nation and as an international power. These include first and foremost its budget and trade deficits, which have the effects of weakening investment, surrendering more of the nation's wealth to others, and making the country far less resilient in the face of a future crisis. Total debt is headed towards 100 percent of GDP and beyond by decade's end—a figure previously experienced only in the 1940s—with long-term budgetary and demographic trends offering no natural respite from this dilemma. In fact, the U.S. gross savings rate is now about 11 percent of GDP, half the global average, and the net savings rate had declined from around 8 percent a generation ago to 2 percent before the onset of the recent recession.<sup>23</sup> Many world-class companies are now appearing in the developing world, with the West often lagging behind.<sup>24</sup> Most major new industrial plants seem to be built abroad. For example,

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<sup>20</sup> National Intelligence Council, *Global Trends 2025: A Transformed World* (Washington, D.C.: 2008), pp. 24-27.

<sup>21</sup> On the restraint in Indian military policy, see Stephen P. Cohen and Sunil Dasgupta, *Arming Without Aiming: India's Military Modernization* (Washington, D.C.: Brookings, 2010), pp. 1-28. It is true that some speculate India may soon overtake China as the fastest-growing major new power. But that would be from a much lower base of economic power (roughly one-fourth the GDP), and India's improved short-to-medium term prognosis would come partly at the expense of unfettered population growth that will pose its own major challenges, now and down the road. See "How India's Growth Will Outpace China's," "India's Surprising Economic Miracle," and "A Bumpier but Freer Road," *The Economist*, October 2-8, 2010, pp. 11, 75-77.

<sup>22</sup> Loren Thompson, "Reversing Industrial Decline: A Role for the Defense Budget," Lexington Institute, Arlington, Va., August 2009, p. 5.

<sup>23</sup> International Monetary Fund, *World Economic Outlook* (October 2010), p. 204, available at <http://www.imf.org/external/pubs/ft/weo/2010/02/pdf/tables.pdf> [accessed October 6, 2010]; and Warren B. Rudman, J. Robert Kerrey, Peter G. Peterson, and Robert Bixby, "Realistic Approaches to Head Off a U.S. Economic Crisis," in Michael E. O'Hanlon, ed., *Opportunity 08: Independent Ideas for America's Next President*, second edition (Washington, D.C.: Brookings, 2008), pp. 262-263.

<sup>24</sup> Antoine van Agtmael, *The Emerging Markets Century: How a New Breed of World-Class Companies Is Over-taking the World* (New York: Free Press, 2007), pp. 9-56.

China alone now produces two-thirds of the world's photocopiers, microwave ovens, DVD players, and shoes and also makes more steel and cement than anyone else.<sup>25</sup> China as well as South Korea and Japan dominate global shipbuilding; the United States barely shows up on global production tables.<sup>26</sup> The sovereign wealth funds of some countries evidence a longer-term investment attitude, and more concentrated investment muscle, than American companies or funds often employ.<sup>27</sup>

The United States has other problems too. Despite the reassuring words voiced above about the strength of certain cutting-edge technology sectors in this country, most classic manufacturing industries are in relatively weak shape, and overall manufacturing output as a percent of GDP declined from 21.2 percent in 1979 to just 11.5 percent three decades later.<sup>28</sup> Unemployment rates are again high, near 10 percent, and rates would be higher still but for the fact that many have stopped even looking for work. High unemployment may remain a stubborn reality for years, as companies resist hiring until they see a brighter economic future, and as traditional blue collar jobs continue to fade away.

Worse yet perhaps, the country's lower-income classes no longer are making progress economically from generation to generation. For them the American dream of leaving a better future to one's children has stalled, particularly if one focuses on wages and not the benefits of more expensive health care plans (which represent increased compensation, but not in ways many Americans appreciate as much as they do higher wages). Upward mobility from generation to generation has become very difficult as well.<sup>29</sup> The Obama health care reform bill may play the role of a modest corrective to these trends, but only to a degree, as trends in wages are likely to continue to diverge between the country's better-educated citizens and its lesser-educated. Even if some subgroups, such as female-headed single-parent families, have made some headway, overall poverty levels are at worse levels than in the 1970s—and that was true even before the onset of the great recession in 2008.<sup>30</sup>

Science and technology education levels among the country's public school students are mediocre by global standards—ranking typically in the 20s among 40 nations participating in recent surveys, and 36<sup>th</sup> among all countries in “health and primary education” according to the World Economic Forum.<sup>31</sup> Although elite universities remain excellent, including in the sciences, more

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<sup>25</sup> Fareed Zakaria, *The Post-American World* (New York: W. W. Norton and Co., 2008), p. 91.

<sup>26</sup> Shipbuilders' Association of Japan, “Shipbuilding Statistics,” Tokyo, Japan, March, 2010, available at [www.sajn.or.jp/c/statistics/Shipbuilding\\_Statistics\\_Mar2010.pdf](http://www.sajn.or.jp/c/statistics/Shipbuilding_Statistics_Mar2010.pdf) [accessed November 12, 2010].

<sup>27</sup> Ian Bremmer, *The End of the Free Market* (New York: Penguin, 2010), pp. 18-24.

<sup>28</sup> Executive Office of the President, *Economic Report of the President 2010* (Washington, D.C.: 2010), Table B-12, available at <http://www.gpoaccess.gov/eop/tables10.html> [accessed October 8, 2010].

<sup>29</sup> Hugh B. Price, Amy Liu, and Rebecca Sohmer, “Pathways to the Middle Class: Ensuring Greater Upward Mobility for All Americans,” in Michael E. O’Hanlon, ed., *Opportunity 08: Independent Ideas for America’s Next President*, second edition (Washington, D.C.: Brookings, 2008), pp. 226-229.

<sup>30</sup> Ron Haskins and Isabel V. Sawhill, “Attacking Poverty and Inequality: Reinvigorate the Fight for Greater Opportunity,” in Michael E. O’Hanlon, ed., *Opportunity 08: Independent Ideas for America’s Next President*, second edition (Washington, D.C.: Brookings, 2008), p. 213.

<sup>31</sup> Jeffrey J. Kuenzi, Christine M. Matthews, and Bonnie F. Mangan, “Science, Technology, Engineering, and Mathematics (STEM) Education Issues and Legislative Options,” Washington, D.C., Congressional Research

and more of the country's science and engineering graduate students are foreigners who often return home after obtaining their degrees. Only 16 percent of American university students get science and engineering degrees, in contrast with levels ranging from 25 to 33 percent in most western nations and 38 percent in Korea.<sup>32</sup>

American infrastructure is weakening as newer powers outdistance the United States in everything from high-speed rail to major ports to broadband internet capacity. Current annual spending on infrastructure is perhaps \$20 billion too low simply to maintain existing services, and about \$80 billion too low relative to what would be optimal.<sup>33</sup> This is happening at a time when the finances of cities are in greater peril than at any time over the last quarter century. Even if some of the problem is due to the short-term effects of the great recession, the decline in the property values that provide the base for urban services will probably be longer-lasting. State budgets are similarly strained; for example, Maryland has \$33 billion in unfunded future pension and health-care obligations to state employees, and another seven states are in similarly bad straits (with yet another dozen also in some trouble).<sup>34</sup> California, the nation's largest state, is in the most worrisome shape of all. On another note, America's energy dependence has grown in absolute terms over the years, and 60 percent of its oil now comes from foreign sources—substantially more than in the past.<sup>35</sup>

All of these concerns require economic renewal. Many proposals for strengthening the U.S. economy lead to estimates that the military budget, if it is to provide its proportionate share of savings in a future fiscal realignment, should be reduced about 10 percent in real terms relative to what would otherwise likely occur. How might this be accomplished at minimal risk to the country and in particular to the mutual interests of the United States and its allies in Asia?

## **SAVING \$60 BILLION OR 10% IN THE ANNUAL DEFENSE PROGRAM**

Many studies on reducing the defense budget begin with a broad sweeping argument about supposed U.S. overspending or waste, then quickly move to detailed specifics. These studies have their place, but my approach is different—to begin by thinking conceptually and strategically about how the United States might take calculated risks in defense policy. Put differently, I do not believe it possible to make \$60 billion in harmless defense cuts simply through more clear-

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Service, May 22, 2006, p. 1; and World Economic Forum, *The Global Competitiveness Report 2009-2010* (Geneva, Switzerland: 2009), p. 17.

<sup>32</sup> Darrell M. West, *Brain Gain: Rethinking U.S. Immigration Policy* (Washington, D.C.: Brookings, 2010), p. 130.

<sup>33</sup> Statement of Peter R. Orszag, Director, Congressional Budget Office, "Investing in Infrastructure," Testimony before the U.S. Senate Committee on Finance, July 10, 2008, p. 8.

<sup>34</sup> Christopher W. Hoene and Michael A. Pagano, "Research Brief on America's Cities," National League of Cities, Washington, D.C., October 2010, available at [www.nlc.org](http://www.nlc.org) [accessed October 7, 2010]; and "Maryland's Silent Tsunami," *Washington Post*, October 13, 2010, p. A18.

<sup>35</sup> John S. Duffied, *Over a Barrel: The Costs of U.S. Foreign Oil Dependence* (Stanford, Calif.: Stanford University Press, 2008), pp. 16-26.

eyed and less parochial defense policymaking. Secretary Gates is doing a good job identifying redundant structures and programs, but the nature of his track record reveals the challenge of the task—four years into his own effort, he has reached roughly the \$10 billion per year level of cumulative savings based on all of his cost-cutting decisions to date combined (assuming that programs he killed such as the Army’s future combat system are not generally revived in one form or another).<sup>36</sup> We will not be able to quintuple the achievement painlessly. And DoD’s natural tendency to do “salami-slice” cuts across all departments and programs, often the path of least resistance bureaucratically, is suboptimal.

There are probably three basic conceptual frameworks for reducing defense spending:

- 1) TOUGHER MANAGEMENT
- 2) SMALLER GROUND FORCES (ONCE CURRENT WARS ARE OVER)
- 3) MORE SELECTIVE MODERNIZATION EFFORTS

In rough terms, the first approach might be able to save another \$10 billion a year eventually. The second would save about \$20 billion a year, as would the last. Taken together, therefore, and combined with the cuts already offered by Gates, the three approaches might reach the \$60 billion annual goal. The remainder of this paper focuses on the last two areas.

### Smaller Ground Forces

Once the wars in Iraq and Afghanistan significantly wind down, it may be possible to reverse the increases in the active forces of the U.S. Army and Marine Corps and return to Clinton and early Bush levels.<sup>37</sup> That would mean roughly 15 percent cuts, relative to current combat force structure. There was in fact a reasonable amount of bipartisan consensus on those earlier levels, with defense secretaries Aspin, Perry, Cohen, and Rumsfeld all supporting them over a ten-year period.<sup>38</sup>

Smaller ground forces would not be large enough to handle another decade like the one we have just experienced without reverting to unpalatable policies like 50 percent deployment rates for individual soldiers (for example, only a year at home after one twelve-month deployment and before another).<sup>39</sup> Nor would they necessarily suffice to occupy Iran, after a possible invasion, or a collapsing Pakistan.

Yet there is a serious case for such smaller forces nonetheless. They would be adequate for a single sustained large operation of either the Iraq or Afghanistan character (at maximum size). They would also be a sizeable and probably adequate deterrent against the threat of another North Korean attack on South Korea, and if heaven forbid conflict occurred anyway, remaining Ameri-

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<sup>36</sup> Statement of Michael J. Sullivan, Director, Acquisition and Sourcing Management, “Defense Acquisitions: Observations on Weapon Program Performance and Acquisition Reforms,” GAO-10-706T, Government Accountability Office, Washington, D.C., May 19, 2010, p. 4.

<sup>37</sup> For a similar argument see Sustainable Defense Task Force, “Debt, Deficits, and Defense: A Way Forward,” available at [www.comw.org/pda/fulltext/1006SDTFreport.pdf](http://www.comw.org/pda/fulltext/1006SDTFreport.pdf) [accessed September 15, 2010], p. vii.

<sup>38</sup> See for example, Frederick W. Kagan, *Finding the Target: The Transformation of American Military Policy* (New York: Encounter Books, 2006), pp. 180-197, 222-236, 281-286.

<sup>39</sup> On the demands of the Iraq surge, for example, see Kimberly Kagan, *The Surge: A Military History* (New York: Encounter Books, 2009), pp. xix-xxxii.

can forces would be adequate to help the ROK reverse the invasion and then overthrow the DPRK regime and stabilize its territory (on the assumption that the latter mission would be carried out principally by ROK forces). In extremis, U.S. forces of such size would even have the ability to overthrow a regime such as that in Teheran that carried out a heinous act of aggression or terror against American interests in the future, even if they could not stabilize it thereafter.<sup>40</sup>

Even for missions like helping stabilize a large collapsing state, smaller U.S. ground forces could well prove sufficient as part of a coalition. That is, they might suffice if part of the security forces of the state at issue remained partially intact, or if a broader international coalition of states contributed to the operation.

Force structure cuts of 15 percent imply roughly 10 percent reductions in spending on the ground forces—or about \$20 billion annually, once phased in. It is important to understand that these savings result only if the forces are eliminated from the military. Bringing home units normally based abroad in established facilities does not save much money if the units are simply relocated; indeed, it can even cost money if the move necessitates construction or refurbishment of new stateside bases. The additional costs of having forces in places like Germany and Japan, above and beyond their likely costs if located in the United States, are in the range of a couple billion dollars a year—and in fact, in the case of Japan in particular, it may actually be *less* expensive to keep them abroad given Tokyo's generosity in paying the local costs of base real estate, of base operations, and of construction.<sup>41</sup>

#### More Selective Modernization—With Attention to the Industrial Base

Another way to find savings is to propose reductions in modernization plans for the U.S. military's acquisition of equipment. This general approach to reducing the defense budget was already pursued once in recent times, in the 1990s, when annual procurement budgets were reduced by two-thirds relative to earlier Reagan-era highs. But that was an unusual historical moment. The United States could take a "procurement holiday" of sorts since it had recently bought so much new equipment during that Reagan buildup, and since the concomitant reduction of the combat force structure allowed older equipment to be selectively retired first.

These cutbacks were not easy on industry or the economy, of course. Softening the pain to an extent, however, was the fact that the 1980s had been a fairly good decade for defense business. In addition, even though the economy was tough in the early part of the 1990s in the United States—and even though defense cutbacks exacerbated the difficulty in some cases<sup>42</sup>—the situation rapidly improved. As the 1990s progressed, the general health of the U.S. economy strengthened, creating new jobs in other sectors.

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<sup>40</sup> Kenneth M. Pollack, Daniel L. Byman, Martin Indyk, Suzanne Maloney, Michael E. O'Hanlon, and Bruce Riedel, *Which Path to Persia: Options for a New American Strategy toward Iran* (Washington, D.C.: Brookings, 2009), pp. 94-98.

<sup>41</sup> Michael O'Hanlon, *Unfinished Business: U.S. Overseas Military Presence in the 21<sup>st</sup> Century* (Washington, D.C.: Center for a New American Security, 2008), p. 37.

<sup>42</sup> R. William Thomas, *The Economic Effects of Reduced Defense Spending* (Washington, D.C.: Congressional Budget Office, 1992), pp. 5-42.

The situation is different today. In addition, even though current acquisition budgets are sizeable by historical standards in real-dollar terms, the growing cost of weaponry means that these budgets typically fund far fewer major programs than was the case before. That reality is reinforced by the fact that more of today's acquisition budget is devoted to research and development rather than production—perhaps a reasonable approach at a time of rapid technology change but still a tendency that deprives procurement accounts of the share of funds they used to receive. The number of workers in aerospace and defense is down from more than 1,000,000 in 1991 to just over 600,000 two decades later, exemplifying the tendency of the U.S. manufacturing base writ large to lose lots of jobs over that period.<sup>43</sup> In addition, there are now just five major contractors in the defense business—Boeing, Raytheon, Northrop Grumman, Lockheed Martin, and General Dynamics—and often the number capable of creating a given type of weapon system is just one or two. As such, the health of the industrial base needs to be kept in mind, since budgets are not so large as to guarantee a diverse and strong national security industrial base absent considerable care and attentiveness.<sup>44</sup> Certain capabilities could simply be lost, and take years to recreate.<sup>45</sup> The ability to keep costs in check through competition can also be lost.<sup>46</sup>

If however ways can be found to keep the military strong and the industrial base on solid ground while reducing certain programs, substantial sums might be saved. Not counting war costs, the Pentagon's procurement budget has again exceeded \$100 billion a year. Its research, development, testing and evaluation (RDT&E) budget adds another \$80 billion, the latter figure in particular being quite robust by historical standards.<sup>47</sup> Big-ticket programs are together worth almost \$800 billion at present, over the lifetime of the programs, with almost \$550 billion of that scheduled to be spent in 2012 and beyond. So there is clearly a lot of money to consider.<sup>48</sup>

Savings are nonetheless quite possible. Today's military may not buy Cold War legacy systems as critics allege, but it does arguably overinsure. A case in point is air combat. Even as drones have become much more effective, even as precision-guided ordnance has become devastatingly accurate (even when dropped from older planes or drones), even as real-time surveillance and information grids have evolved rapidly (at great expense), plans for modernizing manned combat systems have remained essentially at previous levels. Between them, for example, the Air Force and Navy and Marine Corps still plan to buy 2,500 F-35 combat jets at a total price of more than \$250 billion.

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<sup>43</sup> Briefing by Robert H. Trice, Senior Vice President, Lockheed Martin, "The Business of Aerospace and Defense," Washington, D.C., September 2010, p. 8.

<sup>44</sup> Barry D. Watts, *The U.S. Defense Industrial Base: Past, Present and Future* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2008), pp. 32, 81-90.

<sup>45</sup> Aerospace Industries Association, "The Unseen Cost: Industrial Base Consequences of Defense Strategy Choices," Arlington, Va., July 2009, p. 1.

<sup>46</sup> Hadley and Perry, "The QDR in Perspective," pp. 84-91.

<sup>47</sup> Over the last half century, expressed in constant 2010 dollars, acquisition budgets have averaged about \$150 billion a year, with the RDT&E budget about \$50 billion of that total on average. Watts, *The U.S. Defense Industrial Base*, pp. 21-28.

<sup>48</sup> See Department of Defense, "Selected Acquisition Report Summary Tables," December 31, 2009, available at [www.acq.osd.mil/ara/2009%20DEC%20SAR.pdf](http://www.acq.osd.mil/ara/2009%20DEC%20SAR.pdf) [accessed September 30, 2010], pp. 21-23.

In this light, changes to several more weapons systems should be considered.<sup>49</sup>

- Cancellation of Maritime Prepositioning Force (Future) Ships, designed to help Marines set up logistics bases at sea for future operations, with estimated annual savings from cancellation (and refurbishment and retention of current ships instead) of about \$2 billion
- Scaling back of still-overlapping missile defense programs, which include upgrades to the ground-based strategic systems in California and Alaska, Aegis sea-based theater defense, THAAD land-based theater defense, and two land-based short-range defense systems including one done in partnership with European allies (Patriot and MEADS). Annual savings would, depending on the depth of the cuts, range from \$1 billion to \$4 billion
- Termination of the SLBM nuclear-tipped missile program and other nuclear reductions including in the Department of Energy nuclear weapons stewardship complex, still allowing a robust submarine-based leg of the triad but with more warheads on fewer missiles and fewer submarines. The submarine leg of the triad is exceedingly survivable and as such more risk can be accepted in its size; moreover, buying more counterforce capability in the form of D5 missiles is not needed given the plausible uses to which nuclear weapons could ever be put. Annual savings (distributed across DoD procurement, DoD operations, and DoE accounts) of about \$2.5 billion
- Replacement of the Marine Corps V-22 tilt-rotor Osprey program with existing-generation helicopters at annual savings of about \$1 billion
- Halving or outright cancellation of the intended purchase of Littoral Combat Ships, a vessel that was supposed to be a small shallow water combatant but that gradually evolved into something more like a traditional frigate, in favor of truly smaller and stealthier and cheaper ships such as the Coast Guard's offshore patrol cutter or the Stiletto (a vessel that captures its own wake and rides high in the water with minimal drag), with annual savings of \$1 billion to \$2 billion.
- A further modest reduction in the aircraft carrier fleet from 10 to 11 ships and 10 air wings to 9, with average annual savings approaching \$5 billion.<sup>50</sup> This can be done largely by further deemphasizing the need for carrier operations in the Atlantic and Mediterranean, without causing damage to America's presence in the all-important Pacific and Indian Ocean areas.<sup>51</sup>

The list is not meant to be exhaustive. It reveals the challenges—but also the feasibility—of

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<sup>49</sup> On cost savings estimates, see Congressional Budget Office, *Budget Options* (Washington, D.C., 2009), pp. 5-21, available at [www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf](http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf) [accessed October 20, 2010]; Department of Defense, "Selected Acquisition Report (SAR) Summary Tables, December 31, 2009, pp. 21-23, available at [www.acq.osd.mil/ara/2009%20DEC%20SAR.pdf](http://www.acq.osd.mil/ara/2009%20DEC%20SAR.pdf) [accessed October 20, 2010]; and Michael E. O'Hanlon, *A Skeptic's Case for Nuclear Disarmament* (Washington, D.C.: Brookings, 2010), pp. 110-131.

<sup>50</sup> Michael E. O'Hanlon, *The Science of War* (Princeton, N.J.: Princeton University Press, 2009), p. 26.

<sup>51</sup> On these latter areas, and the potential for rivalries and conflicts within, see for example, Robert D. Kaplan, *Monsoon* (New York: Random House, 2010); Richard C. Bush, *The Perils of Proximity* (Washington, D.C.: Brookings, 2010), and Andrew S. Erickson, Walter C. Ladwig III, and Justin D. Mikolay, "Diego Garcia and the United States' Emerging Indian Ocean Strategy," *Asian Security*, vol. 6, no. 3 (September-December 2010), pp. 214-237.

finding \$10 billion to \$15 billion in annual savings by focusing on redundant or what appear to be less essential programs. Other savings might be found in smaller programs, taking a similar approach, pushing annual savings to the target mentioned before. My purpose here, however, is less to prove the case for these specific changes in the modernization agenda than to sketch out a philosophy by which cuts might be made and to indicate the kinds of changes that would be required to achieve the \$20 billion annual savings goal.

## **CONCLUSION**

One need not proceed from declinism to make the case for major defense cuts. The United States has achieved many if not most of its post-World War II aims and the world we see today is a reflection of its foreign policy successes, not its failures. Most of the world's wealth and strength is found among its allies; most of the remaining GDP and power is found among neutral states with a strong interest in upholding the system that has enriched them. By embracing its successes—and the diffusion of global power that they have helped produce—the United States can probably do what no global superpower has ever done before and remain as strong as ever while accepting a greater degree of international burdensharing in security policy with important allies like the Republic of Korea that are clearly up to the challenge and the task.





## **Session 1 Change in East Asian Security Architecture**

### **“Chinese Assertiveness? Continuity and Changes in China’s Foreign Policy”**

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# Chinese Assertiveness? Continuity and Changes in China's Foreign Policy\*

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\*Prepared for the international conference on "A Security Order in East Asia and the ROK-US Alliance", October 20-22, 2011, Seoul, South Korea.

In the past a few years, the discourse of Chinese assertiveness has been increasingly on the rise in the Western media and policy community.<sup>1</sup> Andrew Small, a research fellow of the German Marshall Fund of the United States, noted in early 2010 that "from cyber-attacks to obstinacy in Copenhagen, Beijing's assertiveness and the hardening of its diplomacy are prompting a rethink"<sup>2</sup> Since then, the list of presumable Chinese assertiveness and even aggressiveness had actually grown even longer: China lodged fierce protests to the Obama administration's arms sales to Taiwan and even threatened to sanction U.S. companies involved in the sales; Beijing refused to join Washington, Seoul and others to condemn North Korea as culprit in the sinking of South Korea's Cheonan Corvette and, not only so, it vetted strong protest against U.S.-ROK joint military exercise in Yellow Sea and even countered with its own military exercises; China allegedly declared the South China Sea as its "core interest", unnerving countries in the region; when Japan arrested Chinese fishermen for ramming Japanese coastguard vessels in waters adjacent to the disputed Diaoyu (or Senkaku in Japanese) Island, China retaliated by detaining Japanese citizens and cutting off exports of rare earth to Japan... The list can go on and on. Pundits, analysts and politicians, startled at China's "brashness" and "strident tone", have been discussing about how to deal with an assertive and revisionist China.<sup>3</sup> This discourse posits that China's turning assertive is a break from its decade-long successful strategy of reassurance and charm offensive, and indeed

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<sup>1</sup> See for instance, U.S. Senate Committee on Foreign Relations Chairman John F. Kerry's Opening Statement at Hearing on U.S. Policy toward China, June 23, 2010, Washington, D.C.; "Facing up to China", *The Economist*, February 4, 2010; John Pomfret, "Newly Powerful China Defies Western Nations with Remarks, Policies," *The Washington Post*, March 15, 2010; "Reformation of Japan: Discussion between Joseph Nye and Mitoji Yabunaka", *The Yomiuri Shimbun*, January 8, 2011; Joseph S. Nye, Jr., "U.S.-China Relationship: A Shift in Perceptions of Power," *The Los Angeles Times*, April 6, 2011, available at <http://www.chinapost.com.tw/print/297921.htm>. The discourse of China-turning-assertive is prevalent in the policy community, see for example, Jacques deLisle, "Regional Security in East Asia: An FPRI Conference Report," Foreign Policy Research Institute E-Notes, January 2011; Natalie Matthews, "U.S.-China Relations: Rebalancing or Reevaluating?", summary and report of a Center for the National Interest panel discussion, Washington, D.C., February 18, 2011. More detailed and comprehensive analyses of China's assertiveness can be found at a series of feature articles at *Chinese Leadership Monitor*, see Michael Swaine, "Perceptions of an Assertive China," *China Leadership Monitor*, No. 32, pp. 1-19; idem., "China's Assertive Behavior-Part One: on 'Core Interest'," *China Leadership Monitor*, No. 34, pp. 1-25; idem. and M. Taylor Fravel, "China's Assertive Behavior-Part Two: The Maritime Periphery," *China Leadership Monitor*, No. 35, pp. 1-29.

<sup>2</sup> Andrew Small, "Dealing with a More Assertive China," *Forbes*, February 8, 2010.

<sup>3</sup> John Pomfret, "China's Strident Tone Raises Concerns Among Western Governments, Analysts," *The Washington Post*, January 31, 2010; Small, "Dealing with a More Assertive China."

signifies a “fundamental shift” in China’s foreign policy.<sup>4</sup>

The discourse also tries to explain China’s recent assertiveness. Generally, analysts have come up with explanations on the following grounds. First and foremost, most analysts believe that China’s assertive behavior has largely been driven by a change in China’s perception of power balance since the global financial crisis. The perceived China’s relative rise and the Western powers’ relative decline have created a sense that the West needs China more than China needs it, giving rise to China’s overconfidence in dealing with the West in a more assertive manner.<sup>5</sup> Second, many analysts also note that the rising nationalistic sentiments in China have “produced an angry population that is prone to blaming others and lacking empathy”, rendering the Chinese government increasingly unwilling to compromise on issues concerning sovereignty and of high sensitivity.<sup>6</sup> Third, related to the previous point but in a slightly different way, still some other analysts suggest that the ongoing leadership transition in Beijing would cause Chinese leaders to “take a tougher stance” on issues concerning sovereignty or security threat. When leadership succession approaches, no leader in Beijing can afford to be soft on national security.<sup>7</sup>

The above-mentioned explanations in one way or another capture the dynamics behind China’s recent international behavior, though these explanations are also more or less marred by some deficiencies and thus have missed the bigger picture. For instance, the “leadership transition thesis” cannot explain Chinese leaders’ adoption of an accommodating and cooperative approach toward peacefully resolving the maritime disputes in the South China Sea. Apparently, something has been missed here. In this essay, I will suggest that the “China-turning-assertive” discourse has paid insufficient attention to some deeper factors, both structural and perceptual, of China’s foreign policy, therefore largely ignoring the more fundamental continuity in China’s foreign policy. This essay will try to arrive at a more balanced view of China’s foreign policy, being attentive to both changes and continuity in China’s foreign policy behavior. Specifically, I will argue that despite all the changes (such as increasing pluralization of foreign policy decision-making process, the rise of nationalism as well as public opinion, and so on), what we may label as the “defensive realism consensus” has been maintained.

The paper will be divided into the following sections. Section one will look at the deficiencies in the explanations of China’s assertiveness in more detailed manner. In doing so, I will examine some prominent cases of China’s assertiveness. Section two will examine some new trends in China’s foreign policy and discuss the question whether these new trends have led to changes in China’s for-

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<sup>4</sup> Pomfret, “Newly Powerful China Defies Western Nations with Remarks, Policies.”

<sup>5</sup> Small, “Dealing with a More Assertive China”; “Reformation of Japan: Discussion between Joseph Nye and Mitoji Yabunaka”; Nye, “U.S.-China Relationship: A Shift in Perceptions of Power,”; Bonnie Glaser, “Ensuring that China Rises Peacefully”, Clingendael Asia Studies and Clingendael Asia Forum, December 23, 2010; Natalie Matthews, “U.S.-China Relations: Rebalancing or Reevaluating?”; Pomfret, “China’s Strident Tone Raises Concerns Among Western Governments, Analysts.”; Geoff Dyer, “The Dragon Stirs,” *The Financial Times*, September 24, 2009.

<sup>6</sup> Quoted in Glaser, “Ensuring that China Rises Peacefully”. See also “Reformation of Japan: Discussion between Joseph Nye and Mitoji Yabunaka”; Nye, “U.S.-China Relationship: A Shift in Perceptions of Power.”

<sup>7</sup> Kang Hyun-kyung, “China Turns Assertive as Leadership Succession Approaches,” *Korea Times*, June 20, 2011;

ign policy. Section three will highlight the continuity in China's foreign policy by looking at some broader questions about China's debate over its grand strategy in the wake of the global financial crisis, including the debates over "taoguang yanghui" and the China model. Section four will discuss China's strategic choices in the so-called post-financial crisis era (*hou weiji shidai*). Section five concludes the paper by China's "defensive realism" policy consensus as well as its potential perils.

## I. EXPLAINING CHINA'S ASSERTIVENESS: WHAT HAS BEEN MISSED IN THE PICTURE?

On January 29, 2010, the Obama administration announced its decision to sell U.S.\$6.4 billion worth of weapons to Taiwan. China took umbrage at the decision. Not only did Chinese Foreign Ministry summoned U.S. Ambassador John Huntsman to lodge a strong protest and vow to cut off military exchanges between China and the United States, but also China even threatened to sanction the U.S. companies involved in providing arms to Taiwan. Earlier in the month, Beijing had announced that it had tested China's first land-based missile defense system, a move that was timed to show China's displeasure of the expected arms sale.<sup>8</sup>

U.S. analysts criticized China's reactions to the Obama administration's announcement of arms sale to Taiwan as unusually harsh and as manifestation of China's assertiveness, pointing to the fact that the administration's arms sale to Taiwan was "long expected and relatively modest"—not only did the White House, in its notification to Congress, excluded the advanced jet fighters F16 C/Ds, but also the Obama administration dropped the item of submarines, which had been approved for sale to Taiwan by President George W. Bush in 2001.<sup>9</sup>

Indeed, U.S. analysts and officials were taken aback by China's "assertive" reactions to the Obama administration's arms sale decision. U.S. analysts began to attribute China's assertive behavior to the perceived shift in balance of power between China and the United States and the Chinese belief that the United States was in decline, especially since the 2008 global financial crisis. While the United States and other Western countries mired in recession, China became the only major world economy to emerge from the global recession with an impressive rate of 10% economic growth in 2009. And in 2010, China officially overtook Japan to become the second largest economy in the world. U.S. analysts and officials believed that the perceived shift in world balance of power had contributed to the sentiment that China should be "less deferential" to the Western powers and now is time for China to "change the game".<sup>10</sup> Kenneth G. Lieberthal, a leading China specialist and former senior National Security Council official, found that "there has been a

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<sup>8</sup> Helene Cooper, "U.S. Approval of Arms Sale to Taiwan Angers China," *The New York Times*, January 29, 2010, available at <http://www.nytimes.com/2010/01/30/world/asia/30arms.html?fta=y>; Keith Bradsher, "U.S. Deal with Taiwan Has China Retaliating," *The New York Times*, January 30, 2010, available at <http://www.nytimes.com/2010/01/31/world/asia/31china.html>; Pomfret, "China's Strident Tone Raises Concerns among Western Governments, Analysts."

<sup>9</sup> Nye, "U.S.-China Relationship: A Shift in Perceptions of Power"; Bonnie Glaser, "Debunking Myths about U.S. Arms Sales to Taiwan," *PacNet*, No. 6, February, 2010, Pacific Forum CSIS, Honolulu, Hawaii.

<sup>10</sup> Nye, "U.S.-China Relationship: A Shift in Perceptions of Power"; Mike M. Lampton, "Power Constrained: Sources of Mutual Strategic Suspicion in U.S.-China Relations," *NBR Analysis*, June 2010.

change in China's attitude." Lieberthal went on to note, "the Chinese find with startling speed that people have come to view them as a major global player. And that has fed a sense of confidence."<sup>11</sup>

However, the view that emboldened Chinese become defiant of the hegemonic power, the United States, may be inaccurate on several grounds. First, it may have missed the serious perception gap between two sides and ignored self-righteousness on both sides. For American analysts and officials, selling arms to Taiwan is completely "legitimate" as it is required by law-the Taiwan Relations Act (TRA). Pointing to the fact that the United States has been selling arms to Taiwan for decades, many U.S. analysts came to view Chinese protests as "ritualistic". Therefore, for these analysts, China's strong reactions were nothing but manifestation of assertiveness. However, such a view grossly neglects the Chinese perspective. The matter of fact is that the Chinese have for long regarded U.S. arms sale to Taiwan as infringement of Chinese sovereignty. Chinese anger is genuine. If one reads transcripts of China's former leader Deng Xiaoping's meetings with American visitors during 1981-1982, he or she will be surprised at how genuinely Deng was angry and indignant about U.S.' decision to continue to sell arms to Taiwan. On June 13, 1981, Deng told an enlarged meeting of the standing members of the Chinese Communist Party Politburo that China "should not take a vague stand" (*buneng hanhu qici*) on U.S. arms sale to Taiwan, adding China should not fear a retrogression in U.S.-China relations.<sup>12</sup> Therefore, there is severe perception gap between Beijing and Washington. While there seems to be a sort of take-for-grantedness on the part of U.S. strategic analysts and officials when it comes to the issue of U.S. arms sale to Taiwan, the Chinese, regarding it as infringement to China's sovereignty, are genuinely angry about U.S. arms sale to Taiwan.

Second, such a view generally is based on anecdotal evidence analysts garner from interviews or reading of Chinese news story. For instance, leading international relations (IR) scholar and former assistant secretary of defense, Joseph S. Nye, Jr. quotes a Chinese academic as saying "People are now looking down on the West, from leadership circles, to academic, to everyday folks." Such a statement is apparently based on impression rather than rigorous surveys and, is a misrepresentation, if not exaggeration, of the general elite and public views.<sup>13</sup> To gauge overall Chinese mood, we need to look at some polling data.<sup>14</sup> A nationwide survey conducted by *Global Times*, a leading newspaper in China, in August 2010, shows that altogether 52% of the surveyed public either believe China is a "second rate power" (*erdeng guojia*) or China is a "weak power" (*ruoguo*),

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<sup>11</sup> Pomfret, "China's Strident Tone Raises Concerns Among Western Governments, Analysts."

<sup>12</sup> Deng Xiaoping's remarks at the enlarged meeting of the standing members of the CCP Politburo, June 13, 1981, in the CCP Central Committee (CC) Document Research Institute ed., *Deng Xiaoping nianpu* (The Chronology of Deng Xiaoping), Vol. 2, Beijing: Zhongyang wenxian chubanshe, 2007, p. 748.

<sup>13</sup> Another leading China specialist Mike M. Lampton also bases his assessments on interviews, which essentially representing only a selective portion of a larger population. Ideally, a more scientifically designed survey of elite opinions will provide better data for analysis. Unfortunately, no researcher has based their analysis on such surveys.

<sup>14</sup> Although the reliability and methodology of polling in China have been criticized by scholars, it is out of the question that the polling industry has become increasingly sophisticated in China in recent years. For critique of the quality of polling survey in China, see Alastair Iain Johnston, "The Correlates of Beijing Public Opinion Toward the United States, 1998-2004," in Alastair Iain Johnston and Robert S. Ross eds., *New Directions in the Study of China's Foreign Policy*, Stanford, C.A.: Stanford University Press, 2006, pp. 34-377.

with 44% believing the former and 8% the latter.<sup>15</sup>

Moreover, the perception of China rising and U.S. declining is fleeting. Buoyancy in the public's mood, if any, was only temporary. A five-year poll conducted by *Global Times* between 2006-2010 reports that there are indeed consistently more Chinese public believe that "China has NOT become a world leading power (*shijiexing qiangguo*)" except in 2008. Perhaps partly due to the global financial crisis, 28.8% of the surveyed public believed that "China has already become a world leading power", whereas 20.1% believe the opposite. However, this "triumphant mood", if any, quickly dissipated. The situation was almost reversed in 2009 when only 15.1% of the Chinese public believed that "China has already become a world leading power" whereas 25.7% believed the opposite. The trend continued in 2010 when the survey reports that a record low of 12.4% of the Chinese public believe that "China has already become a world leading power" whereas a record high of 34.1% of the surveyed public believed the opposite.<sup>16</sup> Therefore, clearly, the polling data does not support the view of "a triumphant-China-become-assertive". Indeed, the Chinese public has been more cautious in assessing China's international status.

Figure 1 shows the Chinese public's view of China's international status.

## II. NEW TRENDS IN CHINA'S FOREIGN POLICY

In recent years, scholars have identified a number of new trends in China's foreign policy. The pluralization of actors in China's foreign policy making and the rise of nationalism are among the most important ones. Below I will examine in turn how these new trends give rise to the dynamics of changes and continuity in China's international behavior. In particular, I will discuss whether or not these new trends have contributed to alleged China's assertiveness.

### 1) Pluralization of Actors in China's Foreign Policy Making

Traditionally, foreign policy making process is highly centralized and out of the purview of the general public. As China undergoing fundamental transformation in the past three decades, Chinese foreign policy making process has also undergone dramatic changes and is actually "in a state of flux".<sup>17</sup> Consequently, the foreign policy making process in China has become increasingly diversified and pluralized. Within the confine of the party, the government, and the People's Liberation Army (PLA), the agencies and actors in the foreign policy making process have mushroomed, leading oftentimes to problems in policy planning, coordination and implantation. Not only so,

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<sup>15</sup> Huanqiu yuqing diaocha zhongxin (The Global Public Opinion Survey Center or GPOSC), "Zhongguo guoji di wei diaocha baogao" (Report of the Survey of China's International Status), August 2010. The report is available at [http://poll.huanqiu.com/dc/2010-08/986517\\_3.html](http://poll.huanqiu.com/dc/2010-08/986517_3.html).

<sup>16</sup> GPOSC, "Zhongguo ren kan shijie" (The Chinese Viewing the World), January 2011. The report is available at [http://poll.huanqiu.com/dc/2011-01/1395647\\_9.html](http://poll.huanqiu.com/dc/2011-01/1395647_9.html).

<sup>17</sup> Linda Jakobson and Dean Knox, "New Foreign Policy Actors in China", SIPRI Policy Paper No. 26, September 2010, p. 1

actors outside of the traditional official world are now playing increasingly important roles in China's foreign policy making. Academics, heads of big state-owned-enterprises (SOEs), leading media representatives, local officials, and netizens are all shaping China's foreign policy.<sup>18</sup>

The unsettling episode concerning the alleged Chinese claiming of the South China Sea as China's "core interests" and the ensuing moves by the United States and some ASEAN claimant countries to counter perceived Chinese assertiveness has highlighted the precarious nature in some of China's maritime disputes with neighbors.<sup>19</sup> In these disputes, the pluralization of actors has greatly hampered China's ability to manage crises in an effective manner and, even in some cases, has contributed to the escalation of crisis.

As Mark J. Valencia, a leading analyst of the South China Sea issue, recently notes, Chinese leaders' efforts to re-assure neighbors and the international community has often been contradicted, if not sabotaged, by "poorly timed" actions of official agencies. On June 3, 2011, Chinese Defense Minister Liang Guanglie telling a gathering of the Shangri-La Dialogue in Singapore that "China is committed to maintaining peace and stability in the South China Sea" and that "China stood by" the Declaration on Conduct of Parties in the South China Sea (DOC). Just about a week earlier, however, reportedly a Chinese patrol ship had just cut off the cables of a Vietnamese survey ship operating in disputed waters. Shortly afterwards, China sent out two of its vice chairmen of the Central Military Commission (CMC) to reassure other ASEAN claimants. However, on June 9, another similar incident occurred.<sup>20</sup>

Not only so, deficiencies in institutional arrangement and capacity building have severely impeded China's ability to effectively deal with a host of threats to its maritime security. It has long been recognized that various agencies competing for jurisdiction has led to absence of effective administration and governance of maritime affairs in China. The uncoordinated and often times confusing efforts by those agencies to enforce maritime governance has been likened to "Five Dragons Stirring up the Sea" (*wulong naohai*).<sup>21</sup> It is worth noting that the disarrayed maritime governance system in China has led repeated calls for the establishment of a comprehensive maritime administration as well as unified Coast Guard Forces, though as analysts have acknowledged,

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<sup>18</sup> Ibid., pp. 1-2.

<sup>19</sup> Wang Jisi, "China's Search for a Grand Strategy: A Rising Great Power Finds Its Way", *Foreign Affairs*, Vol. 90, No. 2, March/April, 2011, p. 71.

<sup>20</sup> Mark J. Valencia, "Diplomatic Drama: The South China Sea Imbroglio," *Global Asia*, Vol. 6, No. 3, Fall 2011, p. 68.

<sup>21</sup> There are at least five agencies that lay a hand on maritime enforcement and governance in China, namely China Maritime Surveillance (*Zhongguo haijian*) under the State Oceanic Administration, Maritime Police (*haijing*) under the Ministry of Public Security, China Maritime Affairs (*Zhongguo haishi*) or China Maritime Safety Administration of the Ministry of Transport, China Fishery Administration (*Zhongguo yuzheng*) under the Ministry of Agriculture, as well as China Custom (*Zhongguo haiguan*). For analyses of China's maritime enforcement and governance institutions, see Jin Yongming, *Donghai wenti jiejie lujing yanjiu*, pp. 169-176; Senior Captain Li Jie, "'Five Dragons Stirring up the Sea' has Constrained the Rise of Chinese Sea Power", *International Herald Leader*, March 16, 2009; Lyle J. Goldstein, "[Five Dragons Stirring up the Sea: Challenge and Opportunity in China's Improving Maritime Enforcement Capabilities](#)," *Naval War College China Maritime Study* 5, April 2010.

conflicting bureaucratic interests might hamper the creation of China's first Coast Guard Forces.<sup>22</sup>

Despite all that, however, the rise of the weight and influence of some maritime regulatory agencies such as the China Maritime Surveillance (CMS), big oil companies such as CNPC (China National Petroleum Corp) and CNOOC (China National Offshore Oil Corp), and the military might have formed a loose "iron triangle" which could to some extent explain China's assertiveness in maritime disputes in the South China Sea. Due to the opaque nature of China's foreign policy making process, we know little about this "iron triangle".<sup>23</sup> The nature and dynamics of the "iron triangle" will await future studies, though some preliminary evidence would point to that direction. For instance, the so-called China Energy Fund Committee (CEFC), a newly established self-proclaimed non-governmental think-tank with support from big energy companies and connections to the military, has recently been advocating using force to resolve the disputes over the South China Sea.<sup>24</sup> In an article published at the influential *Global Times*, a CEF-affiliated strategic analyst with the pseudo-name *Long Tao* (Dragon's Strategy) argues that China should launch punitive wars against Philippines and Vietnamese to secure China's energy and strategic interests in the South China Sea.<sup>25</sup> It is believed that Long Tao is a former hawkish PLA officer colonel Dai Xun who has, among other things, advocated and popularized the idea of the so-called "C-shape Encirclement", alleging the United States and its allies and partners have bent on containing China by forging a C-shape encirclement along China's periphery ranging from Central Asia all the way to Southeast Asia.<sup>26</sup>

The influence of this nascent "iron-triangle" on Chinese foreign policy making should not be exaggerated, however. Despite the CEFC's advocating of using force to resolve maritime disputes in the South China Sea, such a position apparently did not translate into policy preferences. Rather, the Chinese government took steps to try to allay the tensions and re-assure ASEAN countries by actively pursuing diplomacy and negotiations. On July 21, 2011, at the ASEAN Regional Forum (ARF)'s foreign ministers meeting in Bali, Indonesia, China and ASEAN members pledged to seek a peaceful resolution of the disputes over the South China Sea by signing the "Guidelines for the Implementation of the Declarations on the Conduct of Parties in the South China Sea (DOC)," a step forward from the 2002 non-binding "Declaration on Conduct of Parties in the South China

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<sup>22</sup> Interview with Lt. Colonel Xu Liang, Chinese Representative at the ReCAAP ISC, November 24, 2010, Singapore; Wang Chuanyou, *Haifang anquanlun*, pp. 258-262; Lyle J. Goldstein, "China's Coast Guard Development: Challenge and Opportunity," *China Brief*, Vol. 9, No. 23, November 2009, pp. 5-8.

<sup>23</sup> An analysis of the roles of big oil companies and the military can be found at Jakobson and Knox, "New Foreign Policy Actors in China".

<sup>24</sup> President Chen Qiutu Celebrating the August 1<sup>st</sup> Festival of the Founding of the PLA with Old Generals, [http://www.huaxinls.com/news\\_text.asp?InfoCode=HC1424193230](http://www.huaxinls.com/news_text.asp?InfoCode=HC1424193230);

<sup>25</sup> Long Tao, "The Time to Use Force Has Arrived in the South China Sea," *Global Times*, September 27, 2011, available at <http://mil.huanqiu.com/Observation/2011-09/2038708.html>; Jason Mijs, "Time for China to Strike Back," *Diplomat*, September 30, 2011, available at <http://the-diplomat.com/china-power/2011/09/30/time-for-china-to-strike-back/>

<sup>26</sup> Interview, Beijing, October 11, 2011. See also Dai Xu, "C xing baowei: Neiyou waihuan xia de Zhongguo tuwei"(The C-Shape Encirclement: China's Breaking Out of the Encirclement Facing Internal and External Troubles), Shanghai: Wenhui chubanshe, 2010;

Sea (DOC).<sup>27</sup> Not only so, China has actively engaged both Vietnam and Philippines in hopes of reducing tensions, averting collision, and eventually reaching peaceful resolutions of the disputes. At the invitation of Chinese President Hu Jintao, Vietnamese Communist Party General Secretary Nguyen Trong, leading a big government delegation, paid an official visit to China from October 11 to 15, 2011.<sup>28</sup> On October 11, Chinese Vice Foreign Minister Zhang Zhijun and his Vietnamese counterpart Ho Xuan Son signed the “Agreement on Basic Principles Guiding the Settlement of Sea Issues between China and Vietnam,” in which both sides agreed to hold talks twice a year to resolve differences, and to establish a hotline between Beijing and Hanoi as a crisis management mechanism. In the China-Vietnam Joint Statement issued in conclusion of Trong’s visit, both sides also agreed to move to establish hotlines between respective defense departments and fishery administrative agencies. The agreement calls for two sides to seek “basic and long-term solutions for sea-related issues, in the spirit of mutual respect, equal and mutually beneficial treatment.”<sup>29</sup>

## 2) The Rising Nationalism and the Assertive Public?

That nationalism has been on the rise in China has been well documented in the literature. Generally scholars believe that the rising nationalism has increasingly constrained the Chinese government’s behavior in disputes with foreign countries.<sup>30</sup> Citing netizens’ raucous comments in cyber space, western analysts believe that nationalism was one of the main factors driving China’s assertiveness in recent years, especially in China’s maritime disputes in the South China Sea or the East China Sea. Reality, however, tends to be more complicated.

A recent poll conducted by a leading Chinese newspaper, *Guoji xianqu daobao* (International Herald Leader) reveals that about 79% of the Chinese public polled endorse the legalistic interpretation of *haiquan* (sea power), viewing it as the maritime rights and benefits China enjoys according to international laws, including exclusive rights of navigation, fishing, sea-farming, exploration of energy resources such as oil and gas, etc., in territorial waters and Exclusive Economic Zone (EEZ). In comparison, only about 16% of the surveyed public would take an offensive realist in-

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<sup>27</sup> The Xinhua News Agency, “China, ASEAN Nations Agree on Guidelines for Implementation of DOC in the South China Sea,” available at [http://www.gov.cn/misc/2011-07/20/content\\_1910274.htm](http://www.gov.cn/misc/2011-07/20/content_1910274.htm); Jian Junbo, “China, ASEAN Averts Collision in South China Sea,” *Asia Times*, July 29, 2011, available at <http://www.atimes.com/atimes/China/MG29Ad01.html>; Kathy Quiano, “China, ASEAN Agree on Plans to Resolve Disputes in South China Sea,” CNN, July 21, 2011, available at [http://articles.cnn.com/2011-07-21/world/china.sea.conflict\\_1\\_chinese-patrol-south-china-sea-vietnamese-vessels?\\_s=PM:WORLD](http://articles.cnn.com/2011-07-21/world/china.sea.conflict_1_chinese-patrol-south-china-sea-vietnamese-vessels?_s=PM:WORLD)

<sup>28</sup> “Viet Nam, China Look to Lift Comprehensive Relations,” October 13, 2011, *Vietnam News*, available at <http://vietnamnews.vnanet.vn/Politics-Laws/216473/Viet-Nam-China-look-to-lift-comprehensive-relations.html>

<sup>29</sup> “Party Leader Arrives in China to Boost Mutual Understanding,” October 12, 2011, *Vietnam News*, available at <http://vietnamnews.vnanet.vn/Politics-Laws/216441/Party-leader-arrives-in-China-to-boost-mutual-understanding.html>; Keith Bradsher, “China and Vietnam Move to Reduce Tensions in South China Sea,” *The New York Times*, October 12, 2011, [http://www.nytimes.com/2011/10/13/world/asia/china-and-vietnam-move-to-reduce-tensions-in-south-china-sea.html?\\_r=2&ref=world](http://www.nytimes.com/2011/10/13/world/asia/china-and-vietnam-move-to-reduce-tensions-in-south-china-sea.html?_r=2&ref=world)

<sup>30</sup> See, for instance, Yongnian Zheng, *Discovering Chinese Nationalism in China: Modernization, Identity, and International Relations*. Cambridge University Press, 1999; Peter Hays Gries, *China’s New Nationalism: Pride, Politics, and Diplomacy*. Berkeley and Los Angeles: University of California Press, 2004.

terpretation of *haiquan*, viewing it as the power to control or dominate sea.<sup>31</sup>

The *International Herald Leader* poll reveals that a combined 53.1% of the surveyed public view the “biggest threat to China’s maritime rights and benefits” as coming from external sources, with 32.4% perceiving the threat as originating from “the forces that worry about and intend to *contain* China” and 20.7% believing the threat comes from “the countries that have maritime boundary disputes with China”. When asked about the best way to defend and protect China’s maritime rights and benefits, 54.5% of the polled opted for “building a powerful navy and a unified and highly effective paramilitary force”. Another 26.6% gave priority to the idea that “state should develop explicit maritime strategy”, while 16.8% chose “to respond forcefully to acts that infringe upon China’s rights and benefits”.<sup>32</sup> It is worth noting that although quite some among the surveyed public holds that China should play tough in response to other countries’ acts that are perceived to be encroaching on China’s maritime rights and benefits, few support the more aggressive idea that China should seek overseas hegemony by engaging outward expansion.<sup>33</sup>

The public opinion in China, as shaped to a great extent by an increasingly diverse and active media environment, would certainly constrain China’s leaders’ hands. However, polling data show that China’s public is not necessarily arrogant or assertive. When it comes to China’s responses to maritime disputes, there is very strong sense of self-righteousness on the part of both public and elite in China that would see China’s actions as “logical and necessary” responses to perceived more active and even assertive stance by other claimants and/or foreign entities, in order to “defend its policies and prevent an adverse change in the status quo”.<sup>34</sup> In other words, the perception gap between China and the outside world should also be taken into consideration in order to arrive at a more balanced and nuanced understanding of China’s presumable assertive behavior. The sweeping China-turning-assertive discourse, therefore, ignores the fact that China’s public and elites actually see their behavior as defensive and reactionary. Indeed, it might be argued that in the past a few years China has not changed its longstanding strategy of favoring negotiation and avoiding conflict, when it comes to maritime disputes.<sup>35</sup>

### III. CHINA’S GRAND STRATEGY THINKING IN THE WAKE OF THE GLOBAL FINANCIAL CRISIS

In this section, I will examine some broader questions about China’s debate over its grand strategy in the wake of the global financial crisis, including the debates over “America’s decline”, “taoguang yanghui” and the China model.

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<sup>31</sup> The poll was conducted in April 2009 and the polling results were reported in the story, “Zhongguo gongmin haiquan yishi jueqi” (The Emergence of the Chinese Citizens’ Consciousness of Sea Power), *Guoji xianqu daobao* (International Herald Leader), April 21, 2009.

<sup>32</sup> “Zhongguo gongmin haiquan yishi jueqi,” *Guoji xianqu daobao* (International Herald Leader), April 21, 2009.

<sup>33</sup> *Ibid.*

<sup>34</sup> Swaine and Fravel, “China’s Assertive Behavior-Part Two: The Maritimes Periphery,” pp. 14-15.

<sup>35</sup> Swaine and Fravel, “China’s Assertive Behavior-Part Two: The Maritimes Periphery.”

## 1) Debating America's Decline: Two Schools of Views

The most recent wave of debate over America's decline and, by extension, China's international status, first merged in the second half of 2007, reached the apex in 2009, and is still raging today. Broadly speaking, there are two schools of views in the literature.

### The Crippled Hegemon: America Has Declined.

One school of views holds that the global financial crisis betokens the decline of the American hegemony, the further development of multipolarization (*duojihua*), and the rise of China as a newly emerged great power (*xinxing daguo*).

Such a kind of view first emerged on the internet. Partly driven by the grievances against, dissatisfaction at, and mistrust of the West in the wake of the Western criticism of China following the Tibetan riots in March 2008 and the torch-relay of the 2008 Olympics Games, the Chinese public's initial reaction to the outbreak of the global financial crisis was not anxiety about the gloomy economic prospects. Rather, there was excitement and psychological compensation of "measure for measure", to be followed by the comfort at the lesser damage China suffered as well as the earnest expectation of the expansion of China's power and the rise of China's international status. Such a sentiment was most manifested in cyberspace.<sup>36</sup> In the months following the outbreak of the global financial crisis, a doggerel was circulating on the internet and mouthpieced among the Chinese public and elites, which goes, "In the year of 1949, only socialism can save China; in the year of 1979, only capitalism can save China; in the year of 1989, only China can save socialism; in the year of 2009, only China can save capitalism."<sup>37</sup> The sentiment of "China being the savior of the world" is indicative of the fact how dramatically China's perception about the status of the West as well as itself had changed in the wake of the global financial crisis.

The most systemic popular discourse can be found in *Unhappy China (Zhongguo bugaoxing)*, a million-copy best-seller penned by a group of noted nationalist authors. The populist book claims that "the financial crisis occurred in the United States reflects the decay and collapse of the American society." It advocates a "conditional break-up" with the West, and argues that China should shackle off blind worship of the Western system and strive to be a "heroic state" (*yingxiang guojia*) that is capable of leading the world.<sup>38</sup>

This kind of optimistic view also finds an echo in more scholarly discussion. For instance, Pan Wei, a prominent scholar at Peking University's School of International Studies, argues at a high-profile conference on China's foreign relations that China has "apparently become the 'biggest winner' in the great world economic crisis." Although the United States remains the most power-

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<sup>36</sup> Typical views can be found at *Tianya*, the largest online community in China. For instance, the discussion following the theme, "Meiren lai bayiba meiguo disida touhang leiman xiongdi pochan de xiaoxi" (Anyone to Chat About the News of the Bankruptcy of America's Fourth Largest Investment Bank Lemann Brothers?), <http://www.tianya.cn/publicforum/content/funinfo/1/1265521.shtml> (accessed 23 June 2010).

<sup>37</sup> Wang Chong, "2009: zhiyou Zhongguo caineng jiu ziben zhuyi?" (The Year of 2009: Only China Can Save Capitalism?), *Zhongguo qingnian bao* (The China Youth Daily), 25 June 2009.

<sup>38</sup> Song Xiaojun et. al, *Zhongguo bu gaoxing* (Unhappy China) (Nanjing: Jiangsu renmin chubanshe, 2009), p. 204.

ful country in the world, Pan contends, “its words no long count as much as before”. The American “unipolar moment” has ended, and the world has entered into a “post-polarity era” (*houji shidai*). Pan gives an optimistic prediction that a “three-strong-power (namely the United States, China, and Russia) era” (*sanqiang shidai*) would emerge no later than the middle of this century.<sup>39</sup>

More moderate variant within the declining-American-hegemony school believes that China should still identify itself with developing countries even if its size of economy overtakes the United States twenty years down the road. These analysts give a more moderate policy prescription which holds that China should seek to be leader of the developing countries, and play the role of an honest broker between the developing countries and the West, i.e., by seeking cooperation with the West on select issues such as global trade, climate change, and clean energy.<sup>40</sup>

Both the radical and moderate variants of the declining-American-hegemony perspective share a pessimistically realistic, if not cynical, attitude toward the West, believing that the West will never wholeheartedly accept the rise of China. Tactically, however, these analysts also believe that China should try to avoid face-to-face confrontation with the West, at least for the moment.

## 2) Debating the “China Model”

Among the optimistic views about China’s ascending international status, the most representative view might be found in the discussion about the “China Model.” In recent years, especially since the outbreak of the global financial crisis, an increasing amount of scholarly and public attention has been devoted to the discussion about the so-called China Model.

The term “China Model” first appeared in the Chinese scholarly discourse in early 1990s, when the work of Russian scholars who used the term “China Model” to give credit to China’s modes of economic reform and development was translated and introduced into China.<sup>41</sup> Since then, Chinese economists had used the term to describe China’s unique road of reform and economic growth. After Joshua Cooper Ramo coined the term “Beijing Consensus” in 2004, the uses of the “China Model” in the Chinese academic literature increased dramatically.<sup>42</sup> (See Figure 2)

During the recent debate, the definition of the China Model was broadened from a more or less narrow reference to an economic model to a concept about overall developmental model.<sup>43</sup>

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<sup>39</sup> Pan Wei, “Guoji guanxi yongtandiao” (An Aria on International Relations), keynote speech delivered at the “Conference on China’s Foreign Relations, 1949-2009”, 2-3 September 2009, Beijing, China, <http://ccga.pku.edu.cn/html/chengguo/20090902/1822.html> (accessed 3 July 2010).

<sup>40</sup> See for instance Jindi wangtian, *Daguo youxi: kan Zhongguo ruhe keying shijie* (Great Power Game: How China Prevails in the World) (Beijing: Shijie zhishi chubanshe, 2009).

<sup>41</sup> A term used in the earlier period that is close to the meaning of the China model is “fazhan moshi” (developmental model), which refers to China’s experiences of revolution and construction. But Chinese scholars are more accustomed to using the term “with Chinese characteristics” (*you Zhongguo tese* 有中国特色). See Guan Mengjue, “Jianshe you zhongguo tese de shehui zhuyi jingji chutan: xuexi Deng Xiaoping wenxuan zhaji” (A Preliminary Examination of the Construction of the Socialist Economy with Chinese Characteristics), *Jilin shehui kexue xuebao* (*Journal of Jilin Social Sciences*), No. 2, (1984), p. 8.

<sup>42</sup> See Joshua Cooper Ramo, *The Beijing Consensus* (U.K.: Foreign Policy Center, 2004).

<sup>43</sup> Yu Keping and Zhuang Junju, “Rehuati yu lengsikao zhi sanshisi: guanyu “Beijinggongshi” yu Zhongguo fazhan moshi de duihua (Hot Topic and Cool Deliberations (Part Thirty Four): A Dialogue Concerning “Beijing

While some question whether it would be premature to promote a “China Model” when China’s own economic, social and political transitions are far from having been accomplished,<sup>44</sup> an increasing number of Chinese scholars argue that the secret to China’s “success story” indeed lies in the China Model, a unique economic and social development mode with Chinese characteristics.<sup>45</sup>

Academic discussion about the China Model in China has produced quite a number of important volumes, among which is an edited volume resulting from a high-profile conference held at Peking University in December 2009. The book, entitled *Zhongguo moshi: jiedu zhonghua renmin gongheguo de 60 nian* (The China Model—An Interpretation and Reading of the 60 Years of the People’s Republic of China), offers perhaps to date the most comprehensive, sophisticated, and provocative arguments about the China Model.

The rise of the “China Model” discourse, especially in the context of the global financial crisis, suggests that there has been subtle and yet substantive change in the way China sees itself and the world. When it comes to the explanations of China’s development, an increasing number of Chinese intellectuals (especially those on the left) believe that the Western concept of “modernity” is no longer capable of accounting the “China story”, and their accolade to the China model is indicative of the desire of emancipation from merely imitating and copying the “Western model” and of finding an alternative path to “transcending the existing international system” (*chaoyue xiaoyou de guoji tixi*). In academic and public discourses, the “China consciousness” (*zhongguo yishi*) is “quickly increasing”, and scholars from all disciplines are fascinated at the construction of a “discourse system with Chinese characteristics” (*youzhongguo tese de huayu xitong*).<sup>46</sup> To what extent, such an intellectual endeavor might inform and structure China’s grand strategy thinking will be the question we will next examine in this paper.

### 3) The Declining American Hegemony—Not Yet

Another school of thoughts holds that although the global financial crisis has weakened the American power, the American hegemony has yet declined. Due to the power disparity between the United States and other rising powers, the technological and innovational advantages it enjoys,

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Consensus and China’s Developmental Model), *Dangdai shijie yu shehui zhuyi* (Contemporary World and Socialism), No. 5, (2004), pp. 4-9.

<sup>44</sup> For those question the validity of the China Model, see Qin Hui, “Youmeiyou ‘Zhongguo moshi’”(Is There a “China Model”), *Jingji guancha bao* (The Economic Observer Newspaper), 3 April 2010; Tang Shiqi, “Zhongguo daolu “moshi” hua le ma?” (Has the China Path Become a “Model?”), *Yanjiu baogao* (Research Report), (internal circulation), No. 2, (2010), The Center for Chinese and Global Affairs, Peking University, pp. 1-66.

<sup>45</sup> The most comprehensive and eloquent apology of the China Model can be found in Pan Wei ed., *Zhongguo moshi: jiedu Zhonghua renmin gongheguo de 60 nian* (The China Model: Interpreting the 60 Years of the People’s Republic of China) (Beijing: Zhongyang bianyi chubanshe, 2009). For a survey of the Chinese literature, see also Daniel C. Lynch, “Envisioning China’s Political Future: Elite Responses to Democracy as a Global Constitutive Norm”, *International Studies Quarterly*, Vol. 51, No. 3, (2007), pp. 701-722.

<sup>46</sup> Wan Junren, “Zhongguo shehui kexue 2009 nian nianzhong tekan” (Remarks at the Year-End Special Edition of the *Chinese Social Sciences Today*), *Zhongguo shehui kexue bao* (The Chinese Social Sciences Today), 5 January 2010.

as well as its exceptional ability to revive, the United States will remain the preeminent power in the international system for years to come. Meanwhile, despite the fact that China's influence has increased somewhat during the global financial crisis, China still faces a myriad of challenges and problems and will be far from being able to challenge the American preeminence.

For instance, Chen Yugang of Fudan University's School of International Relations and Public Affairs argues that America's decline does not necessarily imply that the rise of the newly emerging countries (*xinxing guojia*) would be bound to be successful; Neither does it mean the transition of hegemony from the incumbent hegemon to the next candidate in line. Rather, the decline of America merely implies the diffusion of power in the international system, or the "flattening of the international system" (*guoji guanxi de bianping hua*), meaning power will be increasingly shared by non-hegemonic powers, international/regional organizations and NGOs.<sup>47</sup>

Zhang Ruizhuang, a renowned International Relations (IR) scholar at Nankai University, takes a slightly different view. Zhang argues that America's real crisis lies in its "hegemonic legitimacy" (*baquan zhengdangxing*), that is, to what extent, are U.S. soft power and values perceived as legitimate in the international community. Zhang suggests that in terms of hard power, the United States remains a colossus. America's endowments such as natural resources, demography, infrastructure, as well as the financial system "will not evaporate overnight" and its edge in science and technological innovation will remain so for years to come.<sup>48</sup>

Interestingly, more sober-minded reflection of the global financial crisis and its implications for China came almost in tandem with the optimistic and even jubilant views. In October 2007, in the immediate wake of the outbreak of the American sub-prime crisis, Zhang Liping, a noted American specialist affiliated with the Institute for American Studies, the Chinese Academy of Social Sciences (CASS), published an article at *Shijie zhishi* (World Knowledge), a leading current political affairs magazine in China, cautioning that by virtue of America's edge in education and science & technology, as well as its self-adjustment capability, the "elastic power" (*nianxing shili*) underpinning the United States would remain strong. Therefore, in the foreseeable future, the American hegemony will continue to exist.<sup>49</sup> Again in July 2008, Zhang Liping wrote at the *Dongfang zaobao* (Oriental Morning Post), a leading newspaper based in Shanghai, arguing that the so-called Decline of America is temporary, and indeed is an illusion partly caused by the rise of the rest. At a deeper level, Zhang argues, the America-Divide-Thesis (*meiguo shuailuo lun*) symbolizes the American elites' introspection and reflection of the blunders the U.S. government had committed in the past a few years, as well as the awareness of the need of policy adjustments, domestic and foreign.<sup>50</sup>

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<sup>47</sup> Chen Yugang, "The Financial Crisis, America's Decline, and the Flattening of the Structure of the International Relations," *Shijie jingji yu zhengzhi*, No. 5, (2009), pp. 29-34.

<sup>48</sup> Zhang Ruizhuang, "'Meiguo shiji' zhende wan'er wan le ma?" (Is the "American Century" Truly Finished?), *Waijiao pinglun* (Foreign Affairs Review), No. 3, (2009), pp. 146-147.

<sup>49</sup> Zhang Liping, "Meiguo xuhailuo le ma?" (Has America Declined?), *Shijie zhishi*, No. 21, (2007), pp. 32-33.

<sup>50</sup> Zhang Liping, "Di N ci langlaile" (The Nth Time Crying the Wolf's Coming), *Dongfang zaobao*, 17 July 2008, A17. In December 2009, Zhang Liping joined the government and became a senior official at the Counselors' Office at the State Council.

In December 2007, Qian Wenrong, a senior editor of the Xinhua News Agency, argues at *Zhongguo guofang bao* (the China National Defense Newspaper) that the relative decrease of America's power "does not mean the decline of America". Qian predicts that even in the next twenty to thirty years, the United States would remain the "most powerful among the great powers".<sup>51</sup>

In April 2008, the preeminent scholar and American specialist Zi Zhongyun argues in an op-ed piece appeared at *Dongfang zaobao* that America's domestic democratic system dictates that its ability to rectifying mistakes and its potential for growth would still be much higher than any other countries, and the United States "will not be on the trajectory of irreversible decline".<sup>52</sup>

Another preeminent IR scholar Wang Jisi, who is also dean of Peking University's School of International Studies, argues that the perception of America's decline mostly comes from the Iraq War and the drop in America's soft power. However, the fact remains that "no country is able to forge a full-scale challenge to the United States" and "it is out of the question that the United States can keep its status as a sole superpower for another twenty-thirty years."<sup>53</sup> Professor Wang also cautions that despite the huge impact of the global financial crisis, "it did not fundamentally change the world economic structure (*shijie jingji geju*)".<sup>54</sup>

Among those more moderate voices, there seems to be a consensus that in pursuit of building a new international order, China cannot simply by-pass the West and the existing international order. As Liu Jianfei, a leading IR scholar at the Central Party School, puts it, "it is impossible to by-pass (*piekai*) the West and the existing international order" when pursuing the goal of establishing a new international order. The more feasible approach, Liu suggests, would be to "carry out gradual reforms of the existing order".<sup>55</sup> Liu Tao, a scholar and best-seller author, also notes, "it is impossible [for China] to take an all-around anti-America position". Indeed, these authors advise a gradualist approach, arguing that China should seek "the largest common denominator of interest" with other countries, embark on "cooperation on issues", and hold fast to the fundamental strategy of "*taoguang yanghui*" (keeping low-profile and bidding for time). Meanwhile, in liberal terms, these authors argue that China should devote more energy and resources to improving domestic governance, i.e., improving infrastructure and social safety net, building a more reasonable and

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<sup>51</sup> Qian Wenrong, "2007nian guoji zhengzhi xingshi fazhan de zhuyao tedian" (The Main Characteristics of the Development of International Political Situation in 2007), *Zhongguo guofang bao*, 11 December 2007, p. 6.

<sup>52</sup> Zi Zhongyun, "Meiguo xiang hechu qu" (Where Is the U.S. Heading?), *Dongfang zaobao*, 12 April 2008, A10.

<sup>53</sup> "Leguan kandai zhongmei guanxi: zhuangfang Beijing daxue guoji guanxi xueyuan yuanchang Wang Jisi" (An Optimistic View of U.S.-China Relations: An Interview with Professor Wang Jisi, Dean of School of International Studies, Peking University), *Nanfengchuan*, October 2008, <http://www.nfcmag.com/articles/1129> (accessed 2 July 2010).

<sup>54</sup> "Wang Jisi jiedu meiguo daxue ji jinrong weiji" (Wang Jisi' Interpretation of U.S. General Election and the Financial Crisis), Center for International and Strategic Studies, Peking University, <http://www.ciss.pku.edu.cn/zh/DocumentView.aspx?id=324>, (accessed 3 July 2010).

<sup>55</sup> Liu Jianfei, "Guoji jinrong weiji beijing xia de zhongguo duiwai zhanlue" (China's External Strategy against the Backdrop of the International Financial Crisis), *Tansuo yu zhengming* (Exploration and Free View), No. 3, (2009).

just distribution system, as well as enhancing the civil society and the rule of law.<sup>56</sup>

### Summary: Debating the Decline of America

The divergences in these two schools of views can be traced to the different intellectual orientations these scholars and analysts tend to subscribe to. For those who believe that the American hegemony has not yet declined and hold more reservations about the China Model, they are more or less liberal-oriented. Most of them endorse the universality of the Western model of modernity. For those who perceive a crippled American hegemon and thus opportunity for China to emerge to be a leading power in the international system, they generally are conservative-oriented, or belong to what can be labeled as the “New Left” (*xin zuopai*) in China.<sup>57</sup> This group of analysts would stress the differences and even fundamental conflict between the Chinese culture, national conditions (*guo qing*), and developmental road (*fazhan daolu*) vis-à-vis the Western ones.

The above surveyed academic narratives provide a first-cut look into the academic discourse on the global financial crisis and its implications.

## IV. CHINA'S STRATEGIC CHOICES IN THE POST-FINANCIAL CRISIS ERA (HOU WEIJI SHIDAI)

Interestingly, China's reluctance to identify with a U.S./West-dominated world co-exists with Chinese leadership's painstaking endeavor to stress the importance of sticking to the strategy of “continuing to keep low profile and bid for time, and actively trying to accomplish something” (*jixu taoguang yanghui, jiji yousuo zuowei*), of avoiding directly confronting with the American hegemony, and of refraining from “prematurely shouldering too many international responsibilities”.

In July 2009, China convened a four-day ambassadorial conference in which the top leadership and senior diplomats reviewed the international situation since the outbreak of the financial crisis and mapped the direction for China's diplomacy in the years ahead. Both President Hu Jintao and Premier Wen Jiabao gave keynote talks.<sup>58</sup> In his remarks, President Hu took pains to cau-

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<sup>56</sup> Liu Tao, *Toudeng qianguo: Zhongguo de mengxiang, xianshi yu zhanlue* (The Top 1 Strong Power: China's Dream, Reality and Strategy) (Beijing: Zhongguo youyi chubanshe, 2009); Liu Jianfei, “Guoji jinrong weiji Beijing xia de zhongguo duiwai zhanlue”.

<sup>57</sup> For a discussion of the Chinese New Left, see Gong Yang ed., *Sichao: Zhongguo “xin zuopai” jiqi yingxiang* (Trend of Thought: China's “New Left” and Its Impact) (Beijing: Zhongguo shehui kexue chubanshe, 2003); Edward Gu and Merle Goldman, *Chinese Intellectuals between State and Market* (New York: RoutledgeCurzon, 2004); Li He, “China's New Left and Its Impact on Political Liberalization”, *EAI Background Brief No. 141*, August, 2008, East Asian Institute, National University of Singapore, pp. 1-17.

<sup>58</sup> Besides Hu and Wen, other seven Standing Members of the Politburo, Wu Bangguo, Jia Qinglin, Li Changchun, Xi Jinping, Li Keqiang, He Guoqiang, Zhou Yongkang were all present at the conference. Also present at the conference were other senior leaders including Defense Minister Liang Guanglie. State Councilor in charge of foreign affairs Dai Bingguo also gave a talk. Both Foreign Minister Yang Jiechi and Vice Foreign Minister Wang Guangya presented working reports to the conference. For a detailed report of the conference see The MFA website, “Di shiyici shijie huiyi zaijing zhaokai” (The Eleventh Ambassadorial Conference was Held in Beijing), 20 July 2010, <http://www.mfa.gov.cn/chn/gxh/xsb/xw/t574427.htm> (accessed 22 July 2010).

tion that China's "reform, development, and stability" faced severe challenges caused by the financial crisis, and to stress the importance of "enhance[ing] awareness of potential hardship" (*zengqiang youhuan yishi*) and "keep[ing] a sober-mind" (*baochi qingxing tounao*). President Hu admonished his diplomat corps that the central task of foreign policy at present and for some time to come would be to effectively deal with the repercussions of the financial crisis and to "secure growth, secure people's livelihood, and secure stability" (*baofazhan, baominsheng, baowending*).<sup>59</sup> It is also at this conference that "*jixu taoguang yanghui, jiji yousuo zuowei*" was proposed as the guideline for China's foreign policy.<sup>60</sup>

In December 2009, the Central Party School's *Xuexi shibao* (Study Times), which enjoys a wide readership among senior Chinese leaders, published a series of articles criticizing the concept of the China Model. Among the authors are former senior officials and top scholars, including Zhao Qizheng, formerly director of the State Council Information Office, and Li Junru, member of the Standing Committee of the National Political Consultative Conference (NPCC) and former vice president of the Central Party School. All authors unanimously took critical notes on the China Model. Specifically, Zhao Qizheng argues that the China Model, having yet been fully developed, is "not universally applicable". China, Zhao concludes, does not and should not intend to "export" its own "model".<sup>61</sup> Other authors agree that it is "premature" to coin the term "China Model" since it is still unclear how unique China's developmental experiences are, whether or not the current model is sustainable, and whether or not it can be widely and successfully copied by other countries.<sup>62</sup> Apparently, the Central Party School was trying to put a damper on the "China Model". The editor of the *Study Times* later acknowledged in an interview that the articles were intended to send a message about the Central Party School's stance on the debate over the China Model, that is, it is currently "inappropriate to propose the idea of the China Model". The editor echoes the authors' worry that foreign countries are in fact bent on "*peng sha*" China (to kill its future by showering upon China excessive praises), enticing China to shoulder excessive responsibilities that go beyond its capability.<sup>63</sup>

Since entering 2010, more top officials joined the discussion. In March 2010, Zhao Qizheng, in his new capacity as Director of the Foreign Affairs Office of the NPCC, publicly criticized the voices advocating more assertiveness in China's foreign policy. Zhao argues that China should be prudent in thinking carefully about its own difficulties and challenges as well as what kind of responsibility it should take in international affairs. Zhao insists that China should continue to uphold the strategy of "*taoguang yanghui*". Not only so, China should "look upon itself with hu-

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<sup>59</sup> Ibid. For an analysis of the 11<sup>th</sup> ambassadorial conference, see Bonnie S. Glaser and Benjamin Dooley, "China's 11<sup>th</sup> Ambassadorial Conference Signals Continuity and Change in Foreign Policy", *China Brief*, Vol. 9, No. 22, (November 2009), pp. 8-12.

<sup>60</sup> Interview with MFA officials, January 2010.

<sup>61</sup> Zhao Qizheng, "Zhongguo wuyi shuchu 'moshi'" (China Does Not Intend to Export "Model"), *Study Times*, 7 December 2009, p. 3.

<sup>62</sup> Shi Xuehua, "Ti 'Zhongguo moshi' weishi shangzao" (It is Too Early to Put Out the Formulation of "China Model"), *Study Times*, 7 December 2009, p. 3.

<sup>63</sup> Guo Shaofeng, "Zhongyang dangxiao kanwu wei 'Zhongguo moshi' jiangwen" (Central Party School's Paper Put a Damper on the "China Model"), *Xinjing bao* (The Beijing News), 20 December 2009.

mility” (*qianxu de kandai ziji*), and look at the world with a mild and moderate attitude.<sup>64</sup> Zhang Ping, Director of the State Commission for Development and Reform, echoed Zhao’s opinion when commenting at the 2010 China Development Forum. Zhang pointed out that even though China had made considerable progresses since the opening and reform in 1978, it “remains a developing country”. While China wishes to “further get integrated into the globalization process”, Zhang cautioned, we shall understand that China was “not capable of playing the role of leading the global economy”.<sup>65</sup>

On 19 March 2010, General Xiong Guangkai, former Deputy Chief of General Staff and intelligence head of the PLA, commented in a speech at Peking University that China should uphold the principle of “*jixutaoguang yanghui, jijiyou suo zuowei*”. Particularly, General Xiong spent a good deal of time carefully explaining why some English translations of “*taoguang yanghui*” was misleading in leaving the outside world with the impression that China was hiding its true strategic intention.<sup>66</sup> In a May 2010 speech at Peking University, former Foreign Minister and State Councilor Tang Jiaxuan also cautioned that the United States “remains very powerful” and “possesses the exceptional capability for revival and innovation”. Tang stated that the central task of China’s diplomacy was to keep a low profile and be humble (*qianxu*), try to avoid confrontation, and serve as a “bridge” between developing countries and developed countries.<sup>67</sup>

## V. CONCLUSION: “DEFENSIVE REALISM” CONSENSUS AND ITS POTENTIAL PERILS

After much debate about the fate of the Western system, it seems China’s policy-making circles and academic community have gradually arrived at certain consensus about China’s national strategic orientation, that is, China should concentrate on solving its own internal problems and stick to “*jixu taoguang yanghui, jiji you suo zuowei*”. Ultimately, the focus of the debate over China’s strategic choices turned inward when scholars, analysts, and policy makers came to the realization that China’s priority should be to resolve internal problems and challenges of development and governance. In other words, China’s grand strategy thinking is largely inward-looking, preoccu-

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<sup>64</sup> Zhao Qizheng, “Zhongguo ying pinghe kanshijie, shenyang qiangying” (China Should Look at the World with Mild and Moderate Attitude, and Prudent in Calling for Assertiveness), *Zhongguo qingnian bao*, 12 March 2010.

<sup>65</sup> “Zhang Ping: Zhongguo bukeneng lingdao quanqiu jingji” (Zhang Ping: China Cannot Lead the Global Economy), *Huangshang bao*, 24 March 2010.

<sup>66</sup> General Xiong Guangkai’s Speech on International Relations and National Strategy, 22 March 2010, Peking University, Beijing, China, [http://pkunews.pku.edu.cn/xwzh/2010-03/22/content\\_169988.htm](http://pkunews.pku.edu.cn/xwzh/2010-03/22/content_169988.htm) (accessed 10 July 2010). General Xiong also discusses the translation of “*taoguang yanghui*” in an article appeared in a policy journal, see Xiong Guangkai, “Zhongwen cihui ‘taoguang yanghui’ fanyi de waijiao zhanlue yiyi” (The Diplomatic and Strategic Significance of the Translation of the Chinese Phrase ‘Taoguang yanghui’), *Gonggong waijiao jikan* (Public Diplomacy Quarterly), Vol. 1, No. 2, (Summer 2010), pp. 55-59.

<sup>67</sup> Tang Jiaxuan’s Speech on “Current International Situation”, 23 May 2010, Peking University, <http://www.sis.pku.edu.cn/web/Browse.aspx?id=1286> (accessed 10 July 2010).

pied with and prioritized toward maintaining economic growth and domestic stability.<sup>68</sup> The basic goal of China's foreign policy, as Chinese Foreign Minister Yang Jiechi confessed in a recent article, was still to "create good external environment" for China's "central task of domestic economic development".<sup>69</sup>

In a sense, such a strategic orientation might be labeled as "defensive realism". Our survey of the Chinese popular, academic as well as policy discourses of the impact of the global financial crisis and of the decline of the American hegemony shows that the "defensive realism" policy consensus has largely been maintained. There is no firm evidence in support of the argument that China is moving toward becoming a revisionist state.

The defensive realism consensus is also manifest in China's disputed territorial claims. As the influential strategic analysts Michael Swaine and Taylor Fravel argue, "At the broadest level", China "has not altered its basic, longstanding strategy" toward territorial disputes. That is, on the one hand, China prefers to "avoid conflict while deferring the resolution of difficult disputes in favor of cautious management"; on the other hand, China would maintain a "resolute defense against perceived attempts by others to undermine China's diplomatic, legal, political, economic, and military position."<sup>70</sup> Such a two-sided strategy reflects the logic of "defensive realism". And China's "defensive realism consensus" is also borne out in China's recent active engagement with Vietnam and Philippines to de-escalate the disputes and seek a peaceful resolution of the disputes, as we have shown above.

However, there is potential peril of China's strategic orientation shifting toward a more radical direction. The Chinese scholar Tang Shiping has made a persuasive argument that since the end of WWII, the international system has evolved from an "offensive realist" world to a Jervisian "defensive realist" world.<sup>71</sup> However, in the case of China, should the Chinese public and elites misperceive the costs and benefits of expansion, coupled with rising nationalism and widespread sentiment of self-righteousness, there is possibility that China might take the route of "reverse evolution"—moving backward from the "defensive realist" position to an "offensive realist" position.

In conclusion, the sweeping discourse of "China-turning-assertive" might have neglected much of the continuity in China's foreign policy. It ignores the perception gap between China and the outside world and lacks a balanced and nuanced understanding of some of the more structural trends in China's foreign policy. Indeed, the "China-turning-assertive" thesis has led some American analysts to conclude that pushing back against Chinese assertiveness would persuade Beijing to adopt a "more prudent and accommodating posture". Such a conclusion, however, might be detrimental in the long run, since it does not address the fundamental question of strategic mistrust

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<sup>68</sup> Yuan Zhengqing, "Cong sange cengci kan jinrong weiji de keneng zhengzhi houguo" (A Three-Level Analysis of Possible Political Consequences of the Financial Crisis), *Shijie jingji yu zhengzhi*, No. 12, (2009), p. 21.

<sup>69</sup> Yang Jiechi, "Wei hu shijie heping, cu jin gongtong fazhan: jinian xinzhongguo waijiao 60 zhounian" (Defending World Peace and Promoting Common Development: In Commemorating the 60 Anniversary of New China's Diplomacy), *Qiushi* (Seeking the Truth), No. 19, (2009), p. 24.

<sup>70</sup> Swaine and Fravel, "China's Assertive Behavior-Part Two: The Maritimes Periphery".

<sup>71</sup> For Tang's analysis, see Tang Shiping, *A Theory of Security Strategy for Our Time: Defensive Realism* (U.K.: Palgrave Macmillan, 2010).

between China and the United States.<sup>72</sup>

At present and in the near future, there is no indication that China's strategic orientation will undergo a fundamental shift and the equilibrium of "defensive realism" policy consensus will likely be maintained. However, how China's future strategic orientation might evolve is also a function of China's internal economic, social, political as well as ideational processes. Therefore, China's strategic choices in the post-financial crisis era should be a subject that warrants continuous observations and further analyses.

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<sup>72</sup> For analysis of strategic mistrust between China and the United States, see Lampton, "Power Constrained: Sources of Mutual Strategic Suspicion in U.S.-China Relations"; Elizabeth C. Economy and Adam Segal, "The G-2 Mirage," *Foreign Affairs*, Vol. 88, No. 3 (May/June 2009), pp. 14-24.

## APPENDICES

Figure 1

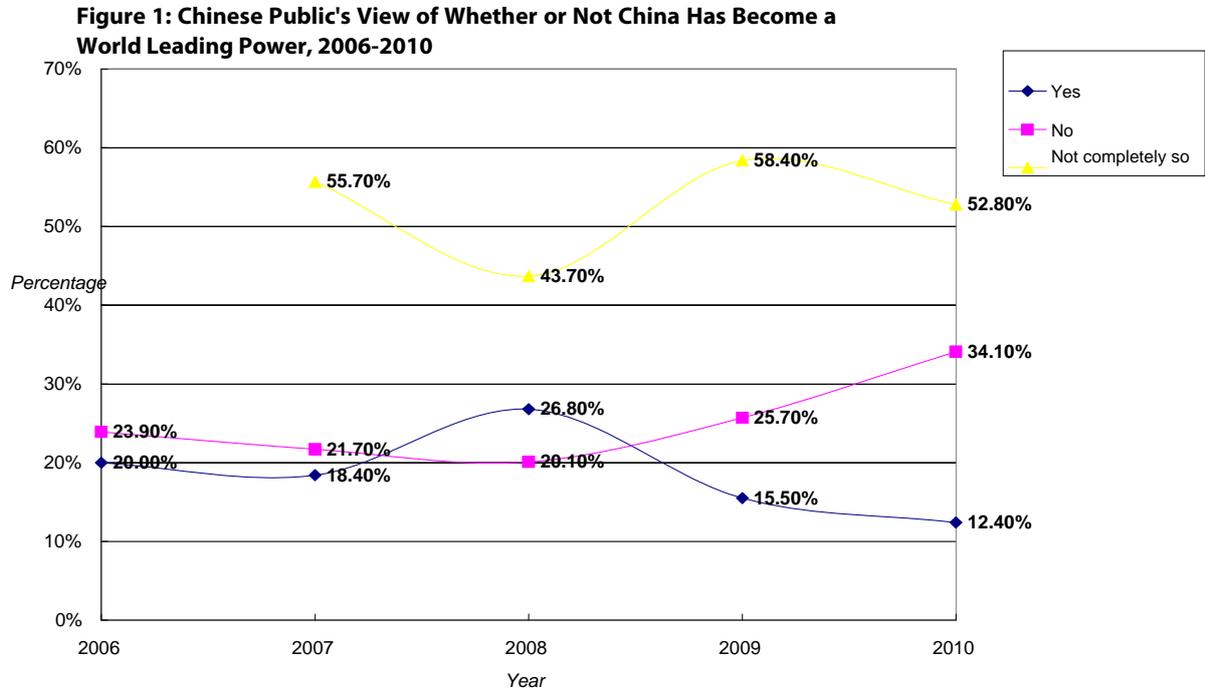
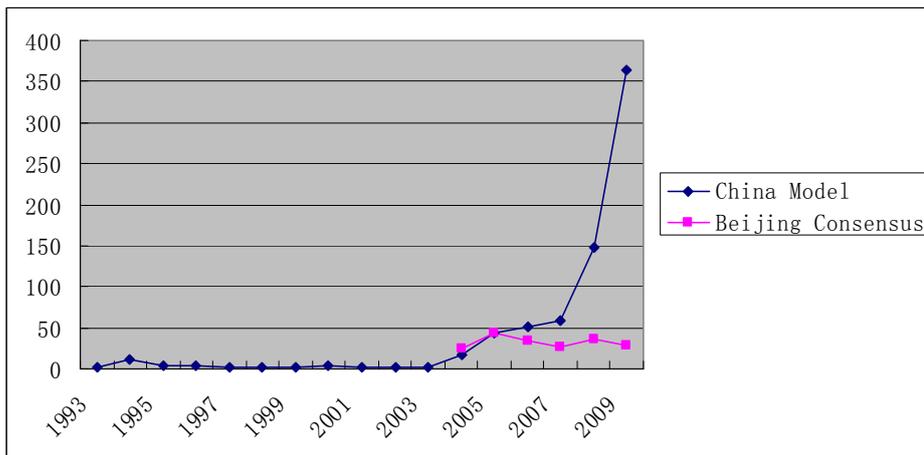


Figure 2

**Figure 2. The Academic Discourses of the "China Model" and "Beijing Consensus" in China, 1993-2010**



Source: data compiled by authors from key-word search in core journals (*hexin qikan*) in China.





## **Session 1 Change in East Asian Security Architecture**

### **“The Rise of China and Changing U.S.-China Relations: South Korean Perspective”**

Chaesung Chun, Seoul National University



# The Rise of China and Changing US-China Relations: South Korean Perspective

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## I. Introduction

One of the most significant characteristics coming from the rise of China and changing US-China relations is uncertainty. We know that the economic growth and subsequent the expansion of Chinese power in politico-military and socio-cultural areas will continue, and that the balance of power between the United States, still the powerful global leader, and China will change over time. What we don't know, however, is whether there will be change of leadership status between the United States and China, what will be the end-state of the rise of China, whether there will be violent clash between two titans, whether there will be new common grounds for cooperation not just between the two, but also regionally.

Reasons for a high level of uncertainty come from several factors: at the unit level, the uniqueness of both the United States and China, in that the former is an exceptionally powerful, liberal hegemon, and that the latter has vast natural and human resources defying historical, comparative analysis; at the structural level, this case of power transition has the background of specific features such as the rise of new power fields like soft, and institutional power, post-Westphalian transformation of international politics, and globalization.

Uncertainty about the future gives rise to two interesting phenomena among many things: too much and too diverse theories about the future, which I will call, overtheorizing; and strengthening conservatism in both countries, in the sense that they want to prepare for the worst-case scenario. If we combine these two, we see the advent of conservative overtheorizing. There are many overtheorized pessimism about the future of the bilateral relations between the United States and China because of the unpredictability based on analysis of facts and the need to raise the level of security preparedness for the future, possible rivalry between the two.

From South Korean perspective, not only the final clash between two great powers, but the long process of muddling through to find the mutual strategic cooperation is very painful. Situated at the forefront between the two, South Korea cannot but suffer not only from all-out, final confrontation, but also from small, procedural disagreement based on perceived strategic mistrust. More problematic to South Korea is its inability or lack of capacity to have influence on the trajectory of US-China relations to a great degree. This dilemma may be common to many, relatively weak neighboring countries to China.

The purpose of this paper is to search for a new way to review the existing international relations theories and discourses in the United States and China, and find a new way or theoretical elements which can contribute to more precise prediction, and subsequently a better way to im-

prove cooperation between the United States and China.

## II. How to evade overtheorizing the US-China Relations

Various theoretical and practical discourses ranging from pessimism to optimism compete with each other in the United States and China. In the United States, the so-called “China threat school” combined with hard realism advances pessimistic prediction about the future leading to policy suggestions of balancing or sometimes containment. More optimistic views pay attention to the possibility of finding common grounds such as market relations and growing common identity between the two, leading to the policy suggestion of engagement.

Now Chinese society is more defined by pluralistic competition among various policy identities. For example David Shambaugh identifies seven policy options existing in China: nativism, realism, major powers, Asia first, Global South, selective multilateralism, and globalism.<sup>1</sup>

### 1. American Pessimism

What concerns here is overgeneralized pessimism and ungrounded optimism. Some proponents of realism suggest gloomy picture of future US-China relations based on too abstract theoretical insights. Although these theoretical insights help clarify major components of power transition between the two, overgeneralization depending too much upon historical analogy close the door for future, new opportunities of cooperation. Optimism always has the risk of degenerating into wishful thinking, especially when Western theorists do not specify the peculiarities of East Asian regional politics and Chinese characteristics of world view and foreign policy.

One example of American pessimism is offered by offensive realism. Offensive realists like John Mearsheimer assume that the US-China relations will be defined by typical great power relations. Given the theoretical hypothesis that great powers pursue maximum security by maximize its national power, the narrowing power gap between the United States and China is destined to bring about fierce security competition probably after 20 or 30 years. In this line of thinking there is one important assumption that the rise of China will continue regardless of other countries strategies including America, because national power is represented by the combination of population and wealth. China, with the population of four times as big as that of the United States, and with fast growing economy which will be transferred into military might will never fail to challenge the international politics dominated by the United States. As the security competition is the nature of great powers by the imperative of the logic of anarchy, the United States will have no choice but to meet the challenge by China which will eventually lead to hegemonic rivalry.<sup>2</sup>

These predictions based on meaningful observation of past trajectories of hegemonic rivalry

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<sup>1</sup> David Shambaugh, "Coping with a Conflicted China," *The Washington Quarterly*, 34:1(winter, 2011), pp. 7-27.

<sup>2</sup> John Mearsheimer, *The Tragedy of Great Power Politics*(New York: W. W. Norton & Company, 2001); Zbigniew Brzezinski and John Mearsheimer, "Clash of the Titans," *Foreign Policy*, Jan/Feb2005, Issue 146.

are obviously enlightening. The repetition of the past, however, is doubtful for the following reasons. First, there is no reason that China will be strong enough to challenge American hegemony, and just to assume that will have a long, and pessimistic shadow of the future to current policy making. Assuming very powerful, but expansive, intransigent China may help prepare for the worst scenario, but spreading that discourse itself directs the mode of thinking of policy makers. There are many ways to project the future China's national power using many indicators, such as the growth of GDP. However, it is also true that continued growth of China will bring about many painful problems such as inequality, demands for democracy, unemployment, and bribery, etc. China will wisely control these situations and feel the need for stable external environments, especially favorable relations with strong powers such as the United States. Given the possibility that China will grow for the status of regional hegemon, not global one, expecting China as a global competitor will have the effect of narrowing the policy options not just for the United States, but also for surrounding countries of China. To evade undesirable self-fulfilling prophecy of offensive realism, more process-oriented approach will be necessary.

Second, the rise of China is the phenomenon that may continue, but the future shape of China is quite uncertain. Now China is characterized by market socialism directed by one-party authoritarianism. China will be able to continue its economic development by maintaining its involvement in the framework of liberal international political economy mainly manufactured by the United States. It is certain that China actually transformed itself in many major economic areas such as finance and trade in accordance with international standards, not to speak of many groups in civil society. As China's rise is inevitably 'engaged rise' under unipolarity at least up to now, there are structural imperatives that China will show the similar patterns. If the engagement with China, and also Chinese input into the US-led international system are mutually reinforcing, it is not certain, as Mearsheimer thinks, that clash is inevitable. There will be more mechanisms to deal with conflicts in specific areas without directly escalating into strategic antagonism. More conflicts in the process of China's rise will help to prevent the final devastating clash from happening.

Third, the cornerstone of offensive realism's prediction is the logic of anarchy. Anarchy will constitute and restrain states' behavior when sovereign states are the most powerful actors, self-help is the most fundamental imperative, and the military power is the last resort of deciding relations among states. The international politics in the 21<sup>st</sup> century, however, is more and more defined by complex network, meaning that multilayered actors from supranational institutions to the individuals are variously empowered in equally important issue areas from military to socio-cultural one. It will be subject to severe debate whether the world is moving from modern anarchy to postmodern network-archy, how soon, and how rapidly. Yet, the nature of the relations between the United States and China is changing, when we think of very complex networks among different actors in many issue areas. It is still true that the phenomenon of power politics will continue with more complex networks of international politics. The mode of hegemonic rivalry, however, will take on different forms in the future as shown in ample discussion about soft power, institutional power, and smart power.

## 2. Chinese Pessimism

Chinese counterparts of pessimism generally assume that the fundamental purpose of American China policy is to contain the rise of China or even to prevent China from further development. At least Chinese realists think that it will be inevitable the clash of interests between the two will be inevitable from the viewpoint of power politics. One of major proponents of realist pessimism is represented by Yan Xue Tong. He argues that the bilateral relations between the United States and China have experienced a long period of fluctuations and this is mainly from the conflicts and disagreements of interests. Even in the post-Cold War era, this fact will not easily change. Having wrong-headed wishful thinking for genuine friendship, Yan argues, will be hurdle to realistic management of the relationship. Based on this so-called "theory of superficial friendship" he concludes as follows: First, being psychologically prepared for the other side's unfavourable or unfriendly decisions would lessen the danger of escalation of conflicts. Second, increasing the credibility of the mutual deterrence strategy would generate more preventative security cooperation between them. Third, their relations would become more stable by reducing unrealistic expectations of one another's support. Fourth, they could improve their relations at a steadier rate by applying different principles according to specific aspects of their relations.<sup>3</sup>

More philosophical and fundamental perspective is offered by Zhao Tingyang. He tries to persuade the possibility of the Chinese system of families, states and All-under-Heaven, which differs fundamentally from the western system of individuals, nations and internationals, as post-American hegemonic system. In his argument, he criticizes American liberal hegemony: American 'empire' is a new imperialism, inheriting many characteristics of modern imperialism, but transforming direct control into the hidden, yet totally dominating world control by means of hegemony or the 'American leadership.'<sup>4</sup> He stresses that the pattern of All-under-Heaven appears much like globalisation, it means an institutionally ordered world or a world institution responsible to confirm the political legitimacy of world governance as well as local governance, and to allow the justification of systems. He diagnose that the most important political problem today is not the so-called 'failed states' but the failed world, a disordered world of chaos coming from American hegemony.

These views are obviously pessimistic about find new bases of mutual cooperation between the United States and China. As in the case of American offensive realism, Chinese counterparts do not recognize the power of economic interdependence and procedural components for realizing new common identities. Also they do not pay attention to the fundamental transformation of world politics toward more complex network overcoming the logic of anarchy solely based on national sovereignty. What is more interesting is that China wants to suggest post-American way

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<sup>3</sup> Yan Xuetong, "The Instability of China-US Relations," *The Chinese Journal of International Politics*, Vol. 3, 2010, P. 292; Also see Yan Xuetong, "The Rise of China and its Power Status," in Sun Xuefeng, Matt Ferchen and M. Taylor Fravel, eds., *Rethinking China's Rise: A Reader*(Oxford: Oxford University Press, 2010)

<sup>4</sup> Zhao, Tingyang. (2006a) Rethinking Empire from a Chinese Concept "All-under-Heaven" (Tian-xia). *Social Identities* 12(1), p. 39; Also see William A. Callahan, "Chinese Visions of World Order: Post-hegemonic or a New Hegemony?" *International Studies Review* (2008) 10, 749-761; Zhao, Tingyang. (2005) *Tianxia Tixi: Shijie Zhidu Zhaxue Daolun* [The Tianxia system: A Philosophy for the World Institution]. Nanjing: Jiangsu Jiaoyu Chubanshe.

of organizing the world from philosophical or civilizational perspective. Already putting much emphasis on Chinese soft power or attractive power, China poured large amount of resources in enhancing China's reputation and advertizing the merits of Chinese traditional culture and civilization. These efforts might work if they complement the defects of liberal international order to some extent, but global and East Asian regional civil society already organized on the basis of not American but universal value of human rights, liberty, and democracy cannot long for any alternative negating or lessening the value of past achievements. In the world of soft power and more demanding global and regional civil societies, China will be able to assume a new role as a leader by collecting votes from many countries by proposing a better, not special, too Chinese leadership.

### 3. Liberal and Constructivist Optimism

Optimistic prospects about Sino-American relations are soothing to other countries, but there are some pitfalls that we have to evade not to fall into the trap of wishful thinking. In both countries, liberal international relations discourses believing in the powers of economic interdependence, international institutions, and democratic peace suggest various ideas. Some liberals believe that bilateral economic relations create mutual interests in good relations between states. The greater the volume of trade and investment between two countries, the more groups on both sides will have a strong interest in avoiding conflict and preserving peace.<sup>5</sup> In addition to their faith in economic interdependence an instrument of peace, liberal optimists place great expectations in the role of international institutions of various kinds. These can help to improve communication between states, reducing uncertainty about intentions and increasing the capacity of governments to make credible, binding commitments to one another. By so doing, they can help to ease or counteract some of the pernicious effects of international anarchy, paving the way for higher levels of cooperation and trust than would otherwise be attainable.

Democratic peace theorists also suggest expectations both for political development in China, and subsequent better relations with the United States. The process of political reform in China is being driven largely by economic development, which, in turn, is being accelerated by China's increasing openness to trade.

It is to be noted here that these liberal discourses have been devised mainly in the case of Western regional order where market economy has evolved for a relatively extended period of time in parallel with political development and international institutionalization. In the case of East Asian countries, conditions are different: to foster rapid economic development, the so-called developmental states has oriented the working of market in many ways; the phase of democracy, despite national difference, has been largely postponed for initial accumulation of big capital; and regional integration is also at preliminary stage in which balance of power logic still dominates.

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<sup>5</sup> Zachary Karabell, *Superfusion: How China and America Became One Economy and Why the World's Prosperity Depends on It* (New York: Simon & Schuster, 2009); Steve Chan, *Money Politics: International Credit/Debt as Credible Commitment*, East Asia Institute Fellows Program Working Paper No. 28 (February 2011)

Despite growing economic interdependence, the strengthened autonomy of the international market, and the growth of private business sector in China, political imperative of the United States and China-in this case, to a greater degree-will complicate the optimism based on market force, as has been witness in the debate upon Chinese exchange rate.

Expectations on East Asian regional institutions are far more circumscribed. There has been mushrooming of regional institutions such as ARF, APEC, ASEAN plus Three, East Asian Summit, and so on. What we can see in these discussions is that Asian countries are trying to institutionalize international relations, and there are so many different plans and conceptualizations. So far the question, especially during the Cold War period, has not been why can't East Asians have any meaningful regional multilateral mechanism, but the question now is why are there so many? Although theorists in International Relations contrast realism vs liberalism, in the form of uninstitutionalized power politics vs. institutionalized liberal cooperation, what we can see here is the mix of the two: that is, institutional balancing or institutional balance of power.<sup>6</sup> The naked competition among states in the logic of balance of power is tamed, but still the rivalry and competition are at work under different institutional settings. How to establish the basic norms and principles of institutions, and to determine who is in and who is out will be critical in institutionalizing the balance and distribution of power. China's design for future "harmonious world" is based on the role of China as a responsible great power with its own world views and value systems that come from Chinese strategic culture tradition. The United States welcomes all these moves that purport to overcome balance of power with the perspective of power of balance, but it is still vigilant to see if these moves hurt American national interests.

Another source of optimism is constructivist argument focusing on the factors of culture and identity. They generally emphasize the possibility that China's increasing participation in international institutions will bring about changes in its strategic culture, in the norms of international behavior accepted by its leaders, and ultimately in their conceptions of national identity.<sup>7</sup> Whereas liberals stress rational calculation as the source of change in Chinese behavior, constructivists believe that repeated interactions can actually change the underlying beliefs, interests, and mental categories of actors in the game.<sup>8</sup>

This optimism will take effect only if American engagement with Chinese has broader cultural understanding of Chinese counterpart based on mutual respect. As Steve Chan argues, if Americans try to convert the Chinese to accept values and interests that are more congenial to the Americans, there will be strong counter-movements from the Chinese side. By devising wise strat-

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<sup>6</sup> Kai He, "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia" *European Journal of International Relations*, September 2008, vol. 14 no. 3, pp. 489-518.

<sup>7</sup> For Chinese side, see Qin Yaqing, "International Society as a Process: Institutions, Identities, and China's Peaceful Rise," in Sun Xuefeng, Matt Ferchen and M. Taylor Fravel, eds., *Rethinking China's Rise: A Reader* (Oxford: Oxford University Press, 2010); also see Jisi, Wang, "China's Search for a Grand Strategy: A Rising Great Power Finds Its Way," *Foreign Affairs*, March/April 2011, pp. 68-79

<sup>8</sup> See Aaron L. Friedberg, "The Future of U.S.-China Relations: Is Conflict Inevitable?" *International Security*, Vol. 30, No. 2 (Fall 2005), pp. 7-45.

egy of engagement which entails acceptance of mutual accessibility and reciprocal influence, constructivist optimism will prevail.<sup>9</sup>

### **III. Finding a new logic to peaceful power transition**

#### **1. South Korea's Basic Position**

South Korea, expecting more conflicts between the United States and China, wishes that the process of managing power shift will be stable and peaceful. The bottom line is that we need to devise an East Asian regional order flexible enough to permit balance of benefits and rights according to the balance of power. As uneven development of national power in international politics is inevitable, the critical issue is whether there is systemic flexibility and adaptability to adjust new distribution of power. It will be a quite bumpy way, but we need to clear the way with more mechanisms of dispute settlement and of preventing specific issues from escalating into strategic confrontation. Another bottom line is that the end-state of power transition should observe regionally respected values such as stability, peace, human rights, democracy, and liberty. Systemic flexibility should not encroach upon basic normative framework of regional order. If East Asians manage the process of power transition wisely, that will evolve into the transformation of regional organizing principle from anarchy to more cooperative network.

#### **2. Historical Difference the Power Transition between the United States and China**

The current power transition between the United States and China, contrary to typical power transition theories, is different from the past ones, such as two World Wars in the 20<sup>th</sup> century. In a narrower sense, China is rising under very different environments from the 20<sup>th</sup> century. In a broader sense, we witness the transformation of global and regional international politics from the ground.

In a narrower perspective, there are several particular points in current power transition in Northeast Asia, which may be indicative of possible peaceful process of transition. First, it is the phenomenon of power transition under unipolarity. Rising powers should adapt themselves for a certain period of time to the structural frameworks made by the current hegemon. For example, China to further its rise, needs to conform to security, political, and socio-economic framework made by the US for the time being. The need to rise under unipolarity might have the effect of orienting the rising power in line with the existing structural framework, lessening the degree of dissatisfaction of rising powers. This possibility is optimistic in that it increases the chance of regional, peaceful power transition. However there are still lingering doubts for the possible cooperation between Washington and Beijing as experienced in many issues in 2010 such as the arms sales to Taiwan, military drills in the Yellow Sea, and the debated regarding the South China Sea. If unprepared for the any possible controversial issues, these soon degenerate into the problems ag-

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<sup>9</sup> Steve Chan, *China, the US, and the Power-Transition Theory*(New York: Routledge, 2008), p. 88.

gravating the security dilemma between the existing hegemon and the rising power.

Second, the current power transition occurs not in the area of hard power, but also in that of soft power. International politics in the era of informatization and democratization works differently before these megatrends appeared. The hegemon candidate needs to develop the soft power resources to lead the region, inventing better soft power vision for the region than that of existing hegemon. Then, soft power transition occurs during the times of rise of competing states, by which the regional identity, normative politics became more complicated. China tries to strengthen its soft power strategy, both to advance a better regional framework than that of the US, and to search for the space of soft balancing against the US with possible soft power alliances. Northeast Asian countries like South Korea, in the middle of soft power competition, sometimes have hard time to take a stance.

Yet there is some point to require special attention. As the modernity in East Asian international relations is relatively new, the revival of pre-modern conception of international order is a possibility. China refers to its own behavior as a “benevolent hegemon” during the traditional times, and compares the current rise of China with past experience. The so-called discourse of “the fourth rise of China” after Chin-Han, Tang, and Ming-Ch’ing dynasties, is invented to lessen the worries of surrounding countries. This might press China toward more cooperative stance. However, it is to be noted that the perception of traditional Chinese dynasties as a benevolent hegemon is not necessarily shared. For instance, South Koreans rather rapidly changed their perception on the rise of China from the positive to the negative feeling, after witnessing Chinese’ efforts to monopolize the history of Koguryo. Then, not the rise of China as a individual great power, but the rise of Chinese system as a whole, of which the reference surrounding countries cannot but find in historical experiences, may threaten the neighbors. Here the memory politics works strongly.

Differences of China’s rise	Tasks for future China Strategy
Re-rise or rise of Chinese civilization	Need to rightly theorize pre-modern history and experiences
Soft rise in the field of soft power fields	Needs standard setting for regional leadership/legitimacy, overcoming soft balancing
Post-Westphalian rise, rise with networked governance	Need to promote civil society networks
Engaged rise with global/regional structures	Need to manage US-China relations, with the role of middle power initiative

### 3. Post-Westphalian Transition and Power Transition

From a broader perspective, the transformation of international politics gives some lights to more peaceful power transition. We are living in a time where post-Westphalian order coexists with Westphalian one. Other units than nation states are gaining powers giving rise to the phenomenon of multi-leveled governance both globally and regionally. The power of international institutions,

subnational organizations such as NGOs, and transnational ones such as multinational corporations are enhanced as to work with the power of nation states. As actors at different levels are related with each other in a highly complex way, the global governance is no more “inter-nationally” defined. Rather, complex networks are to be made with no units exclusively determining the course of the events.<sup>10</sup> Then, sovereignty does not seem to reside in any one unit, not even in nation-states in an empirical sense.

There are networks of institutions in different issue-areas that do not belong to the domain of state affairs. So many transnational issues are crucial these days such as environments, terrorism, and natural disaster, all of which exceed state control in some ways. Future historians may evaluate our times as the one with overlapping principles of Westphalian order and post-Westphalian order, or the one of postmodern transition. We do not know exactly what kind of postmodern global or regional order will materialize. But it is certain that there will be multiple key actors, including nation-state, and most issues, are global not confined to national boundaries.

East Asia is not an exception. We see the rise of new complex networks: we witness new areas and new actors in Northeast Asia, which might be called “postmodern” phenomena, that determines relations among states. Climate change and the role of global and regional cooperative mechanism change the way how states look at, and define the problem. As environmental changes do not know national borders, the solution should be transnational as well. As interest groups and civil society organization are more empowered and this trend will continue in the future in already democratized countries such as South Korea, Japan, and Taiwan, and also in less democratized countries, how they think and feel will affect the future of Northeast Asian international countries.

States should gain public support not just from domestic arena but also from other nations as well. Soft power and public diplomacy will be more important in accomplishing a state’s foreign policy purpose. Public realm for more active communicative action both on line and off line at the regional level is growing when discussing important regional issues. It is still to be seen if the pace of new regional governance will be fast enough to have the effect of easing inter-state power competition. However, the potential of new networks in new issues with empowerment of new actors draws expectation that power transition and the future international relations will be grounded not just in inter-state rivalry but also in multi-layered networks.

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<sup>10</sup> Miles Kahler, ed., *Networked Politics: Agency, Power, and Governance* (Ithaca: Cornell University Press, 2009); Castells, Manuel, and Gustavo Cardoso eds., *The Network Society: From Knowledge to Policy*, (Washington, DC: Johns Hopkins Center for Transatlantic Relations, 2006); Castells, Manuel, ed., *The Network Society: A Cross-cultural Perspective*, (Cheltenham, UK: Edward Elgar, 2004); Latour, Bruno, *Reassessing the Social: An Introduction to Actor-network Theory*. (Oxford and New York: Oxford University Press, 2005); Slaughter, Anne-Marie, *A New World Order*. (Princeton and Oxford: Princeton University Press, 2004); Urry, John. 2003. *Global Complexity*. (Cambridge: Polity, 2003).

#### **IV. South Korean Foreign Policy in the Future**

New conditions stated above provide better chances to overcome existing pessimism acquired from past experiences and to complement liberal and constructivist optimism with specific concerns about East Asian specifics. With denser network among multi-layered actors between the United States and China, and also among other East Asian countries, there will be more stakeholders for the future Sino-American relations. Also close exchange of institutional settings and norms between global level and regional one will have the effect of interlocking East Asian architecture with global governance. For example, when South Koreans deal with North Korean problems, it is not just seen from the background of East Asian countries' power relations, but also from the global normative framework of non-proliferation or normalizing outlaw states, which all great powers cannot but observe. In this way, there are more leeways to guide purely power-oriented process of power transition into more norm-based one with a lot more actors and difference levels.

Based upon the observations so far, major purposes of future South Korean foreign policy – limited to its relations with Washington and Beijing (for the purpose of this session)-might be characterized by finding sustainable paradigm for “middle power diplomacy” by having strategically cooperative relations with the United States and China; for this, building East Asian complex network transcending balance of power mechanism; establishing cohesive social support for this paradigm; and situating South Korea as global middle power which contributes to the development of global governance.

The most formidable challenge for this vision is how to maintain strategic relations both with the United States and China, and contribute to the smooth process of managing power shift. One thing that South Koreans have been doing is to smartly transform the ROK-US alliance. Alliance in the 21st century is not just military partnership against predetermined adversaries. New roles will include dealing with uncertain security threats, human security problems, based on universal values and norms. The concept of strategic alliance in the 21st century between South Korean and the United States, then, contains common values, trust, and norms as crucial elements for future alliance. When common norms support the basis of the alliance, its regional and global role will gain support not just from both countries but other countries including China.

Values and norms such as non-proliferation, durable peace, modernizing failed states, and solving human security problems can be most prominent examples, because South Korean civil society can easily support with past experiences in dealing with North Korea and Northeast Asian security problems. When universal values of these specific experiences are realized in the alliance, new roles of the alliance will not cause unnecessary misunderstandings.

South Korea's strategic cooperation with China is also indispensable in many areas not only in bilateral issues, but also in North Korean issues, regional ones, and global issues. China, now as the number one trading partner of South Korea, most significant player in solving North Korean nuclear issue and peace on the Peninsula, and a country to share many traditional and modern values with South Korea, share strategic interests with South Korea. Also both South Korea and

China do not desire any possible conflicts in the region, and agree to peacefully transform the regional order toward more peaceful, mature, and responsive one to the regional public, there are many issue areas for cooperation. To have a balanced and mutually beneficial relation with China in the middle of Northeast Asian regional relations will be crucial to South Korean national interests.

To list some of South Korea's interests toward China, South Korea needs to further economic cooperation and find favorable environments for settling any possible economic disagreements. Other purposes include; to develop socio-economic exchanges to share understandings more about each other, as in the form of cultural exchanges and human exchanges at various levels; to facilitate political cooperation by developing multi-level exchanges of officials and diverse conferences for strategic dialogues; to find a better way to reconcile nationalism in the region with common values such as economic development and prosperity, regional cooperation, democracy, new postmodern civilization, human rights, and peace for the basis of solving critical problems; to establish multilateral mechanism of Northeast Asian countries' cooperation and enhance openness and transparency to solve critical regional issues such as environmental problems, refugees, and nuclear proliferation; and to cooperate in the global arenas such as climate change, energy security, environmental protection, poverty, contagious diseases, and other global issues.

South Korea, as a relatively weak state in the region, has limited options in the matter of great powers' competition. Too hasty and rash pessimism of these powers with overtheorizing will have far more disastrous effect upon weak stakeholders like South Korea situated at the forefront of the relationship. However, the specifics of this transition and, more importantly, changes in the nature of international politics give more room for South Korea to maneuver. It will try to assuage strategic mistrust between the United States and China by giving more ideas and knowledge for issue-specific dispute settlement mechanisms, fostering institutionalization of cooperation, and assuming roles as conveners, facilitator of cooperation. Also to situate South Korea as a global middle power to import global norms into the regional problem solving will help these efforts hopefully with the help of other middle powers in the region(ASEAN, Australia, Taiwan, and arguably Japan).



## **제2부 중국의 부상과 주변국들의 전략**

**Session 2 Rise of China and the Strategy of Neighboring Countries**



## **Session 2**

### **Rise of China and the Strategy of Neighboring Countries**

#### **“Forming of Japan’s Security Strategy toward China”**

Masayuki Masuda, National Institute for Defense Studies



# Forming of Japan's Security Strategy toward China\*

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\* Draft Only: Please do not quote.

## Introduction: China's Rise and the Power Shift

The international order is bound for a structural change. With rapid economic growth of Brazil, Russia, India, and China (BRICs), emerging economies are gaining the potential of overtaking industrialized countries (G7). The Next 11 (N-11) nations (Iran, Indonesia, Egypt, South Korea, Turkey, Nigeria, Pakistan, Bangladesh, the Philippines, Vietnam, and Mexico) are also making up groups that accelerate their economic growth. The center of global political economy is now shifting from G7 to the emerging economies and Group of 20 (G20) as a result of expectation of distribution of wealth will be highly diversified in coming decades.

The power shift is more conspicuous reality in Asia Pacific than in a global dimension. For most of the countries in this region, China already has become or soon to be the largest trading partner. China's economic presence thoroughly permeates the entire Asian market. Given the provision of qualified low-cost labor force and industrial infrastructures, China continues to provide ideal location for multinational manufacturing companies. This together with the expanding demand for intermediate materials has reconfigured production networks in the region into a system that has China, where final assembly takes place, as the hub. As a result, regional countries have placed weight on political choices leading toward deeper economic engagement with China.<sup>1</sup>

Meanwhile, China's rise in military power has also become conspicuous for phenomena that are increasing tensions with neighboring countries.<sup>2</sup> In particular, the strengthening of China's air and naval power and of its missile capability is heightening the country's Anti-Access (A2) capability with regard to areas where China's core interests are involved while also heightening its Area Denial (AD) capability in regions where U.S. forward-deployed forces had previously boasted supremacy. With this upgrading of military capabilities the People's Liberation Army (PLA) as the context, China is displaying a greater voice and influence to regional issues including Taiwan Strait, the Korean Peninsula, the East China Sea, and the South China Sea. China is coming to possess the ability to wield physical veto power according to its own preferences. With the rise of China's political and military influence as well as economic one, it has already become difficult to form and execute policy in a way that ignores China's intentions. Even though China is in the process of assuring its capability to resolve disputes to its own liking by means of its build-

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<sup>1</sup> David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security*, Vol. 27, No. 4 (Spring 2003).

<sup>2</sup> National Institute for Defense Studies (NIDS), ed., *NIDS China Security Report*, (Tokyo: NIDS, March 2011).

up of military might, however, this leaves unresolved the definitively crucial issue of whether China will be able to harmonize these efforts with the interests of international society.

In this context, Japan should overcome the traditional management of Japan-China bilateral relations and readjusted its strategy toward China as a core of Japan's security strategy in Asia Pacific and the world. For Japan, the year 2010 brought the dawn of a full-scale encounter with the rise of China. In 2010, China has become the world's second-largest economy by overtaking Japan in gross domestic product (GDP). China also has become Japan's top trading partner, in terms of total imports and exports, by replacing the long-standing trading partner U.S. in 2009. As Japan-China economic interdependence has reached an unprecedented level, both economies are hardly separable by increasing recognition of mutual sentivity and vulnerability.

In September 2010, however, the confrontation over Senkaku Islands highlighted a disagreement over territorial rights that conspicuously raised tensions between two countries. China's persistent countermeasures including cancelling cabinet-level visits in both directions, calling off negotiations for commercial flights, cancelling economic missions and cultural projects, suspending the export of rare earths indicated that bilateral political tensions could significantly harm economic relationship. The incident of collision with a Chinese fishing boat in the waters off the Senkaku Islands ended up bringing to light the fact that Japan and China had not created effective mechanisms to reduce danger, perform crisis management, and increase their common benefit when bilateral security issues at stake. As China is increasing the level of military activity in the East China Sea, the "vacuum of stability" in Japan-China security relations is creating concerns for a whole region.

### **Chinese Economic Outlook in 2030**

The 2007 Goldman Sachs report predicts that China will surpass the U.S. in GDP in the year 2027. This makes the catch-up period 14 years shorter than in the previous report, released in 2003 that forecast it as happening in 2041. The estimated nominal GDP in 2030 is given as 25,610 billion USD for China, 22,817 billion USD for the U.S., and 5,814 billion USD for Japan. It is also important, however, that this report predicts that China's economic growth rate will reach its peak in the mid-2010s, after which it will gradually slow down. A "peak-out" model for projecting China's real GDP growth rate has also been used, envisioning that the current real economic growth rate of just fewer than 10% will decline to 5.4% from 2015 to 2020, to 4.6% from 2020 to 2025, to 4.0% from 2025 to 2030, and to 3.6% in the 2030s. IMF's *World Economic Outlook 2011* also estimates that China will maintain growth at an average rate of approximately 9.5% until 2016.<sup>3</sup> The

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<sup>3</sup> International Monetary Fund, *World Economic Outlook: Tensions from the Two-Speed Recovery Unemployment, Commodities, and Capital Flows* (April 2011); <http://www.imf.org/external/pubs/ft/weo/2011/01/pdf/text.pdf> (accessed on October 12, 2011). The Chinese government also sets an annual average of 7% as its target for economic growth in its 12th Five-Year Plan, starting in 2011. "Summary of the 12th Five-Year Plan for Economic and Social Growth of the People's Republic of China", *Renmin Ribao*, March 17, 2011.

Economic Research Bureau in the Cabinet Office of Japan has derived a potential growth rate from IMF statistics together with the long-term outlook for total factor productivity, labor, and capital stock. The analysis finds a considerably higher level of potential growth for the Chinese economy, at 9.1% in the 2010s and 7.9% in the 2020s. As a result, this analysis boldly predicts the possibility that the share of world GDP (on a market rate basis) in 2030 will be 23.9% for China, 17.0% for the U.S., 5.8% for Japan, and 4.0% for India.<sup>4</sup> According to these estimates, China's GDP will surpass that of the U.S. in the mid-2020s.

All of these reports foresee that China in 10 to 20 years from 2010 will be the world's largest economic power. Although it is easy to criticize these estimates for not taking into account the various risk factors that affect China internally, slowing capital growth rates, rising labor costs, the onset of an aging society following the loss of the "population bonus," and other such economic fluctuations and domestic risks. However, skeptics of Chinese economy have argued the slowdown of the economic growth since 1990s and constantly failed to forecast the China as of today. Against the background, China's nominal GDP grew fivefold from 1.9 trillion yuan in 1990 to 9.9 trillion yuan in 2000, then to 35.9 trillion yuan in 2010. This means that the size of the economy did in fact increase by a factor of 18.9 in 20 years.

Based upon these predictions, the Tokyo Foundation Asian Security project conducted a modified economic projection toward 2030 of Japan-U.S.-China taking into account economic trends up to 2011 (see Table 1). The figures for 2020 put the U.S. at 22,206.0 billion USD, China at 16,136.7 billion USD, and Japan at 7,380.4 billion USD. For 2030, the U.S. is at 28,411.3 billion USD, China at 34,657.7 billion USD, and Japan at 8,410.0 billion USD. The U.S.: China: Japan ratio in 2020 is 3:2.2:1, and in 2030 it changes to 3.4:4.1:1. In other words, where the size of the U.S. economy in 2020 is approximately equal to the sum of the Chinese and Japanese economies, the picture changes by 2030, when China has become the world's number one economic power, both the U.S. and China have pulled away from Japan by large margins, and the world economy enters an era of dual superpowers. The Chinese economy also surpasses the U.S. economy in size under this estimate, in the year 2026.

**Table 1: Japan-U.S.-China nominal GDP estimates (2010-2030)**

Units: 2010 USD/bn unmodified

	2010	2015	2020	2025	2030
Japan	5,458.87	6,379.66	7380.36	8,001.79	8,409.96
U.S.	14,657.80	17,993.10	22,205.97	24,916.36	28,411.29
China	5,878.26	10,061.80	16,136.70	24,163.59	34,657.70

Source: The Tokyo Foundation Asia Security Project

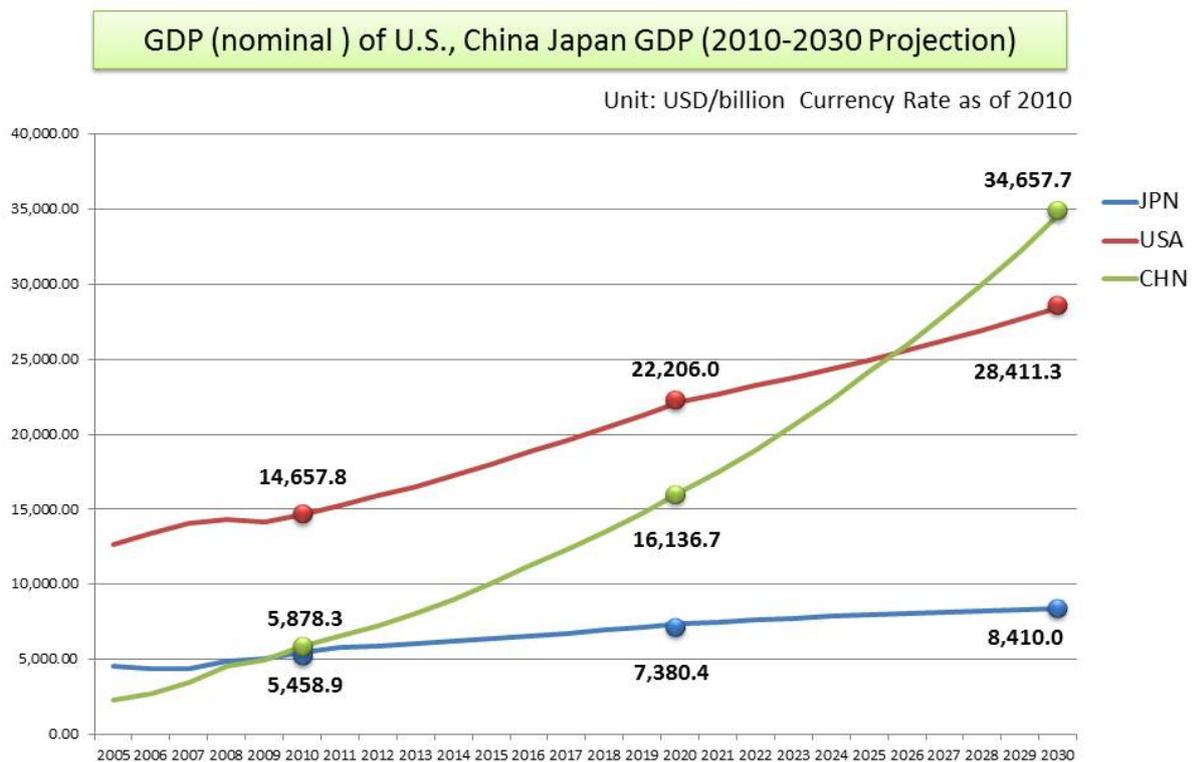
These estimated values are readily changed by actual GDP figures, inflation rates, and ex-

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<sup>4</sup> Japan Cabinet Office, Economic Research Bureau, World Economic Trends, May 2010.

change rates. Therefore they are no more than indicators for one working hypothesis. It will be meaningful in the interest of understanding the trend of China's rise, however, to adopt a bold hypothesis in predicting the indicators for the period from 2020 to 2030, and pressing for a clearer view of the power shift.

**Figure 1: Japan-U.S. -China nominal GDP outlook**



Source: The Tokyo Foundation Asia Security Project

### Chinese Military Outlook in 2030

Another major source of power in the international relations is the military power. Accordingly, the question is how an economic power shift described above will affect the security relationships among Japan, the U.S., and China. Most of the studies that discuss changes in Japan-U.S.-China power have pointed out that even if China's economic rise makes it threaten to surpass the U.S. in size of GDP, China will not be able to compete with the U.S in military power any time in the near future. There is certainly no doubt that the U.S. is presently foremost in military power in the world. Its national defense spending is on such a scale that it practically equals the total defense spending of all other countries together. The national defense spending by the U.S. in 2010 amounted to 687.1 billion USD. This far outstrips other countries, and constitutes a presence next to none in the world. The elements involved further include U.S. military technology, power projection capability, logistics capability, R&D spending, military application of leading-edge tech-

nologies, experiences of engaging in overseas combat, and integrated command, control, communication, computer and intelligence (C4I) systems. Taking all these in combination, the predominant view is that the military ascendancy of the U.S. will remain unshaken for several decades to come, regardless of any changes in economic scale that may occur.

This common assesment, however, needs to be examined. China's military power has undergone conspicuous enhancements in recent years. Chinese modernization of naval and air power, strengthening of missile capability, improvement of the naval force's far-ranging mobile operational capability, and active participation in overseas missions by the land forces, in particular, also have the potential to alter the Asia-Pacific power balance in the military domain. The U.S. Department of Defense has been sounding warnings about the anti-access and area-denial (A2/AD) capability that has accompanied China's military build-up in recent years, especially, and as this suggests, a turning point has arrived for regional strategies that assume overwhelming U.S. superiority.<sup>5</sup> Even if, for the sake of argument, U.S. and Chinese military power did not reach parity, the question of how this shift of power under conditions of asymmetry would affect the deterrence and the conflict and incident handling that have obtained so far will have to be examined. Needless to say, the structure of Japan's security strategy toward China will also have to be grasped within the overall state of tripartite relations among Japan, the U.S., and China.

According to the Toyko Foundation project, a long-term outlook on national defense spending by Japan, the U.S., and China taking the nominal GDP projections for these three countries is shown in Table 2 and Figure 2.

**Table 2: Comparison of national defense spending in Japan, the U.S., and China (2010-2030)**

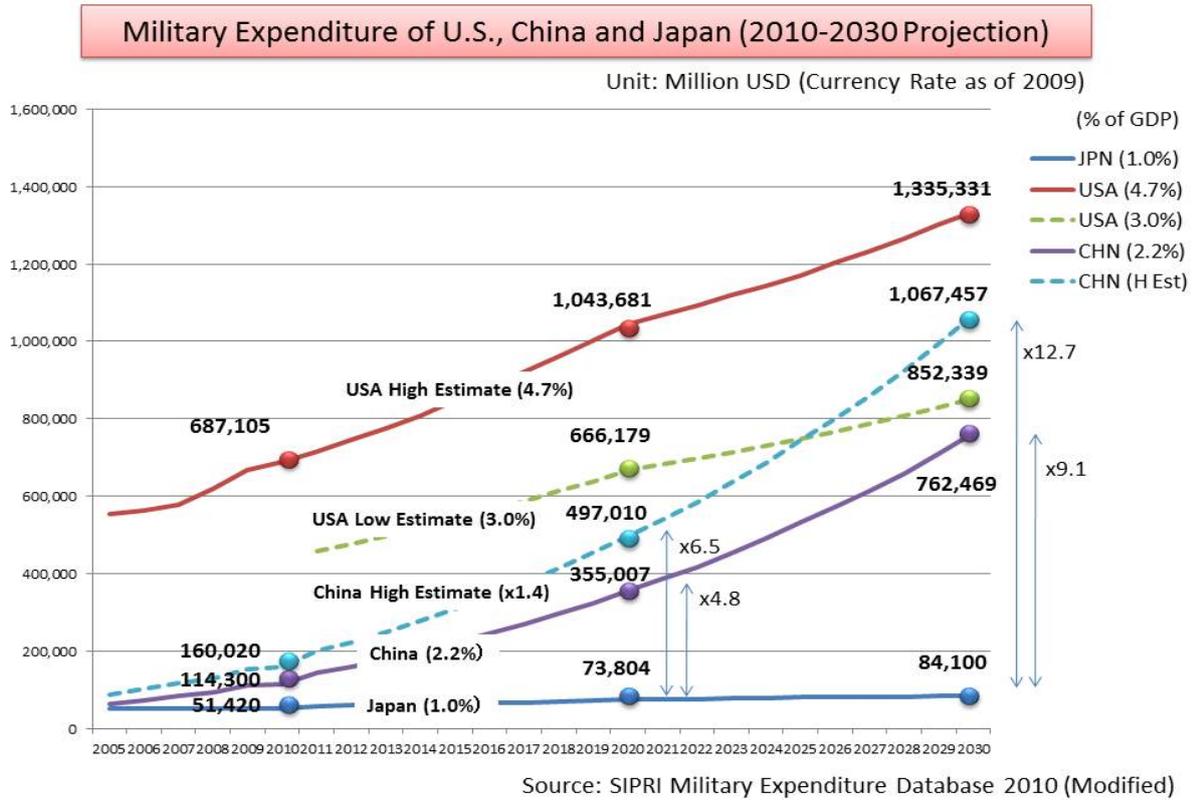
Unit: 2010 USD/Million

	2010	2015	2020	2025	2030
Japan (1.0%)	51,420	63,797	73,804	80,018	84,100
U.S. (4.7%)	687,105	845,676	1,043,681	1,171,069	1,335,331
U.S. (3.0%)	N/A	N/A	666,179	747,491	852,339
China (×1.4)	160,020	309,904	497,010	744,238	1,067,457
China (2.2%)	114,300	221,360	355,007	531,599	762,469

Source: The Tokyo Foundation Asia Security Project

<sup>5</sup> Studies that analyze the expansion of China's A2/AD capability include: Jan Van Tol, Mark Gunzinger, Andrew F. Krepinevich, and Jim Thomas, *Air Sea Battle: A Point-of-Departure Operational Concept*, Center for Strategic and Budgetary Assesments (May 18, 2010), <http://www.csbaonline.org/wp-content/uploads/2010/05/2010.05.18-AirSea-Battle.pdf> (accessed September 30, 2011); Roger Cliff, Mark Burles, Michael S. Chase, Derek Eaton jand Kevin L. Pollpeter, *Entering the Dragon's Lair: Chinese Antiaccess Strategies and Their Implications for the Unted States*, RAND (2007),.

Figure 2: Military expenditure of Japan, the U.S., and China in 2030



The balance between U.S. and Chinese national defense spending will continue to have U.S. spending (SIPRI based) in the ascendant over China's by a factor of nearly two in the year 2030, assuming that the figure for U.S. national defense spending as a percentage of GDP in fiscal year 2009 (4.7%) will remain applicable. In the year 2030, national defense spending in the U.S. will be 1,335.3 billion USD as opposed to 762.5 billion USD (1,067.5 billion USD) in China. The U.S.-China ratio will be approximately 1.75:1 (1.25:1). Even in the event that U.S. national defense spending declines to 3.0% of GDP, however, the 2030 theoretical figure for national defense spending can be expected to be 852.3 billion USD. This figure is 1.11 times the Chinese national defense spending for 2030 (SIPRI base), and if it is assumed for the sake of argument that China's national defense spending follows the high estimate path, then it will be 1,675 billion USD. This suggests the possibility that the U.S. and Chinese positions in national defense spending could be reversed as of 2030.

Even if an eventuality of this kind does not come to pass, more attention should be paid to the power catch-up of China starting to approach the U.S. level in national defense spending, and it should be noted that the phenomenon is occurring at a much faster pace than the perceptions of most critics. Depending on the circumstances, it may no longer be possible to take U.S. ascendancy in the U.S.-China relationship as a given, and this suggests the necessity to examine even the scenario of the *U.S.-China parity*.

This relationship manifests in even more drastic form in Japan-China relations. China's national defense spending is rising beyond Japan's defense expenditures at a rapid rate, and the mili-

tary balance between Japan and China on a bilateral base can be expected to tip over to a state of overwhelming ascendancy on the Chinese side. As of 2010, China's national defense spending of 114.3 billion USD was approximately twice Japan's defense expenditures of 51.4 billion USD. The outlook for 2020, however, shows China at 4.8 times higher than the Japan (on the high estimate, 6.5 times higher) and for 2030, China is at 9.1 times higher than Japan (on the high estimate, 12.7 times higher). Based on these estimates, the power transition is a reality of the Japan-China relationship that must be looked at squarely, and that foretells the coming era when Japan will find it increasingly difficult to deal with China's military rise indeginously.

## **Forming Japan's Security Strategy toward China**

### **(1) Integration**

Taking as a premise for the medium to long term that the rise of China will bring about a power shift and that a power balance may result in the form of U.S.-China parity, then it will be necessary that the result create a stable international order. From this perspective, the Japan-China security relationship will be required to have an integrating function that expands opportunities for cooperative action with China bilaterally and then eventually multilaterally as it includes the U.S.

It is no simple matter, however, to shift the process of integration into actual implementation in Japan's security policy toward China. There is a strong tendency toward disputation in the Japan-China security relationship, and especially the relationship between the authorities concerned with national defense, as an extension of the Japan-China political relationship. It may be, therefore, that any advances in defense exchange or security cooperation should be premised on the building of political relationships of mutual trust as an essential precondition. This kind of thinking is particularly deeply established on the Chinese side, where the materialization of any defense exchange or security cooperation is considered difficult to realize so long as the political relationship is not improved.

On the other hand, the Japanese government has been aiming to build relationships between defense and security authorities that are not dominated by the political relationship. The development of relationships among the defense authorities was positioned as one key portion of the process of building a mutually beneficial relationship based on common strategic interests following the visit to China by Prime Minister Abe in October 2006. The joint press release on the occasion of Premier Wen Jiabao's visit to Japan in April 2007 also stated that "Both countries will strengthen dialogue and exchange in the area of defense and make utmost efforts for the stability of the region together" as part of the basic content of the mutually beneficial relationship based on common strategic interests. In light of this agreement, China's Minister of Defense Cao Gangchuan visited Japan at the end of August that year, and the two countries confirmed between them that "the development of Japan-China defense exchanges should be promoted at a variety of levels and in various fields." The Chinese side responded to this series of agreements by accepting the participation of observers from the Japanese side at Yongshi 2007, a live-fire field training exercise

in penetration by an infantry division that was held in September 2007. From November to December of that same year, the destroyer Shenzhen of the South Sea Fleet of the PLA Navy (PLAN) made a port call in Tokyo. In June of 2008, the escort ship Sazanami became the first vessel of Japan's Maritime Self-Defense Force (MSDF) to make a visit to China (to Zhanjiang). Visits back and forth by young leaders at the junior officer level of the Self-Defense Forces and the People's Liberation Army (PLA) were also made in 2008 and 2009.

No fundamental change appears to have taken place, however, in the standpoint of the China side, which places the state of the political relationship as a precondition of progress in the relationship between defense authorities. Rather, in the event that political relations between Japan and China deteriorate, China considers the defense exchanges with Japan to be a means of expressing its own political intentions. In October 2010, the Chinese government notified Japan that the plan for a port visit to Qingdao by a MSDF training squadron would be postponed because of the Senkaku incident. Furthermore, the China side also demanded that the Japanese side postpone the defense exchange project for field-grade officers that was to be implemented by the Sasakawa Peace Foundation, a private-sector organization.

This is not to say that the Chinese side has no intention of developing the relationship between national defense authorities. The joint press statement issued during Chinese President Hu Jintao's visit to Japan in May 2008 on "Strengthening Exchange and Cooperation" listed 70 items relating to exchange and cooperation projects. Seven of those items had to do with relations between the countries' defense authorities. The joint press statement issued in November 1998 during the visit to Japan by Jiang Zemin raised a total of 33 points on cooperation, but the only point relating to the defense authorities was one item, a general statement about continuing implementation of security dialogue and defense exchange. By comparison with this agreement, the Chinese side could be considered to deserve recognition for becoming somewhat more specific in its intentions to strengthen exchange and cooperation between defense authorities. It will be necessary to urge the China side to continue implementing agreements relating to exchange and cooperation in the defense and security fields, and to render them more specific. However, the Japan-China summit talks regarding cooperation in these fields and the agreement reached at the Japan-China defense minister talks in November 2009 cannot be termed adequate from the perspective of integration. That is because the basic note these agreements strike in common does not extend very much if at all beyond political confidence-building. Cooperation in the non-traditional security field presented in Recommendation 2 could be tied in with integration, but the emphasis at present is entirely on "common bilateral issues" (joint press statement from the Japan-China defense minister talks in March 2009). In addition to the advancement of security cooperation among alliance partners in the Asia-Pacific region, there has been progress in bilateral and multi-lateral functional cooperation addressing security issues, as though to make up for the slow development of an Asia-Pacific regional order extending region-wide. The means devised to interrelate actual developments of this kind with the Japan-China security relationship are also indispensable from the perspective of the connection with integration.

At this time, however, there is virtually no Japan-China cooperation in the non-traditional se-

curity field that has yet taken specific material form. Note particularly, as described above, that China's defense authorities announced to the Japan side that the scheduled Japan-China defense exchanges were to be postponed by reason of the deteriorated political relationship resulting from the Senkaku incident in September 2010. These and other such actions illustrate how China's response was to give priority to the political relationship over the materialization of specific defense exchanges. Moreover, the actual substance of cooperation in the non-traditional security field still remains on a bilateral Japan-China base. United Nations peacekeeping operations (PKOs), anti-piracy measures, coping with natural disasters, and other such matters are issues that directly impact on the whole of the international community, and they are not policy issues to be made into political problems. Furthermore, collaborative relations with China in fields of this kind can contribute to the stability and maintenance of regional and global systems, and it is therefore a policy issue that is tied to integration as referred to in this recommendation document.

In the fields of humanitarian assistance and disaster relief, of course, Japan-U.S.-Australia defense cooperation possesses an advanced degree of interoperability and constitutes the most effective and practical cooperative framework. For this and related reasons, even if it were said to be possible, for the sake of argument, to include China in this kind of effective practical framework at the present stage, that would not mean that the practical effectiveness of the framework as a whole would be directly improved. If a future U.S.-China parity were taken as a premise, however, then it would be desirable to promptly integrate China into existing frameworks and to make use of China's power in a positive form for global and regional security. For that purpose, it will be necessary to form a habit of cooperation with China (the PLA) on the part of both bilateral cooperation and multilateral frameworks that include the U.S. It is necessary to build mechanisms of integration that contribute to regional and global stability through Chinese collaboration with other countries. At the same time, it is also necessary to make China understand, by means of international norms and frameworks, the costs of taking uncooperative action, and it is necessary, as well, to pursue the execution of power transitions in a stable manner by means of Japan-China cooperation in non-traditional security fields.

One instance of Japan-China cooperation would be one in the field of UNPKOs. In June 2009, the Chinese government (Ministry of National Defense) founded the Ministry of National Defense Peacekeeping Center in a suburb of Beijing, and they have been using it for leverage to strengthen military diplomacy in this field with the United Nations and the armed forces of other countries. The Japanese side also has related units and agencies, such as the International Peace Cooperation Activities Training Unit of the Ground Self-Defense Force (GSDF), and it is time that bilateral exchange and cooperation with the China side should be considered on such topics as international peacekeeping and other such organizations, training for the personnel making up such organizations, and so on.

One measure for that purpose is the symposium or seminar, which is useful as a first step. In China, symposiums conducted with the participation of policy-level officials and specialists are taking place in growing numbers, organized by the Ministry of National Defense as a means of generating a shared recognition of issues among national defense authorities as well as to jointly

create road maps for military diplomacy with foreign countries. Symposiums should also be held as a Track 1 activity between Japan and China constituting concrete development of the issue of forming a habit of cooperation. This is also essential from the perspective of integration, which must involve not just exchange of knowhow and experience on a bilateral basis, but also Japan-China cooperative action on regional Asian and global levels.

For example, measures for capacity building in Africa and Asia should be presented as a policy concept for support provided jointly by Japan and China in cooperation. Malaysia has actively contributed to UNPKOs, and the Malaysian Peacekeeping Training Centre established in January 1996 also began training and education for personnel from other countries in April 2006. There is also the International Peace Support Training Centre (IPSTC), which was founded in Kenya as a United Nations Development Programme (UNDP) project to support institutional and human capacity building in Africa. The Japanese government has is providing support for civilian police pre-deployment training courses at the IPSTC already. For Japan and China to provide joint support for this kind of regional and global capacity building in Asia and Africa would not just constitute bilateral cooperation by these two countries, but could also contribute to the stability of international systems. Furthermore, measures of this kind could well be funded by official development assistance (ODA), and the ODA Charter must be reconsidered for that purpose. It will also be important to simultaneously consider the issue of how to engage in functional frameworks in addition to regional and international frameworks, such as how to bring China into Japan-U.S.-Australian disaster relief cooperation.

With the experience of the Great East Japan Earthquake, humanitarian assistance (HA) and disaster relief (DR) activities will be a crucial topic concerning integration. In the Asia-Pacific region, and particularly following the experience of the Sumatra earthquake and tsunami disaster in 2004, discussion of disaster relief has been advanced in the ASEAN Regional Forum (ARF) and other such venues. Disaster relief has also become an important topic in the Japan-U.S.-South Korea and Japan-U.S.-Australia trilateral frameworks. Japan, the U.S., and Australia, in particular, have bilateral alliances as a foundation on which to further their respective defense cooperation activities, and these three countries have advanced interoperability, making the Japan-U.S.-Australia framework most efficient in expediting effective disaster relief. In order to promote international cooperation as an entire region for a major disaster, however, it would be desirable, from the perspective of integration of China, to also pursue frameworks that include China using existing alliance frameworks and further expanding them. Consequently, it will be necessary to look again at the variety of measures being undertaken in the Asia-Pacific region, to systematically inventory the status of their progress. Then, on that basis, cooperation on disaster relief must be promoted in ways that involve China both in the form of multilateral frameworks and in the form of bilateral cooperation in order to make use of China's power as a positive factor for regional security.

## **(2) "Dynamic Deterrence" and Crisis Management**

For Japan, it is necessary to recognize that China's post-earthquake Japan policy can encompass

the dual aspects. The apprehension on that point arises particularly in connection with a possibility, that China will view Japan's concern with reconstruction to be a window of opportunity for intensifying its claims in the East China Sea and the Senkaku Islands. If such actions actually take place, they will doubtless greatly impede the efforts to develop Japan-China relations. Therefore, Japan must not give China reason to think that windows of opportunity are being presented. This is also crucial in terms of increasing the stability of the Japan-China relationship in the future. For that purpose, it will be important to pursue dynamic deterrence centered on alert level and surveillance as given in the new National Defense Program Guidelines published in December 2010.

If Japan is to engage more actively in surveillance and reconnaissance operations as dynamic deterrence in response to more vigorous activity by the Chinese military and other such armed organs with a view to maritime incursion, then the possibility of accidental contact between Japan and China would grow greater. Given the possibility that such accidental contact might occur can never be reduced to zero, regardless of the effort expended in prevention, it would be desirable for Japan and China to create a mechanism for crisis management in the event that such accidental contact does occur. To that end, it will be necessary to accelerate the work presently being done by Japan and China to create a maritime communication mechanism. That work is also essential for the purpose of not allowing accidental contact to undermine the trend toward overall improvement in Japan-China relations.

For the Japan-China security relationship to possess a crisis management function is not to be equated with limitation of vigorous activity by the PLA. In other words, even if China were to show indications of movement toward the future creation of communication mechanisms or sharing of safety standards in its security relationship with Japan, there is still an extremely high likelihood that the PLA or other such force would continue its past tendency to commit maritime incursions. China is feeling increasingly confident about the results of its own military modernization, and in that connection it is strengthening its claims of sovereignty and sovereign rights. It is possible that China will also intensify its opportunistic claims in the East China Sea and the Senkaku Islands with regard to its relationship with Japan. As noted earlier, for example, if China takes advantage of the window of opportunity created by Japan's policy concern with recovery from the Great East Japan Earthquake, that could result in China seizing the opportunity to engage in opportunistic expansion of military or other such activities, which would lead to the loss not only of measures for confidence-building but also of the integrating function discussed earlier. In addition, if a power transition occurs or if, by extension, a U.S.-China power balance comes into being while the Japan-China security relationship suffers the loss of that integrating function, then Japan could lose its diplomatic standpoint within this system. Therefore Japan must not allow such a window of apparent opportunity to be seen by China. For that purpose, it is important to pursue dynamic deterrence with a focus on warning and surveillance as set forth in the new National Defense Program Guidelines.

As noted above, Japan should pursue a crisis management functions in its security relationship with China. Those are crisis management and dynamic deterrence. With the modernization of China's military power, and particularly the expansion of China's naval area of operation as well

as the build-up in fourth-generation fighter aircraft and other such arms, the possibility that an accidental incident could occur between the SDF and the PLA on the sea or in the air has become undeniable. The Japan-China security relationship therefore needs crisis management functionality. As also touched on in Recommendation 1, the joint press statement issued when Premier Wen Jiabao made a visit to Japan in April 2007 declared that "a communication mechanism between the two defense authorities will be established," in order to "prevent the occurrence of unforeseen circumstances at sea." At the defense minister talks that took place at the end of August in that year, Japan and China agreed to establish a joint working group to develop a communication mechanism between the defense authorities of the two countries. The first Joint Working Group meeting, held in April 2008, and the second, in July 2010, discussed the overall framework of a mechanism for maritime communication, technical problems, and related matters. These discussions have led most of the way to an agreement that Japan and China will use common frequencies that are widely employed internationally for communications at the field-units.

What is required, from the perspective of crisis management, is safety standards shared among units and mutual communication mechanisms that enable more direct contact with units. However, the meaning of the institution of mechanisms for communication with Japan as emphasized by China is the promotion of mutual trust. China has not placed so much emphasis on the purpose of crisis management. In October 2010, following the Senkaku Islands incident, Japan's Minister of Defense Yoshimi Kitazawa and China's Minister of National Defense Liang Guanglie held talks in Hanoi, Vietnam, where both agreed on the need to promptly establish a mechanism for maritime communication between the two countries' defense authorities. The major media in China, however, did not report on the maritime communication mechanism, but only reported Minister of National Defense Liang's statement about continuing to strengthen mutual trust between the two countries.

One problem regarding the communication mechanism that should be pointed out is that even if one side perceives a situation as an emergency and tries to communicate with the other side, it is possible that the other side will not respond if they do not perceive the emergency nature of the situation or if the emergency contexts differ in nature (for instance, when the emergency is perceived as a domestic political matter). For example, when North Atlantic Treaty Organization (NATO) forces mistakenly bombed the Chinese Embassy in Yugoslavia in May 1999, U.S. President Clinton attempted to speak with Chinese President Jiang Zemin using the hot line between the two countries' leaders, but the Chinese side refused to accept the communication. Taking this kind of possibility into consideration, it is essential to establish a certain level of Japan-China sharing of safety standards relating to military unit operations. In other words, it is essential that the defense authorities on both sides confirm the following matters with each other: (1) How the current status of operations of the other country's military vessels or aircraft are perceived; (2) what kinds of situations are perceived as an emergency or a danger; and (3) what kind of signals are transmitted at the field-units for the purpose of communication when an emergency or a danger is perceived. As noted above, Japan and China are reaching agreement on point (3). Regarding points (1) and (2), however, matters have not progressed beyond mutual claims of the legitimacy

of military unit operations. High-level exchanges and discussions by officials of the agencies concerned still remain readily affected by the political situation, and they are not adequate as venues for the formation of mutual understanding and common perception of military unit operations. Consequently, it will be essential to reinforce exchanges between military units and research exchange relating to national defense from the perspective of crisis management in the broad sense of a certain level of sharing of safety standards for military unit operations. Together with safety standards at the field-units, for example, it is also necessary to institutionalize dialogue between Japan's Joint Staff Office and the General Staff Department of the PLA, and dialogue between staffs of corresponding branches of the military (staff talks).

The argument has also been made, in part, that Japan and China defense authorities should also have frameworks like the Agreement on the Prevention of Incidents On and Over the High Seas (INCSEA) and the Military Maritime Consultative Agreement (MMCA) between the U.S. and Chinese militaries. The extent to which frameworks of this kind can themselves fulfill a crisis management function, however, is uncertain. For example, the U.S.-China MMCA is perceived by the China side as a framework under the control of naval forces, and China's PLA Air Force (PLAAF) has not taken part in MMCA discussions to date. Furthermore, the participants on the China side basically belong to policy agencies and offices, and they have virtually no military unit experience. If it were assumed, for the sake of argument, that agreements on the order of INCSEA or MMCA were created with China without the functions and purposes held in common with China, then no doubt this would lead not to specific results relating to crisis management in the form of shared safety standards and so on as much as it would end in the discussion process itself becoming the purpose. If the point is discussion itself, then there already are discussions between the authorities concerned and high-level discussions as well as the staff talks and the exchanges between the army level of the Japan's GSDF and the Military Region level of the PLA agreed upon in the Japan-China defense ministerial talks in November 2009, noted above. It is crucial that substantive discussion points regarding crisis management be presented to the China side during these dialogues, discussion frameworks, and exchanges between military units, and that steps be taken toward the future sharing and mutual understanding of safety standards.

It appears likely that China's foreign-oriented policy itself will make use of the recent earthquake to bring about improvement in Japan-China relations, much in the same way that the 9/11 terrorist attacks was used to effect great improvements in relations with the U.S. It appears very unlikely; however, that such a policy stance in itself will lead to any containment of the vigorous activity of the People's Liberation Army. In other words, while China takes steps to improve relations with Japan on the one hand, the probability is on the other hand that China will maintain its stance on military and other movements to expand maritime operations unabated.

### **(3) "Diplomatic Balancing": "a coalition of the willing" within regional institutions**

China's increasing political influence in this region requires Japan take the strong initiative in establishing the effective rules of security cooperation in this region. In the field of preventive diplomacy and maritime security, China has not only simply refused to promote regional cooperation

but also shaped the direction and rules of cooperation in ways that exclusively reflect its own preference. For example, in 2001 ARF countries agreed to a working definition of the concept of preventive diplomacy. However, due to resistance from China and some other countries, which strictly adhered to the principle of non-interference in domestic affairs, all intrastate disputes and humanitarian contingencies were excluded from the scope of preventive diplomacy. The measures of early warning, fact finding, and dispatch of mediators, which are considered essential measures for effective implementation of preventive diplomacy, were also excluded from ARF's role. Moreover, the formation of effective rules and cooperation in the field of maritime security has stagnated because of opposition from China, seeking to expand its maritime area of control in the South China Sea. In short, what these examples indicate that many of the ARF's agenda for security cooperation have actually been checked or controlled by China according to its own interest.

Japan should take the strong initiative in establishing the effective rules of security cooperation so that the rules are not one-sidedly shaped by China, but instead are formed so as to contribute to the strengthening of the liberal international order, not China's narrow interest. In order to achieve this, however, it is necessary for Japan to take a new approach to regional cooperation. In areas where China hampers the progress of regional cooperation, Japan should build "a coalition of the willing" with other activist states in order to promote practical cooperation in those fields. What will be important in this initiative is how to involve as many member countries as possible in the coalition within regional institutions. The more member countries there are engaging in security cooperation, the greater will be the pressure on reluctant states. When the majority of member countries demonstrate the strong will to realize cooperation, it is not easy for a minority of reluctant states to maintain their opposition. Furthermore, if security cooperation led by the coalition yields significant results, the diplomatic pressure on reluctant states will become even greater. Therefore, even if China does not show any interest at the initial stage of regional cooperation led by a group of activist states, China may be forced to support their initiative at a later stage once tangible results in security cooperation accumulate.

Security cooperation on "a coalition of the willing" basis has already begun to emerge in the ARF. For example, in May 2009, the ARF conducted the Voluntary Demonstration of Response (VDR) in Central Luzon in May 2009. It was the first ever "field exercise", in which some ARF countries demonstrated a multilateral rescue operations in response to the effects of a hypothetical super typhoon. This activity took place as a result of the initiative of like-minded countries formed in what was called the "Shepherds Group", including the United States, Australia, Indonesia and Malaysia. The first field exercise gathered only 12 countries out of the 27 ARF member countries. However, in the second disaster relief exercise held in Indonesia in March 2011, the participants numbered 20 countries, including China. The ARF was finally able to involve China in actual exercises 15 years after the formation of the forum. The formation of "a coalition of the willing" has now become possible in the ARF because an increasing number of ARF countries has become more willing to promote practical cooperation.

Unlike an exclusive regional framework only consisting of like-minded countries, regional institutions cannot develop cooperation in ways that diverge too radically from the preference of

non-like-minded countries even when a coalition of the willing based on like-minded countries is formed within them. This is because regional institutions such as the ARF and the EAS not only include non-likeminded countries (inclusiveness) but also operate under the rule of consensus decision making. In other words, regional institutions have no choice but to proceed with cooperation at “a pace comfortable to all participants” to some extent. However, from the perspective of the integration of China, regional institutions have great advantages over exclusive regional frameworks without China’s participation because of two main reasons. First, due to the inclusive nature of regional institutions, the advancement of regional cooperation based on a coalition of the willing within regional institutions is less threatening for China than that in exclusive regional frameworks. Therefore, it may be relatively easier for Japan and other activist countries to involve China in their security cooperation in a later stage. The second reason is that many ASEAN countries are actually reluctant to advance security cooperation in regional frameworks excluding China because of their concerns that this would disrupt their political and economic relations with China. Therefore, in order to involve as many regional countries as possible in a coalition of the willing at the initial stage, it is desirable to promote cooperation through regional institutions, which include China as a member.

As noted above, a growing number of regional countries have recently come to recognize the necessity of promoting regional security cooperation. By collaborating with these countries, Japan should actively press ahead with regional cooperation in the area of preventive diplomacy and maritime security or other such fields where China shows resistance in order to strengthen the existing regional order. In this context, it is essential to adapt the operational rules of regional institutions based on the ASEAN way so that they can accumulate the actual results of regional security cooperation. More specifically, it may be necessary to not only change their decision-making rule from consensus to “consensus minus one” but also establish an enforcement mechanism that can ensure the proper implementation of agreement.



## **Session 2**

### **Rise of China and the Strategy of Neighboring Countries**

#### **“Taiwan’s Strategy toward China”**

Ming Lee, National Chengchi University



# Taiwan's Strategy toward China: Transition to Where?

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## I. Introduction

No one would be so naïve to deny that the People's Republic of China (PRC) is a rising power, or has been already a giant power given its colossal economic as well as political gravity so as to exert its influence at many corners of the world. In Mao Zedong's era, ranging from 1949 to 1976, China was "blank and poor," focusing much of its energy and resources in power struggle and mass political mobilization. In fact, Mao himself did not concern with the then PRC's economic poverty and backwardness. On the contrary, Mao would think China's being "blank and poor" had provided China a favorable environment cultivating the Chinese communist identity, resentment against the colonialists and imperialists, radical and firm political indoctrination, and continuing revolution. The appearance was never changed until Deng Xiaoping's adoption of pragmatic (mostly open and reform) policy.

The Republic of China on Taiwan (hereafter Taiwan) is an offshore island of China at the size of Maryland, was seen by Mao Zedong as the "renegade province" waited to be "liberalized" by the PRC. Mao would take it for granted that China can only proclaim a final victory, or a full accomplishment of communist revolution, when Taiwan embraced by Beijing. China's victory in the civil war of China came so fast that Mao would think China can wipe the National government (Koumintang) within days. According to the PRC experience, China would have conquered Taiwan if there had not had the American support and later the breakout of the Korean War. During the most of the Cold War era, Taiwan received the alliance umbrella offered by the United States. The situation was not shifted until Washington switched its diplomatic recognition from Taipei to Beijing in January 1979, exactly around the same year that Deng Xiaoping's reinstitution and China's opening its doors to the world.

Taiwan has been undaunted to the threat, or intimidation, from the PRC ever since its loss of the mainland in late 1940s. Taiwan lost its membership as the permanent member at the United Nations after two decades of competition with the PRC. Taiwan's international status further downgraded due to further loss of formal relations and withdrawal from the major international organizations. The PRC, in contrast, has enjoyed upper hand in its campaign vis-à-vis Taiwan in many arenas, with diplomatic leverage only one of many—without mentioning the PRC's military threat against the other side of the Taiwan Straits.

The divergent gap in terms of economic gravity, accompanied by military preparedness and international status, between the PRC and Taiwan has been further widened since the last a few decades. The strategic advantage further shifted to the PRC's side ever since the PRC converged

itself to the world track. The PRC continued to press Taiwan's government for dialogue and exert attraction for people-to-people interaction between the two sides. From the KMT's withdrawal from the mainland, Chiang Kai-shek and Chiang Ching-kuo adopted a stern policy of "Three-no's (i.e., no contact, no dialogue, no compromise)" regarding Taipei's mainland position.

In Lee Teng-hui's era, from 1988 to 2000, Taiwan's domestic politics experienced a sea change, during which Taiwan emerged the newly established pro-independence forces strongly proposing secession from the mainland. Lee, allied himself with the local-faction within the KMT and later the pro-independence forces, gradually shifted to the pro-independence camp. In 1999, Lee advocated the "special state-to-state relations" to describe the cross-Taiwan strait relations, inviting furious reactions from Beijing. According to Lee, Taiwan would have to strengthen its sovereignty and self-identity so as to better offset the aggressive unification campaign waged by Beijing.

The bilateral ties worsened in Chen Shui-bian's era, when Chen stayed in power for eight years from 2000 to 2008. Chen's election as the Taiwan president witnessed the first ever political transformation from the ruling party to the opposition. Being a supporter of Taiwanese independence, and head of the pro-independence Democratic Progressive Party (DPP), his presidency paved a strenuous road to the future PRC-Taiwan relations. Chen's backbone of the bilateral relations had been the "one country, one side" urging for "two-state relations," an even more outspoken demand than that of Lee Teng-hui. The bilateral relations between the Taiwan Strait reached a nadir when Chen was in power. The adverse situation was never rectified until Ma Ying-jeou, representing the KMT, inaugurated in May 2008.

Judging from the above-mentioned development of the cross-Taiwan Strait relations, one can infer that this experience has been very unique, starting with animosity, belligerence, and instability in most of their interactions. The last several years since President Ma took power, the bilateral ties between the Taiwan Strait has been accelerated, strengthened, and also substantially improved. This paper thus tries to figure out the transition from cross-Taiwan Strait animosity to conciliation, if not overt amicability, and the under which the mentality of Ma's government to pursue for, and Taiwan's strategy for national survival, and its possible direction in the years to come. This paper not only tries to sort out facts from the Taiwan side, but to gauge the PRC's Taiwan policy as well as its tactics. Also, one shall bear in mind that the United States still plays as a pivotal role decisive to the future interaction between Taiwan and the PRC. Therefore, when talks about the international factor influencing the cross strait relations, Washington's position shall never be overlooked.

## **II. Cross-Strait Relations in Transition**

Chen Shui-bian's being elected as the new Taiwanese president in March 2000 was the first time ever that an opposition party, DPP, just established in 1986, would possibly win the presidency. The DPP's victory was also unprecedented that a peaceful power transition first arrived in Taiwan since the island began its political democratization in 1987. Because there were power struggle

and finally split within the KMT (Lien Chan and James Soong, both belonged to the pan-blue camp, insisted running for the presidency), Chen won the presidency by a narrow margin and then he was again frustrated by the KMT-controlled parliament, bad shape of Taiwan's economy, along with Beijing's distrust of the newly-built DPP government and the PRC's continuous blockade against Taiwan's bid for international organization membership. Chen began to adopt adventure policy dealing with Beijing's diplomatic campaign as well as cross-Strait policy as he thought to be an appropriate way to wage countermeasures. In August 2002, Chen put forward his "one state on each side (of the Taiwan Straits," alarming Beijing that Chen was crawling along the road toward Taiwan independence.

During his campaign for the 2004 presidency, Chen again insisted the "defensive referendum" be simultaneously launched with the same ballot. The "defensive referendum" as seen as another plot to wide the cleavage between the blue and green camps, and also a signal to tarnish, or demonize, the PRC, since Chen was sure that Beijing would be strongly opposed to it. Even the Bush administration sent envoys to Taipei trying to dissuade Chen from doing so, but failed. Both the PRC and the United States were thus furious about Chen's provocations.<sup>1</sup>

Chen's drive for referendum, as correctly suggested by analysis in one of the United States think tanks, but experts worry that he uses the results—combined with a re-election victory—as a mandate to promote other proposals, including perhaps a referendum in 2006 to approve a new constitution. Under Taiwan's current constitution, any amendments must be approved by the legislature, Chen instead would seeks to change this process so that a new constitution (unilaterally redefines Taiwan as a sovereign state, which is a blunt challenge to Beijing) could be approved simply by a public referendum. This idea of allowing Taiwan's citizens to potentially vote on independence made China anxious. Bush was angered so as to call Chen a "trouble maker."

After Chen was reelected, China made a firm but also provocative announcement on May 17, i.e., three days before Chen's second term inauguration, telling Chen to drop his drive for independence or be "consumed in his own flames." China described its ties with Taiwan as "severely tested" and laid out two alternatives. Taiwan's leaders, says in the announcement, "have before them two roads: one is to pull back immediately from their dangerous lurch toward independence, recognizing that both sides of the Taiwan Strait belong to one and the same China," said the statement issued by the Taiwan Affairs Office of China's State Council, or cabinet. "The other is to keep following their separatist agenda to cut Taiwan off from the rest of China and, in the end, meet their own destruction."<sup>2</sup> Although Beijing also offered economic and diplomatic benefits if

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<sup>1</sup> The referendum, introduced by Chen Shui-bian, asked the following questions: (1) Should Taiwan increase its defense budget if China refuses to remove the 496 missiles if currently has pointed at Taiwan? (2) Should Taipei engage in dialogue with Beijing to establish a peace and security framework? Chen argues that the approval of the referendum questions will deepen democracy in Taiwan. See Esther Pan, "Taiwan: Presidential Election," *Backgrounder*, Council on Foreign Relations, March 18, 2004. <http://www.cfr.org/taiwan-presidential-election>

<sup>2</sup> "China Warns Taiwan to Drop Independence Move," *New York Time*, May 17, 2004. <http://www.nytimes.com/2004/05/17/international/asia/17chin.html>

Chen embraced the “one China” principle under which China claims sovereignty over Taiwan and also it might seek to build “mechanism of trust” to reduce military tensions if Chen cooperates, it did not get affirmative response from Taiwan.

In March 2005, China adopted the “Anti-Secession Law” in the Third Session of the Tenth National People’s Congress, adding fuel into the already turmoil of the cross-strait environment. Article 1 of the law reads: “(this law), in accordance with the (PRC’s) Constitution, for the purpose of opposing and checking Taiwan’s secession from China by secessionists in the name of ‘Taiwan independence,’ promoting peaceful national reunification, maintaining peace and stability in the Taiwan Straits, preserving China’s sovereignty and territorial integrity, and safeguarding the fundamental interests of the Chinese nation.” Article 6 offers some measures to promote the cross-strait relations, but Article 7 calls for dialogues on: officially ending the state of hostility between the two sides, mapping out the development of cross-strait relations, steps and arrangements for peaceful national reunification, political status of the Taiwan authorities, Taiwan region’s room of international operation that is compatible with its status, and other matters concerning the achievement of peaceful national unification.

The most striking effect caused will be in Article 8, in which reads “In the event that the ‘Taiwan independence’ secessionist forces should act under any name or by any means to cause the fact of Taiwan’s secession from China, or that major incidents entailing Taiwan’s secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China’s sovereignty and territorial integrity.” Given the firm commitments of using forces if Taiwan is to declare independence, one would notice that the Secession Law also provides China itself a clear-cut course to deploy the military maneuvers. In other words, the Secession Law has been binding to both Taiwan and the PRC. Whatsoever the PRC depicts in the Secession Law, it is a further detrimental factor to their fragile bilateral ties.

Under strong protest from the pro-DPP politicians, Lien Chan, the honorary chairman of the KMT, visited the PRC and met Hu Jintao soon after the Law’s ratification. Lien identified his trip to the mainland as a “Peace Journey (*heping Zhilu*),” through which, he claimed, Taiwan could solicit a peaceful bilateral relations. Lien’s trip to Beijing and his meeting with Hu earmarked a historic occasion that the CCP and the KMT paramount leaders met after more than half-century’s animosity. They signed a five-point agreement on April 29, which was believed to help alleviate the then tense cross-strait relations and avoid the possible misperception or miscalculation between Beijing and Taipei.<sup>3</sup> James Soong, Chairman of the People First Party (PFP), also visited Beijing and met with Hu Jintao on May 5, 2005. The journey made by Lien and Soong witnessed their disagreeing with Chen’s China policy based on provocation and pro-independence. Lien

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<sup>3</sup> The five-point agreements were: (1) On the premise of acknowledging the 1992 Consensus, encourage the reopening of talks across the strait; (2) Encourage an end to hostilities, and establish peace; (3) Encourage cooperation in economic exchange and crime fighting, push for two-way direct flights across the strait, three links, and agricultural exchange; (4) Encourage talks regarding increasing Taiwan’s international role, and (5) Establish a platform of communication between the two parties.

and Soong, both were the then opposition leaders, took totally different China policy vis-à-vis that of the incumbent president Chen, showing a sharp demarcation between them.<sup>4</sup>

Ma Ying-jeou, a Harvard-educated Ph.D. on international law, won the presidential election in March 2008. Ma was once the Deputy Minister of the Mainland Affairs Council before the KMT's loss the presidential election to the DPP in 2000. Ma has been in a better position in dealing with a rising China more effectively, in addition to his willingness to seek for more stabilized relations with the mainland. In his inauguration address speech on 20 May 2008, Ma promised to lead into a new era of development and renovation. Ma's address, under the title of "Taiwan's Renaissance," outlined the goals of his presidency, which included revitalizing the economy, restoring the moral values of society and achieving a win-win situation in cross-strait relations. Ma called for the need to open dialogues with China based on the 1992 Consensus. Ma also stressed Taiwan's responsibility to be a responsible member of the global village. Ma emphasized, "Dignity, autonomy, pragmatism and flexibility should be Taiwan's guiding principles in developing external relations." He also proposed that "the two sides of the Taiwan Strait can seize (this) historic opportunity to achieve peace and co-prosperity." Under the principle of "no unification, no independence, and no use of force," he said, "We will maintain the status quo in the Taiwan Strait." Ma's stance in maintaining the "status quo," different from that of Chen Shui-bian, offers Ma an advantage in dealing with the PRC. The PRC, apparently not pleased by Ma's "no unification" position, may find it trustworthy about Ma's adherence of "no independence." Ma cited, with agreement, Hu Jintao's call for "building mutual trust, shelving controversies, finding commonalities despite differences, and creating together a win-win solution across the Taiwan Strait." He finally called for the two sides to "pursue reconciliation and truce in both cross-strait and international areas."<sup>5</sup> Ma's address, filled with willingness to reconcile with China as well as the encouragement and invitation to China for a positive response, can be seen as delivering an unprecedented olive branch to China. Ma's move was unimaginable for his predecessors, especially Lee Teng-hui and Chen Shui-bian, they had assumed the Taiwanese national leaders for the past twenty years.<sup>6</sup> The inception of Ma's administration has thus been far apart from the China policies of its previous governments.

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<sup>4</sup> The 1992 "One-China Consensus," which adhered by the pan-blue camps, including the KMT and the PFP, is that both sides of the Taiwan straits recognize "one China," while both have different interpretations about it. The DPP denies that there has been such an agreement, but even the PRC is currently eager to push for such a consensus.

<sup>5</sup> "Taiwan's Renaissance," Full text of President Ma's inauguration address, The China Post (Taipei), 21 May 2008, <http://www.chinapost.com.tw/taiwan/national/national-news/2008/05/21/157332/Full-text.htm/>.

<sup>6</sup> Ming Lee, "Cross-Taiwan Straits Relations and Ma Ying-jeou's Policy of Diplomatic Truce," in Kevin C. Cai, ed., *Cross-Taiwan Straits Relations since 1979: Policy adjustment and Institutional Change Across the Straits* (Singapore: World Scientific Publishing Co. Pte. Ltd., 2011), p. 197.

### III. A Strategy without Consensus

Early in November 2005, both Chen Shui-bian and his wife Wu Shu-chen were convicted by the Taipei District Court as guilty in corruption and money laundry. Although Chen himself, according to the ROC Constitution, was exempted from trials due to his being the president, street protests against Chen and his administration followed vigorously. It showed that the Chen's administration had lost the trust and confidence of its own people. Even larger scale of street demonstration happened in September 15 and October 10 (National Day of the ROC), more than a million citizens participated in, which were almost uncontrolled by the Chen's authorities. Feeling totally isolated, Chen decided to go further to the stance of pro-independence and thought the green fundamentalist (die-hard faction who strongly supports "Taiwan independence") would be the sole force that Chen could possibly count on. 4 March 2007, Chen delivered a speech on the 25<sup>th</sup> anniversary of the Formosa Association for Public Affairs (FAPA, a longtime pro-Taiwan independence organization in the United States), declaring his new concept of "four yeses (wants) and one no," included "want independence, want rectification of Taiwan's name, want a new constitution, want development, and there is no disparity between right and left, but between unification and independence."<sup>7</sup> Compared with his inauguration address in May 2000, Chen's new statement was a complete reversal of his mainland policy.<sup>8</sup> Chen's tactics were originally set up to solidify his support by tilting to the far pro-independence fundamentalists, Chen's move further aroused the political confusion, social cleavage in Taiwan, and distrust in the international community, needless to mention the worry and resentment from Beijing.

Ma Ying-jeou won the presidential election by 7.65 million ballots, with a huge margin of 5.44 million to his rival Mr. Frank Hsieh, who represented the DPP as the presidential candidate March 2008 election. Ma's victory could be attributed to the bad shape of economy, corruption of the first family and other high-ranking officials, but one of the crucial reasons went to the relapsing mainland policy, subsequently the adverse cross-strait relations, and the growing concern to stabilize the bilateral ties. After launching thirty years' reform and open door economic policy, China has become one of the most vigorous economies in the world. China's annual economic growth rate exceeded more than 9 percent, the per capita gross domestic product (GDP) rose tremendously. Share of the international trade in the PRC's gross national product (GNP) has also grown, making the PRC one of the most active trading partners of most economies. The PRC's comprehensive national power has also increased to an extent that China began to play as a proactive regional, sometimes a global, power exerting its great influence. For the years from 2000 to

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<sup>7</sup> Mainland Affairs Council, "Chronology of Cross-Strait Relations," <http://www.mac.gov.tw/ct.asp?xItem=64705&ctNode=6501&mp=1/>.

<sup>8</sup> Chen Shui-bian promised in his first term presidential inauguration that his mainland policy will be based on "four nots and one no," i.e., during his administration he would not declare the independence of Taiwan, not promote the inclusion of so-called state-to-state relations into the constitution, not endorse a referendum on independence or unification, and not change Taiwan's formal name, and that he had no intention to abolish the Guidelines for National Unification or the National Unification Council. Chen's proclamation helped him obtain a fairly impressive approval rating during his early days as the president.

2008, when the DDP was the ruling party, Taiwan adopted a rigid and antagonistic mainland policy, even in economic relations vis-à-vis China. The DPP government had adopted a rather conservative economic policy that artificially preventing the ongoing pour of Taiwanese businessmen or capital into the mainland. Compared with the other Asian neighbors' proactive economic cooperation with China, Taiwan's retrenching policy only served to marginalize Taiwan. Taiwan had lost its competitiveness vis-à-vis its Asian neighbors in its road participating into the PRC's economic buildup. This had been one of the key attributions resulting in Taiwan's economic stagnation during Chen's administration.

Unlike the DDP, Ma's government stresses the importance of stable relations with the China as the essential strategy for continuing economic growth and the key to win competitiveness in the trend of globalization. A stable and peaceful cross-strait relations would not only provide better external environment for Taiwan's economic development, but help Taiwanese business feel easier to enter the mainland market and attract more overseas investment due to a safer Taiwan and predictability of government's mainland policy. A newly constructed China policy thus has emerged.

Economically, the KMT was eager to establish direct air links across the Taiwan Straits, making people-to-people contacts and business activities more cost-efficient. Under the continuous efforts of both sides of Taiwan Straits, there have been more than twenty cities on the mainland are now having direct flights connecting them with Taipei or Kaohsiung (one of the major metropolitan city of Taiwan) for almost 600 flights per week. Acknowledging that the economic cooperation framework of the "ASEAN plus One" would be effective from 2010, Ma's government was also earnest in signing with the PRC a series of economic as well as relevant agreements, with Economic Cooperation Framework Agreement (ECFA) one among them.

It is undoubtedly a truism that China would add political consideration into any interaction with Taiwan. There was no exception when China dealt with Taiwan regarding the signature of the ECFA. What China wanted was three-folded: (1) to woo the Taiwanese people and government by offering economic benefit to Taiwan, which will be helpful to pave ways for eventual unification; (2) to absorb Taiwan further into the orbit of China's economic development, since the more Taiwan's economy is dependent on China, the more possibility that China wields political influence; (3) to win the international image that China is a rational and friendly economic partner, even dealing with a long-lasting foe like Taiwan. Ma Ying-jeou and his government of course well perceive the PRC's mentality, under which Beijing showed its conciliation to Taipei. Taking the ECFA for example, Ma tends to use it as a token of better economic integration with the PRC. Ma's sincerity would in return invite Beijing's concession importing more Taiwanese agricultural products and commodities that Taiwan possesses comparative advantage.

The ECFA was finally signed on June 29, 2010. The deal has earmarked a milestone based on which both sides of the Taiwan Straits reached a normalized and conciliatory economic relations. The content of the ECFA was subject to negotiations between the two sides. Considering Taiwan's domestic needs, as well as the model provided by the ASEAN-China Framework Agreement on Comprehensive Economic Cooperation, the ECFA includes:

- (1) Preamble: illustrates the guiding principles of the ECFA and the long-term vision of the two sides for promoting the institutionalization of economic cooperation;
- (2) Chapter I (General Provisions): outlines the goals of the agreements and the range of measures for economic cooperation and trade liberalization;
- (3) Chapter II (Trade and Investment Liberalization): sets out the range and timetable for future negotiations over agreements on trade and in goods and services, investment and so forth;
- (4) Chapter III (Economic Cooperation): a major component of the agreement, the scope of which includes industrial cooperation, customs cooperation, trade facilitation, good inspection, import licensing and food safety;
- (5) Chapter IV (Early Harvest): another major component of the agreement, which identifies items and services eligible for early tariff reductions and early market access;
- (6) Chapter V (Miscellaneous): includes supporting measures regarding food safety control measures, a mechanism for dispute settlement, the executive body, amendments, date of entry into force, a termination clause and so forth.

The ECFA does not follow the model of agreements signed by China with Hong Kong and Macau. ECFA negotiations are being concluded in compliance with the WTO principles and take into full consideration the distinct characteristics of cross-strait relations. As with other agreements concluded between the two sides, the ECFA only deals with cross-strait economic cooperation but does not touch upon sovereignty or political issues. In addition, it is a consensus between the two sides that Taiwan does not open up Taiwan's market any further to agricultural products from China, nor does it allow Chinese workers into Taiwan. The guiding principles for the operation of the ECFA are Taiwan's national needs, public support, and legislative oversight.

The main objectives for Taiwan to reach signing of the ECFA are as follows: (1) to promote the normalization of cross-strait economic and trade relations: Although both sides of the Taiwan Straits are currently members of the WTO, many restrictions in cross-strait trade and commerce remain; (2) to avoid Taiwan being marginalized by regional economic integration. The global trend of regional economic integration has led to the signing of approximately 247 free trade agreements (FTAs) in the world so far. Given that signatories provide tariff exemptions on a reciprocal basis, failing to sign FTAs with key trading partners puts Taiwan at risk of being marginalized and losing its competitiveness in major markets. Signing agreements with China, Taiwan's main export market, will help Taiwan participate into regional economic integration and mitigate the risk of economic marginalization; (3) to enhance Taiwan's position as a platform for regional investment. Signing trade agreements (arrangements) with China will offer incentives for transnational enterprises to use Taiwan as a trade and investment springboard to the East Asian market, which helps Taiwan to better integrate into the global trading system.

With regard to the benefits caused by signing the ECFA, observers have agreed that the Taiwan side is capable of gaining as follows: (1) to improve macroeconomic scale. The simulations conducted by the Chung-Hua Institute for Economic Research using the Global Trade Analysis Project show that Taiwan's trading environment and society will benefit significantly from the ECFA. For instance, the ECFA should boost economic growth by between 1.65% and 1.72%, and

create between 257,000 and 263,000 jobs; (2) to strengthen Taiwan's international position, i.e., to enter China's market before trade competitors; to attract foreign direct investment and foster Taiwan's economic restructuring; to become a priority cooperation partner and a gateway for foreign businesses seeking to enter and invest in China; and to encourage Taiwanese enterprises in China to expand their purchases from Taiwan, thereby enhancing the competitiveness of local industries and keeping Taiwan in the manufacturing supply chain.

The DPP, in contrast, has been skeptical about the PRC's sincerity regarding the ECFA. The opposition party often criticizes the Ma Administration's being "soft" and "careless" when encounters with the PRC's plausibly smiling face. The DPP again charges the KMT of "selling out" Taiwan (means that the KMT is the "traitor"), for China has always been Taiwan's enemy. The DPP's charge nonetheless invites Ma's rebuke that he is "selling out Taiwan's fruits and other agricultural products" to China. The DPP tries to remind that the PRC is not trustworthy, in return Ma stresses that the mutual trust be the foundation of stable relations on the one hand, and that his government would make "*Taiwan diyi, dweirenmin youli* (Taiwan first, to people's benefit)" as the guidelines of mainland policy.

Under the conciliatory atmosphere, Taipei and Beijing have already signed 15 agreements, including the ECFA for the last three and half years since Ma took office. Most of the agreements signed by the two sides are function-or-issue related; none of these touched upon the sovereignty or political issues. This especially reflected compromise and patience of the both sides.<sup>9</sup>

In his inauguration address on May 20, 2008, Ma proclaimed his backbone of strategic thought vis-à-vis the mainland China. He focused especially on "peace and co-prosperity" in building up a new cross-Strait interactions when he says he hopes that the two sides "can seize this historic opportunity to achieve peace and prosperity." He stressed, "under the principle of 'no unification, no independence and no use of force, we will maintain the status quo in the Taiwan Strait.'" He also mentions that the status quo has been based on the Taiwan's mainstream public opinion and the framework of the Taiwan's constitution, which uphold fully uphold his proposal after his being elected as the president. Ma continues to stress the necessity of bilateral negotiations based on his adherence of the 1992 "one China, respective interpretations" consensus. He calls for the two sides to consider cooperation on the further consensus of "face reality, pioneer a new future, shelve controversies and pursue a win-win solution" stroke by Hu Jintao and Vincent Siew (the then KMT candidate for vice-president) in the Boao Forum on 12 April 2008. Ma especially emphasizes that it is imperative to reach normalization and cultural relations as the first step to such a win-win solution, which has been believed to be reason of the early accomplishment of the ECFA.

Ma also shows his willingness in broadening Taiwan's participation into the international community via conciliation with Beijing when he says: "We will enter consultations with mainland China over Taiwan's international space and a possible cross-Strait peace accord." His reason is that "Only when Taiwan is no longer being isolated in the international arena can cross-strait rela-

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<sup>9</sup> For the negotiated agreements between Taiwan and the PRC please find the appendix: "Table 1."

tions move forward with confidence.” Ma says that Hu Jintao’s position, made public on 29 April 2008, of “building mutual trust, shelving controversies, finding commonalities despite differences, and creating together a win-win solution across the Taiwan Strait” is in line with Ma’s proposals. Ma finally calls upon the two sides to pursue reconciliation truce in both cross-strait and international arenas.<sup>10</sup>

Unlike the DPP’s applying for the United Nation’s membership, which has been regarded by the PRC as provocative, Ma’s government does not take the United Nations as its target of priority. Ma, instead, stresses Taiwan’s “meaningful participation” in the issue-and-function oriented international organizations as the most imperative. Ma shows his patience and self-restraint in competing with the PRC on U.N. membership and winning for more international recognition. Ma’s “diplomatic truce” calls for Taiwan freeze its efforts in building more diplomatic ties at the PRC’s cost to win reciprocation from Beijing. For the last several decades, Taiwan has been isolated, by the blockade of China, from the international community. Former presidents Lee Teng-hui and Chen Shui-bian’s bid for membership of the U.N. and other international organizations would only invited Beijing’s relentless opposition, blockade and cause consecutive failures. In diplomatic arena, since Ma took over power, there emerged unprecedented development of reconciliation hereafter. There is no further throat-cutting diplomatic warfare happens since then, although occasionally Taiwan is still unhappy about Beijing’s under-table boycott against Taiwan’s statehood participating international community. Taiwan’s successful participation into the World Health Assembly (WHA), annual meeting of the World Health Organization (WHO) since 2009 would also be historic. It is widely believed that Beijing’s consent regarding Taiwan’s joining in the WHA is a pivotal factor and another milestone for the improving bilateral relations. Under the Ma’s administration, severe diplomatic confrontation with Beijing has been effectively avoided. The outcomes have been that the number of states recognizing the Republic of China (Taiwan) as sovereign state does not detract any more, neither does it increase (static at 23 countries). Ma himself released that Beijing had tactically declined some of Latin American countries’ appeal of switching diplomatic recognition from Taipei to Beijing, which showed Beijing’s comply with Taipei’s policy of “diplomatic truce.” It is totally unthinkable in Taiwan’s previous administrations. Neither is it possible if without Beijing’s goodwill or conciliation.

As of the issue of national security, Ma and his government have been alter to increasing military expenditure of the PRC and the threat to Taiwan. The PRC’s military capability has been obviously growing, although China may still keep a low profile and also stressing the necessity to resort to peaceful means in resolving international conflicts. To Taiwan, the PRC’s military capabilities have reached to the point that should not be overlooked. “In recent years,” according to the Taiwan’s National Defense Report this year, “the People’s Liberation Army (PLA) has attached importance to ‘counter-terrorism, crisis response, disaster relief and international peacekeeping’ to strengthen its capabilities for ‘military operations other than war.’” Through the powerful muscle,

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<sup>10</sup> Ma Ying-jeou’s inauguration address on May 20, 2008 can be retrieved on University of Southern California US-China Institute on <http://www.china.usc.edu/ShowArticle.aspx?articleID=1050>

the PRC not only hopes to become a regional military power, but also plans to bring its military in-line with advanced countries. Furthermore, besides actively establishing contingency response capabilities against Taiwan, the PRC is “picking up the pace of ‘mechanization’ and ‘information’ developments, and developing an integrated training mode for joint operations under conditions of information.”<sup>11</sup>

Taiwan also shows its carefulness in evaluating the general strategic challenges it encounters. The Defense Report continues to indicate, “Cross-strait relations have gradually relaxed since 2008, during which both sides signed the three major links, tourism and financial cooperation agreements. The ECFA also signed on June 29, 2010.” It is however that “the PRC’s threat to Taiwan remains unabated, and it is strengthening its military readiness for possible contingencies that might arise in the Taiwan Strait, hoping to rapidly convert its defense forces into offensive forces targeting Taiwan.” The report infers that “the PRC will take even tougher actions towards changes in the Taiwan Strait.”<sup>12</sup> Two more information presented in the report is even more alarming to the Taiwan side, i.e., the PRC’s continuing increase of defense budget and the comparison of military strength on both sides. Regarding China’s defense budget, excepting the year of 2010 (the growth rate against that of 2009 was 7.75%), the average growth rates from 2000 to 2011 were all double-digit. The high-tide was in 2006, given that year’s of defense growth rate reached 20.40% from 2005. For defense budget in 2010 only, total expenditure reaches 601.1 billion *Renminbi* (RMB) (US\$ 91.5 billion) at 12.70% as annual growth rate, and 6% of the PRC’s overall expenditure. Another alarming message has been the striking gap of military preparedness between the two sides. Of the total military force, Taiwan has only 270,000 men, while China has over 2,300,000. Of the battleships, Taiwan has about 190, but China has about 930. Of air fighters, Taiwan has about 420, while China possesses about 3,400 items of airplanes. The sharp like this undoubtedly will be the impulse for Taiwan to procure at least more technically more advanced air fighters, although may not prove to be successful. Taiwan does not have strategically significant number of missiles, while China has 180 strategic missiles, over 1,400 tactical missiles, and 450-500 nuclear warheads.<sup>13</sup> The most threatening feature is that, given this striking comparison, China has not yet renounced its use of force dealing with Taiwan issue.

In his taking part in a videoconference with the Center for Strategic and International Studies (CSIS), Ma Ying-jeou elaborated his talks about “Building National Security for the Republic of China (Taiwan)” on May, 2011. Ma firstly reminds audience that the cross-strait rapprochement began three years ago continues to bear fruit and increase regional peace and stability. He reiterated this stance on the “three-no” policy of “no unification, no independence, and no use of force under the ROC Constitution.” He believes that this guideline has changed the fundamental structure of, and created a “virtuous cycle’ for, cross-strait relations. He also mentions his adoption of the “1992 Consensus” as the cornerstone for the cross-strait negotiations, and that his deci-

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<sup>11</sup> ROC Ministry of Defense, *National Defense Report, 2011* (Taipei: Ministry of Defense, 2011), p. 69.

<sup>12</sup> ROC Ministry of Defense, *op. cit.*, p. 77.

<sup>13</sup> ROC Ministry of Defense, *op. cit.*, p. 82.

sion has proven crucial to paving the way forward. And it was under this consensus that the six rounds of the Chiang-Chen (cross-strait) talks were able to take place, and the two sides were able to achieve so many practical, indeed incredible, breakthroughs. According to Ma, Taiwan's first line of defense will be "institutionalizing the cross-strait rapprochement," which will help to "reduce the possibility of miscalculation but, more importantly, to increase the cost of reversing this trend."<sup>14</sup> The second line of Taiwan's defense is "enhancing Taiwan's contribution to international development," which "aims to give Taiwan a higher moral ground in international politics. The third line of Taiwan's defense is "aligning Taiwan's defense with diplomacy," when Taiwan gives international community Taiwan's commitment to being a responsible stakeholder, at the meantime, Ma says he would continue to urge the United States to provide Taiwan with necessary defensive weaponry.<sup>15</sup> Ma Ying-jeou's talks again shows his firm intention in stabilizing, and institutionalizing, the cross-strait relations for a win-win situation, but enlarging Taiwan's international space by active participation, and stressing the necessity of soliciting military procurement from Washington for the possible intimidation from the PRC.

Ma's China policy, however, has been severely suspected and criticized by the opposition Democratic Progressive Party (DPP) in criticizing Ma's "overtly tilting to the PRC" and "selling out Taiwan at Ma's disposal." Ma's adherence to the "1992 Consensus" with China is consecutively attacked by the DPP as a "groundlessly empty-talks." The DPP would take Ma's China policy as soft, futile stance causing non-profitable and detrimental effect to Taiwan's sovereignty. The DPP lawmakers specifically attack Ma in the parliament accusing him that the KMT government has put Taiwan in a vulnerable situation confronting the peaceful campaigns waged by Beijing. The opposition party's being nervous is not totally groundless, given the trade dependence rate has been growing especially since the augmenting interactions between Taiwan and China, making the oppositions worry about Taiwan's vulnerability under China's tactics of "economic absorption." The increasing bilateral trade volume, after several years of fast jump, Taiwan's trade with China has much more significant that not only China has been Taiwan's largest trading partner, but the bilateral trade volume occupies as bigger share of Taiwan's total foreign trade (TTT).<sup>16</sup> The ratio of bilateral trade vis-à-vis the TTT has been rising from 10.67% of 2000 to 22.97% of 2010, i.e., double of the previous percentage. This tendency, to the pro-DPP people, will be extremely alarming. The fact is that, however, the rise of the share has been incremental ever since late 1980s, when Chiang Ching-kuo lifted the ban of cross-strait economic ties. Even during the DPP's staying in power, the growth rate of the share so conspicuous that the ratio was from 10.67% of 2000 to 21.24% of 2008.

The *Liberty Times*, one of the leading pro-independence Taiwanese newspapers, crowns Ma

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<sup>14</sup> Ma Ying-jeou, "Building National Security for the Republic of China" (Speech by President Ma Ying-jeou, Republic of China (Taiwan), Video Conference with Center for Strategic & International Studies, Washington, D.C., May 12, 2011. See website of the Office of President of the Republic of China (Taiwan), <http://english.president.gov.tw>

<sup>15</sup> *Ibid.*

<sup>16</sup> The bilateral trade volumes on annual base and the share of cross-strait in Taiwan's total foreign trade, see the Appendices: Table 2 and Table 3.

Ying-jeou as a “Trojan horse” on Ma’s third anniversary of his inauguration as president. The editorial fiercely criticizes Ma, has been “doing everything he could to push eventual unification, and downgrading Taiwan’s military and cozying to Beijing.” The editorial continues to say, “Ma launched direct cross-strait weekend flights, opened Taiwan to Chinese tourists, eased restrictions on investment in China and approved measures to allow Chinese investors to buy stocks in Taiwan.” And finally the editorial attacked Ma that he “has almost nailed closed the coffin on Taiwanese sovereignty” and “there is nothing to celebrate (for Ma’s third year’s anniversary), except in China.”<sup>17</sup>

The updated DPP’s “National Security Strategy” just announced in August 2011 further elaborates its own basic guideline in cross-strait relations. The document accuses Ma of “marginalizing Taiwan’s security and development by making Taiwan as a ‘dependent variable’ in China’s uncertain development.” The DPP views the bilateral ties between Taiwan and China is in an “unstable situation of strategic stalemate.” The DPP thus believes that, in order to safeguard peace and stability in the region, the two sides must seek to change the situation of strategic stalemate by “going beyond historical constraints and using a strategic approach that allows for mutual benefit” in a way that is “peaceful yet different (*Heer Butong*)” and “peaceful while seeking commonality (*Hezhong qioutong*).”<sup>18</sup> The DPP, however, does not elaborate how the DPP could bring about peace if there is no consensus between two sides of the Taiwan Strait.

Tsai Ing-wen, the DPP’s female politician running for the next Taiwanese president, proposes what she calls for “Taiwan Consensus” to replace the “1992 Consensus.” However, Tsai is unable to clearly elaborate the essence of the “Taiwan Consensus” or how to accomplish it. To the KMT, definition of the “Taiwan Consensus” has been so vague so that it is so similar to the “One country for one side” proposed by former President Chen Shui-bian and that the “Taiwan Consensus” would do no good to the stability of the Taiwan Strait or security of Taiwan. Judging from the KMT-DPP’s bipartisan power struggle and lacking of consensus between them it is well-expected that it is extremely difficult to reach a “Taiwan Consensus” among the Taiwanese politicians under these circumstances.

#### **IV. Taiwan As the “Core Interest” of China**

During the 1970s, China has put the reunification with Taiwan, along with policy of anti-hegemonism (read as anti-Soviet Union), four modernizations, as one of Beijing’s three major tasks for China. Then the Beijing regime, after successfully negotiated the issue of Hong Kong’s returning to China in 1984, China began to offer Taipei the “One Country, two Systems” model adopted by the case of Hong Kong, i.e., a status quo solution of Hong Kong in that Hong Kong persists its already existing capitalist society while Chinese mainland adheres its socialist society.

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<sup>17</sup> “Editorial: Nothing to Celebrate, except in China,” *Liberty Times* (Taipei), may 20, 2011.

<sup>18</sup> Democratic Progressive Party, *National Security Strategy*, August 2011, See DPP’s website at <http://dpptaiwan.blogspot.com>

Beijing, in other words, would adopt the same idea in the solution of the “Taiwan issue.” China has kept the identical offer in “attracting” Taiwan while kept immense military buildup as a tool of pressure for early reunification.

Ma Ying-jeou’s “no unification, no independence, and no use of force” has been a clear-cut answer to China’s offer. Ma uses lots of opportunities in reiterating his determination. Ma understands that his government has been built on his promise of not echoing China’s overtures, no matter how attractive they are, at the expense of the trust of the Taiwanese compatriots or their benefits. According to the public opinion of Taiwan, in addition, it shows that very few citizens prefer to be absorbed into the PRC. About three quarters of the Taiwanese would prefer to keep the status quo, i.e., no unification with China and no independence, when they reply to the inquiries. In fact, Ma’s policy of the “Three No’s” has been one of the most acceptable commonalities that accurately reflective to Taiwan’s public opinion. Ma understands this quite well and thinks this is going to be the hub for supporting his power base. Ma will thus be very careful regarding to the PRC’s consecutive offers for “political negotiation.”

On the eve of 2009, Hu Jintao delivered a speech commemorating the 30<sup>th</sup> anniversary of the “Message to Compatriots in Taiwan,” which was first issued by the Standing Committee fo the National People’s Congress (NPC) on January 1, 1979, which marked the PRC’s abandonment of its pledge for the “armed liberation (*wuli jiefang*)” of Taiwan to the island’s “peaceful liberation (*heping jiefang*).” The “six-points” offer outlined in Hu’s speech are: (1) firm adherence to the “one China” principle; (2) strengthening commercial ties, including negotiating an economic cooperation agreement; (3) promoting personnel exchanges; (4) stressing common cultural links between the two sides; (5) allowing Taiwan’s “reasonable” participation in global organizations, and (6) negotiating a peace agreement.<sup>19</sup> Hu’s “six-points” speech would serve as the “guiding blueprint” fort the future “peaceful development (*heping fazhan*)” of the cross-strait relations. In addition, Hu’s message demonstrates the determination of his administration’s pursuit for a full normalization of relations across the Taiwan Strait. Without barring sensitive political and military issues, the objective of Hu’s “six-points” is to bring an end to cross-strait hostility and the so-called “state of civil war (*neizhan zhuangtai*).”<sup>20</sup> Hu’s speech represents the first public attempt by the current Chinese administration to directly appeal to the DPP that Beijing has refused to deal with while it was in power from 2000 to 2008. Hu called on the DPP to accept the “One China” principle and “change” its pro-independence stance, but was quickly rejected to DPP’s Chairwoman Tsai Yingwen. Tsai said that “Hu’s demand that a political party must first abandon its main principles as a precondition for interaction is not in accord with democratic principles.”<sup>21</sup>

Ma’s reciprocal statement was offered when he gave a speech at his first anniversary after presidential inauguration. Ma stressed that he will not exclude the possibility of negotiating with the

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<sup>19</sup> See Hu Jintao’s full context of speech, *Strait Times*, January 2, 2009.

<sup>20</sup> See Yu Keli’s comments on Hu Jintao’s speech. *China Times*, January 2, 2009. Yu is the director of the Institute of Taiwan Studies at the Chinese Academy of Social Science (CASS), a leading expert on Taiwan affairs in China’s government think-tanks and academic institutions.

<sup>21</sup> *Taiwan News*, January 1, 2009.

PRC on political issues like peace accord or confidence-building measures.” Ma again expressed his proposition during the press conference commemorating the two-year anniversary of his inauguration that he identifies the cross-strait relations as the process protecting Taiwan via peaceful efforts. Taiwan’s mainland policy, according to Ma, should not be too speedy. He does not exclude the possibility of meeting with the leader of the PRC or signing peace accord with Beijing, but there is no such a plan or any timetable. Neither does Ma find it timely or mature to reach consultation with Beijing regarding these. On October 19, 2010, Ma stressed the principles that “there are still many things should be done regarding the cross-Taiwan strait, but “we have to put economy before politics, put easier issues before the difficult ones, and put the more haste before others.”

Recently China released its latest national defense White Paper on March 31, 2011. This document, entitled *China’s National Defense in 2010*, is the seventh that the PRC has released since 1998 when the PRC began to publish the biannual defense White Paper. The White Paper offers an overview of the PRC’s assessments of China’s security situation, also it touch upon its perceptions and military policy regarding the cross-strait relations. In the White Paper, the PRC praises that “significant and positive progress has been achieved in cross-strait relations,” and that “The peaceful development of cross-strait relations accords with the interests and aspirations of compatriots on both sides of the strait, and is widely applauded by the international community.” The first image that this White Paper tries to present is that Beijing has been pleased and optimistic about the current cross-strait situation. The dialectical juxtaposition also occurred when the White Paper mentions the goals and tasks of China’s national defense. Some of the many goals of the “national defense” to safeguard its maritime rights and interests, and maintains its security interests in space, electromagnetic space and cyber space, oppose and contain the separatist forces for “Taiwan independence,” crack down on separatist forces for “East Turkistan independence” and “Tibet independence,” and defend national sovereignty and territorial integrity.<sup>22</sup>

Whether Ma Ying-jeou’s policy of “maintaining the cross-strait status quo” be eventually labeled by Beijing as “Taiwan independence (*taidu*)” or “independent Taiwan (*dutai*)” is still unclear. But one thing is for sure, i.e., there exists at least some mutual trust between Ma Ying-jeou and Hu Jintao after several years of communication and collaboration. But China’s recent notion that Taiwan is one of Beijing’s “core values (*hexin liyi*),” among others, would again exemplify Beijing’s feeling of uncertainty of its relations with Taiwan and its anxiety about the future cross-strait relations.

## V. U. S. Factor in Taiwan’s Strategy

Taiwan’s strategy vis-à-vis the PRC relates closely to Washington’s perceptions, attitudes and policies toward China on the one hand, and toward Taiwan on the other. Ever since early 1979, the

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<sup>22</sup> *China’s National Defense in 2010*, see <http://china.org.cn/government/Whitepaper/node-7114675.htm>

year that Washington switched its diplomatic ties from Taipei to Beijing, Beijing has possessed an upper hand or leverage against Taipei in the game of their triangular relations. The loss of Washington's diplomatic endorsement meant an immense blow to Taiwan's diplomacy, adding to its already insulated status in international community since its withdrawal from the United Nations in 1971. As Nixon adopted the policy of détente with both Soviet Union and China, it was the turning point of the improved US-China relations. When China showed its earnest in facilitating their bilateral ties because of the augmenting Soviet threat to China, the United States reciprocated even more enthusiastically due to Nixon's strategy of "containing Moscow by allying with Beijing" a typically pragmatic tactics dealing with the expansion of the Soviet Union—Beijing and Washington's common enemy. Taiwan, the former ally of the United States during the high tide of the Cold War, was no longer that pivotal on the scale of US foreign policy if compared to its strategic cooperation with the PRC.

The impact of the U.S. diplomatic severance with Taiwan was so huge that the then Taiwan president Chiang Ching-kuo immediately announced the adjournment of the lawmaker election early next year as he acknowledged the White House's decision in December 1978. The feeling of being "betrayed" by the United States meant the failure of Taiwan's diplomacy, so the foreign minister resigned. Taipei was further frustrated by Beijing's great jubilation by their diplomatic campaign. The pro-Taiwan congressmen helped to pass the Taiwan Relations Act (TRA) in April 1979 for making up compensation and insuring Taiwan's security even after its formal relations with the United States was cut. The TRA expresses the following aspirations in protecting the security of Taiwan:

- (1) to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan, as well as the people on the China mainland and all other peoples of the Western Pacific area;
- (2) to declare that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international community;
- (3) to make clear that the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;
- (4) to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States;
- (5) to provide Taiwan with arms of a defensive character, and
- (6) to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.<sup>23</sup>

The PRC, of course, was not happy about the TRA, thinking the law as paving the way for

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<sup>23</sup> *Taiwan Relations Act*, Public Law 96-8, 96<sup>th</sup> Congress, approved by the Congress April 10, 1979, effective as of January 1, 1979.

American intervention into Taiwan's affairs and as a token to sabotage China's efforts for national unification. High-ranking officials have always questioned the intention of the Congress and challenge the righteousness in operating such a jurisdiction concerning Taiwan—a part of the “PRC's territory.” Due to Washington's continuing military deal with Taipei, Beijing strongly accused the TRA of contradicting with the “Shanghai *Communique*” of 1972, “*Communique of Diplomatic Normalization*” of 1979, and the “817 *Communique*” of 1982, all of them recognized there is only one China, Taiwan is part of China, and the United States shall consider decrease both the volume and level of arms deals to Taiwan and finally cease the sale. It is a truism that arms sales are still a sensitive issue in between Beijing and Washington, and always cause quarrels that detrimental to their overall relations. As the *China's National Defense in 2010* states, “The United States, in the defense of the three Sino-US join communiqués, continues to sell weapons to Taiwan, severely impeding Sino-US relations and impairing the peaceful development of cross-strait relations,” one can infer that China's resentment against Washington regarding the arms sale issue has been deeply rooted and may not be solved in the foreseeable future.

Concerning the American arms sales, the United States announced two major deals with Taiwan, carried out in 2008 and 2010, with each of deal costs \$6.4 billion worth of weaponry. The October 2008 arms sales notification made public that Taiwan bought weaponry like AH-64D Block III Apache Longbow Attack Helicopters, Patriot Advanced Capability-3 (PAC 3) Fire Units, UGM-84L Harpoon Block II missiles, Javelin launch units, Spare parts for F-5E/F, C-130H, F-16A/B, and IDF aircraft, E-2T Aircraft Upgrade to Hawkeye 2000, and etc. The deals in January 2010, as announced, are UH-60M Blackhawk Utility Helicopters, Patriot Advanced Capability-3 (PAC-3) Fire Units, C4ISR program (Po-sheng) Phase II, Osprey-class Coastal Minehunter Ships, and Harpoon Telemetry Training missiles. The main purpose of these sales, were that the systems will enable Taiwan to maintain a sufficient self-defense capability.<sup>24</sup> The reactions from the PRC, as many observers predicted, were so furious that Beijing suspended the Sino-US exchanges of high-ranking military officials immediately after the American announcements.

As the Obama administration announced new round of arms sales to Taiwan in September 2011, the PRC's reaction has been even worse. Taiwan's original requests in military procurement were 66 F-16 C/D fighter jets to upgrade its ageing fleet. Nonetheless, the United States declined due to its concern over the unstable relations annoyed by the arms sales issue. When the information released, China's Vice foreign minister Zhang Zhijun severely criticized the \$5.85 billion deal would “inevitably undermine bilateral relations (with the United States), including military and security cooperation. Zhu Feng, professor of international relations at Peking University, told the mass media he believed the Chinese reaction was aimed at a domestic audience and that US-China relationship would not suffer long-term damage.<sup>25</sup> However, Mr. Zhang called

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<sup>24</sup> “U.S. Arms Sales to Taiwan - Fact Sheet, Major Arms Sales announced in 2010 (\$6.4 billion) and 2008 (\$6.4 billion),” see website of the American Institute in Taiwan, <http://www.ait.org/tw/en/pressrelease-pr1012.html>

<sup>25</sup> “China hits out at US deal on Taiwan F-16 fighters,” *BBC News: Asia-Pacific*, 22 September 2011.

on Washington to “immediately cancel the wrong decision.”<sup>26</sup> In fact, Washington’s announcement suggests the U.S. will not sell Taiwan a newer generation of F-16 fighters, as Taipei had hoped. It only will instead upgrade its older-generation F-16 fleet, with US officials explain the F-16 A/B fighters will undergo a retrofit which will bring them up to the same standards as the more advanced C/D models. China’s protests against the United States in arms sales to Taiwan turn out to be a routine, but China’s resentments vis-à-vis the United States will be accumulated over and over. Ma Ying-jeou expressed Taiwan’s recent military procurement is just to readjust the military imbalance between the Taiwan Strait and to solidify Taiwan’s national defense so as to protect Taiwan.

What the United States can do is merely find the middle road, i.e., to strengthen Taiwan’s defensive capability, especially the upgrade of jet fighters and some battleships on the one hand, and avoid further provoking Beijing’s sensitive nerves on the other. Diplomatic channels, like the Strategic and Economic Dialogues (SED) between Beijing and Washington, will be the essential channels to alleviate their misunderstandings or disputes. As the January 2011 U.S.-China Joint Statement at the SED, it says that “Both sides underscored the importance of the Taiwan issue in U.S.-China relations.” In “points 6” of the communiqué, it further reads as follows:

The Chinese sides emphasized that the Taiwan issue concerns China’s sovereignty and territorial integrity, and expressed the hope that the U.S. sides will honor its relevant commitments and appreciate and support the Chinese side’s position on this issue. The U.S. side stated that the United States follows its one China policy and abides by the principles of the three U.S.-China Joint Communiqués.<sup>27</sup>

Beijing seemed to have been tactically adroit in winning many of the American commitments, but judging from American arms sales to Taiwan, the PRC will be unable to rectify Washington’s behavior, i.e., American arms sales to Taiwan and definitely continue. Policy of the United States is simply to maintain the military balance in between the Taiwan Strait and to guarantee a secure Taiwan from the military intimidation or attack from the PRC. Nonetheless, it is interesting that Beijing, during this year’s SED communiqué, received Washington’s endorsement on the ECFA signed by the two sides. China possibly is in need of the U.S. support regarding the ECFA for winning wider advocates, both for audience from China, Taiwan, and overseas.

The United States applauded the Economic Cooperation Framework Agreement between the two sides of the Taiwan Strait and welcomed the new lines of communications development between them. The United States supports the peaceful development of relations across the Taiwan Strait and looks forward to efforts by both sides to increase dialogues and interactions in economic, political, and other fields, and to develop more positive and stable cross-strait relations.<sup>28</sup>

Perceiving China as a growing power, even given the Sino-U.S. relations setback after the Tiananmen incident, United States continued to manage engagement policy due to Washington’s in-

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<sup>26</sup> *Ibid.*

<sup>27</sup> “China-U.S. Joint Statement January,” January 19, 2011, Washington, D.C. see *Beijing Review* website, [http://www.bjreview.com.cn/document/txt/2011/content\\_330384.htm](http://www.bjreview.com.cn/document/txt/2011/content_330384.htm)

<sup>28</sup> *Ibid.*

terests. Reasons for engagement policy are three-folded. One is that “China has been now a major player in world affairs, and provided it did not lapse again into disorder, its power seemed certain to grow with time.” Second reason is that “Through dialogue and negotiation with China, Washington could hope not only to solve (or avoid) specific problems but also to actually change the way in which Chinese decision makers assessed their own interests and thought about their country’s place in the world.” And the third reason for engagement was that it could help to “address in some way Beijing’s evident disregard for human rights and political liberties.”<sup>29</sup> Perceiving China’s further growth of economic as well as military power, the United States began to assess China’s capability and intention. The 1996 Taiwan missile crisis helped reverberated throughout the U.S. national Security establishment and the intelligence community began to devote more resources to tracking China’s evolving military capabilities and trying to understand its intentions. And the conclusion is that “China is a fast-rising power, determined to increase its influence, and likely some day to challenge America’s preponderance in Asia and perhaps beyond,”<sup>30</sup> For preserving the balance between China and its competitors, or to contain a rising China, the United States began to, not to “contain” China’s rise, but to preserve a favorable balance of power in East Asia, i.e., engagement. The choices will have three: actions designed to preserve or strengthen U.S. military capabilities in the region, efforts to bolster existing alliance relationships or to build new and generally less formal strategic partnerships with other powers, and attempts to slow the growth of China’s high-end military capabilities by restricting its access to at least some advanced technology.<sup>31</sup>

In his China policy, unlike his predecessors who usually manipulated provocative rhetoric against China but finally proved to be counterproductive to Taiwan’s national security, Ma emphasizes the adherence of the 1992 Consensus based on “One China, but different interpretations” to enlarge the room for reconciliation and cooperation with the mainland. Ma Ying-jeou’s commitments of “no unification, no independence, no use of force” has been a policy reflective to the current reality of the Taiwan Strait, and has been a status quo-respecting policy. He explains that his “Three No’s” position will be a *modus vivendi* and that he has no timetable for unification with the PRC. His policy has thus been acceptable to most Taiwanese people, and coincided with the interests of the United States.

The major objectives of the United States’ Asian policy has been to maintain a strategic balance that the authoritarian (or totalitarian) regimes like China and North Korea will be dissuaded from bluntly overthrow the security and stability of the existing East Asian international order, to keep them deterred if they would intend to use intimidation or force against American allies in Asia. Although Taiwan has not had diplomatic ties with the United States, Taiwan security has been of a grave concern from the standards either the TRA or the “2+2” dialogues between Japan and the United States. In the meantime, Washington also tries to find channels and issues to

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<sup>29</sup> Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton & Company, 2011), pp. 90-95.

<sup>30</sup> Aron L. Friedberg, *op. cit.*, p. 98.

<sup>31</sup> Aron L. Friedberg, *op. cit.*, pp. 100-102.

communicate and/or cooperate with China, and off-and-on contacts with North Korea, to alleviate their mutual distrust or hostility. Washington's another primary goal sought in East Asia has been the avoidance of provocative activities or armed contingencies in this area. Any military confrontation will, known to everyone, cause disorder, severe exchange of fire, or indulge the involvement of big powers.

In Taiwan Strait, in addition to the above-mentioned goals, the United States is pleased to see, or encourage, the peaceful dialogues of the two sides. This is not to argue that the United States does so because it prefers the separation or partition of them. It is clearly stated in the TRA to the effect that any change of the status quo should be made by peaceful means so that United States encourages both sides to work for a peaceful Taiwan Strait by every means. Both Ma Ying-jeou and Hu Jintao seem to be pragmatic leaders know the international trend leading to peace and development, it seem that both leaders are able to construct a friendly environment for such a reconciliation. Both Ma and Hu have been flexible in extending goodwill to the other, and are usually reciprocated. The talks between Jiang Bingkun and Chen Yunlin, respectively representing the Strait Exchange Foundation (SEF) from Taiwan and the Association for Relations across the Taiwan Straits (ARATS), and their consequent fruitful results can be good indicators. The closer relations the two sides lead, the less likely that the Taiwan Strait will be the next flash-point. Given this peaceful trend, Washington has reiterated for numerous times that, even under the PRC's pressure, the United States will not play as a mediator for political talks. In other words, Washington will not press Taiwan negotiate with China if it rather not to. Regarding this, the United States has been very cautious not to be trapped. Washington's policy is thus likely to continue unless colossal changes in domestic politics should emerge in either China or Taiwan, or both. Washington's policy will be of a great reference of Ma Ying-jeou when he makes China policy decisions.

## **VI. Conclusion**

The bilateral relations of the Taiwan Strait have been experienced by decades of animosity between the CCP and the KMT, namely the PRC and the ROC. China and Taiwan passed through the bitter years of confrontation, with many crises involved by great powers like the United States, to the recent already improved bilateral ties. The reconciliation emerged nowadays has been unprecedented so that many can attribute this to the thaw of the Cold War and other change of the international environment. Sharply contrast to the bilateral ties in between the North and South Korea, both had governmental communication with the result of formal communiqué early in July 1972, however, Korean peninsula is still the most dangerous part of the world with high propensity of large-scale wars. The Korean case teaches us a lesson that accommodation will not be achieved by merely resorting to the official contacts. The people-to-people contacts, instead, will be the pivotal factor leading to the true conciliation and cooperation between the originally conflicting societies. Taiwan will be the opposite case, which shows people-to-people contacts go

before the official (governmental) contacts. Numerous senior mainlanders were allowed to visit their hometowns since 1987, but the governmental contacts did not start until the “1992 Consensus” was stroke five years later.

The cross-Taiwan strait relations has followed in a tortuous road since 1992, sometimes they had talks but most time in very tense relations till the year 2008, when Ma Ying-jeou took power as the president. The past sixteen years from 1992 to 2008 witnessed unstable bilateral relations largely manipulated by national leaders based on their biased perception, prejudice, populism, and ignorance about the trend of international relations and the development in the PRC. Many provocative policies waged, some to the PRC, some to the United States, making Taiwan labeled as “international trouble maker.” One can easily infer that, in addition to the characters of the highest executives, Taiwan’s domestic politics make a huge difference. Ideological commitments, regionalism caused by the economically distorted divergence among urban and rural areas, throat-cutting competition between pan-blue and pan-green camps, and the mutual distrust among the pro-independence, pro-unification and the middle-road people are only several of the primary social cleavages that the irresponsible politicians felt encouraged to take advantage. The ultra-urgent social cohesiveness may thus extremely difficult to be accomplished given the PRC’s growing menace. Even Ma Ying-jeou, who tries vehemently in narrowing the above-mentioned gaps or diversification of different camps by performing like a “president representing the entire people (*quanmin zongtong*),” usually feels very much frustrated by the brutal struggle in Taiwan’s politics.

President Ma has reiterated the backbone of his mainland policy as “no unification, no independence, no use of force,” a *modus vivendi* for a politically stalemated and still-divided China. He has offered the PRC to implement the “normalization of economic relations” and “diplomatic truce” between the two sides, with both of them invited the reciprocation from Beijing. Taiwan and the PRC have already signed the ECFA, making Taiwanese commodities easier penetrate into the mainland, Southeast Asia and possibly the global markets. Regarding the “diplomatic truce,” both Taiwan and the PRC have ceased to compete against each other in winning over diplomatic allies, making both reach the valuable but unprecedented mutual trust conducive to future accommodation. The dividends caused by the “diplomatic truce” also allowed Taipei’s representatives participate into the World Health Assembly (WHA) as an observer since 2009, which is believed not possible either in Lee Teng-hui or Chen Shui-bian’s governments. Although the successful stories in economic relations between the two sides may not apply to every realm of case, mutual trust between Taiwan and China has been magnified. More Taiwan’s space in international community was appealed to Beijing for Taipei’s mentality of “meaningfully contributes to international community.” Due to the strong supports both from the United States, Europe Union, Japan and other Taiwan’s allies, the PRC would have to evaluate whether if it is wise blockading Taiwan’s participation into international organizations. Regarding the PRC’s overtures for political negotiations, Ma Ying-jeou has been extremely cautious not to respond quickly. Ma tends to offer the PRC some counterproposals like more space in international relations, respectful of the ROC as a political entity with equal status like the PRC, and appealing for mutual recognition to the other’s jurisdiction instead of sovereignty. Ma’s counterproposals have not yet re-

ceived affirmative response from Beijing, as many have predicted. Ma's notion that "unification (with the mainland)" has no timetable and that it is still immature to conduct the political negotiations with the PRC especially make some Taiwanese people, possibly the United States, feel relieved. Ma's tactics, in a nutshell, is to win a peaceful Taiwan Strait for better shape of Taiwan's economy, stable and secure cross-strait relations, and more freedom for maneuver.

United States also plays as crucial role in the cross-strait relations, as it has done ever since the beginning of the PRC and ROC's confrontation. The United States major objectives in Taiwan Strait have been focused on to prevent a possible tension or crisis that may bring Washington reluctantly involved. Washington has no intention to have confrontation with Beijing, given the United States needs China's cooperation in many international issues. China is now the largest holder of the United States official security bonds, and the U.S. largest trading partner; therefore, any direct conflict between the PRC and the United States will be unthinkable. United States will definitely persuade both sides to stay calm, exert self-constraint, and avoid provocations, lest any new confrontation emerges. Use of force by any sides is not permitted, the United States is especially alert to Beijing's behavior and makes it clear that Washington is ready to apply to the TRA, this stance has been appreciated by Taiwan.

Ma Ying-jeou's China policy has been severely attacked by the opposition DDP, which still proposes a separatist policy and denial of the "1992 Consensus" and tries to appeal to the victory of the presidential election scheduled on January 14, 2012. It is very complicated in Taiwan's politics now that Ma, the incumbent president is always criticized by DDP's Tsai Ying-wen, has to compete with James Soong in the meantime. It is difficult to predict who will to lead the country from next May 20, the inauguration day for the new president. President Barack Obama will run for his second term, too. The only thing the author quite sure is that Xi Jinping, the current Chinese Vice-President, will be elected the new president of China in the CCP's 18<sup>th</sup> Party Congress in October 2012. South Korea will have general election and presidential election in April and December 2012, respectively. There is current of speedy change in the Taiwan Strait area and beyond, feeling of uncertainty is likely to prevail.

## APPENDICES

Table 1: The Negotiated Agreements between Beijing and Taipei

Title	Date
Cross-Strait Agreement on Medical and Health Cooperation	2010/12/21
Cross-Strait Economic Cooperation Framework Agreement (ECFA)	2010/06/29
Cross-Strait Agreement on Intellectual Property Rights Protection and Cooperation	2010/06/29
Cross-Strait Agreement on Cooperation in Respect of Standards, Metrology, Inspection and Accreditation (Draft)	2009/12/23
Cross-Strait Agreement on Cooperation of Agricultural Product Quarantine and Inspection (Draft)	2009/12/23
Cross-Strait Agreement on the Cooperation in Respect of Fishing Crew Affairs (Draft)	2009/12/23
Cross-Strait Joint Crime-Fighting and Judicial Mutual Assistance Agreement	2009/04/26
Cross-Strait Financial Cooperation Agreement	2009/04/26
Cross-Strait Air Transport Supplementary Agreement	2009/04/26
Facilitation Measures for the Entry and Exit of SEF and ARATS Personnel	2009/02/18
Consensus of the First Preparatory Meetings for the Second Koo-Wang Talks	2009/02/18
Summary Record of the Taiwan and Hong Kong Shipping Negotiations	2009/02/18
Cross-Strait Air Transport Agreement (Draft)	2008/11/04
Cross-Strait Sea Transport Agreement (Draft)	2008/11/04
Cross-Strait Postal Service Agreement (Draft)	2008/11/04

Source: “Negotiated Agreements (between Taipei and Beijing),” *Strait Exchange Foundation website*, <http://www.sef.org.tw/lp.asp?ctNode=4384&CtUnit=2569&BaseDsD=7&mp=300>

Table 2: Trade between Taiwan and Mainland China

Period	Hong Kong Customs Statistics			Taiwan Customs Statistics			Mainland China Customs Statistics			Estimates by Mainland Affairs Council, ROC		
	Exports	Imports	Total	Exports	Imports	Total	Exports	Imports	Total	Exports	Imports	Total
1990-1993	21,818.8	4,114.0	25,932.8	17.4	2,055.8	2,073.2	24,708.1	3,074.3	27,782.4	36,428.8	2,821.2	39,250.0
1994	8,517.2	1,292.3	9,809.5	131.6	1,858.7	1,990.3	14,084.8	2,242.2	16,327.0	16,022.5	1,858.7	17,881.2
1995	9,882.8	1,574.2	11,457.0	376.6	3,091.3	3,467.9	14,783.9	3,098.1	17,882.0	19,433.8	3,091.3	22,525.1
1996	9,717.6	1,582.4	11,300.0	623.4	3,059.9	3,683.3	16,182.2	2,802.7	18,984.9	20,727.3	3,059.9	23,787.2
1997	9,715.1	1,743.8	11,458.9	626.5	3,915.3	4,541.8	16,441.7	3,396.5	19,838.2	22,455.2	3,915.3	26,370.5
1998	8,364.1	1,654.9	10,019.0	914.9	4,113.9	5,028.8	16,629.6	3,869.6	20,499.2	19,840.9	4,113.9	23,954.8
1999	8,174.9	1,628.1	9,803.0	2,602.1	4,528.9	7,131.0	19,537.5	3,951.7	23,489.2	21,312.5	4,528.9	25,841.4
2000	9,593.1	1,980.5	11,573.6	4,391.5	6,229.3	10,620.8	25,497.1	4,994.9	30,492.0	25,009.9	6,229.3	31,239.2
2001	8,811.5	1,693.3	10,504.8	4,895.4	5,903.0	10,798.4	27,339.5	5,000.2	32,339.7	25,607.4	5,903.0	31,510.4
2002	10,311.8	1,708.1	12,019.9	10,526.9	7,968.5	18,495.4	38,063.1	6,585.9	44,649.0	31,528.8	7,968.6	39,497.4
2003	11,789.4	2,161.1	13,950.5	22,890.8	11,017.9	33,908.7	49,362.3	9,004.7	58,367.0	38,292.7	11,017.9	49,310.6
2004	14,761.9	2,485.4	17,247.3	36,349.4	16,792.3	53,141.7	64,778.6	13,545.2	78,323.8	48,930.4	16,792.3	65,722.7
2005	17,055.9	2,634.5	19,690.4	43,643.7	20,093.7	63,737.4	74,684.4	16,549.6	91,234.0	56,271.5	20,093.7	76,365.2
2006	18,707.2	2,909.8	21,617.0	51,808.6	24,783.1	76,591.7	87,109.0	20,735.2	107,844.2	63,332.4	24,783.1	88,115.5
2007	21,206.6	2,921.0	24,127.6	62,416.8	28,015.0	90,431.8	101,021.7	23,458.3	124,480.0	74,245.9	28,015.0	102,260.9
2008	20,035.1	2,951.4	22,986.5	66,883.5	31,391.3	98,274.8	103,339.6	25,877.9	129,217.5	73,977.8	31,391.3	105,369.1
2009	18,029.4	2,979.2	21,008.6	54,248.7	24,423.5	78,672.2	85,722.9	20,505.3	106,228.2	62,090.9	24,423.5	86,514.4
2010	23,013.1	4,502.9	27,516.0	76,935.1	35,946.0	112,881.1	115,693.9	29,676.6	145,370.5	84,832.2	35,952.2	120,784.4

Unit: US\$ million

Note:

1. Exports indicates the amount of exportation from Taiwan to Mainland China, and Imports indicates the amount of importation from Mainland China to Taiwan.
2. Taiwan Customs Statistics, it often caused statistical discrepancy because firms dishonestly declare their export destinations and origin of imports. But since we have been loosening limitations against China's in recent years, the accuracy of these data have been improved.
3. General Administration of Customs, PRC. The previous statistics was not gathered on original and consumer countries basis but on export and import countries basis. And therefore the trade statistics with Hong Kong was often overestimated. However, the statistics have been improved to be more reliable since 1993.

Table 3: Share of Cross-Straits Trade in Taiwan Total Foreign Trade

Unit: %

Period	Transit Trade between Taiwan and Mainland China via HK			Estimates by Mainland Affairs Council, ROC		
	export share	import share	total trade share	export share	import share	total trade share
1985	3.21	0.58	2.17	3.21	0.58	2.17
1986	2.04	0.60	1.49	2.04	0.60	1.49
1987	2.28	0.83	1.71	2.28	0.83	1.71
1988	3.70	0.96	2.47	3.70	0.96	2.47
1989	4.38	1.12	2.94	5.03	1.12	3.31
1990	4.88	1.40	3.32	6.54	1.40	4.23
1991	6.10	1.78	4.15	9.79	0.46	5.57
1992	7.66	1.55	4.79	12.84	1.03	7.31
1993	8.82	1.43	5.32	16.28	1.31	9.19
1994	9.03	1.51	5.45	16.99	2.17	9.93
1995	8.72	1.51	5.27	17.15	2.97	10.36
1996	8.26	1.54	5.12	17.63	2.97	10.79
1997	7.82	1.52	4.79	18.08	3.41	11.03
1998	7.43	1.57	4.60	17.62	3.91	11.00
1999	6.61	1.46	4.17	17.22	4.07	11.00
2000	6.31	1.41	3.95	16.46	4.43	10.67
2001	6.98	1.57	4.48	20.27	5.47	13.45
2002	7.62	1.51	4.84	23.30	7.04	15.89
2003	7.83	1.69	5.01	25.43	8.61	17.70
2004	8.09	1.47	4.91	26.83	9.95	18.72
2005	8.60	1.44	5.71	28.36	11.00	20.04
2006	8.35	1.44	5.07	28.27	12.23	20.65
2007	8.60	1.33	5.18	30.10	12.78	21.95
2008	7.84	1.23	4.63	28.94	13.06	21.24
2009	8.85	1.71	5.56	30.49	14.01	22.88
2010	8.38	1.79	5.23	30.89	14.31	22.97

Source:

1. Hong Kong Customs Statistics.
2. ROC Customs Statistics.



## **Session 2**

### **Rise of China and the Strategy of Neighboring Countries**

#### **“India’s Strategy toward China”**

Anumita Raj, Strategic Foresight Group



# INDIA'S STRATEGY TOWARDS CHINA

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September 2011

\*The views expressed in this paper are attributed solely to the author. They do not reflect the views of Strategic Foresight Group.

## Introduction

The 21<sup>st</sup> century has been witness to the speedy ascent of China and India on the global stage. Converting their statuses as rising economic powers into stepping stones, both countries have attempted to expand their diplomatic and strategic roles in the international community. At the same time, the result of a decades-old rivalry is that both countries are now more at odds with each other than ever before. Competition over influence, territory and limited resources have placed China and India in direct or indirect conflict repeatedly over the past few years. However, both countries have also found new ways to partner with each other, most notably in areas such as climate change and representing the interests of developing nations on the international stage.

For close to 20 years now, India has been striving to be a major player in the global arena. Moving away from decades of non-alignment and closed markets, India has shed its socialist roots to embrace the world more firmly. And in doing so, it has received attention as a potential global superpower. This factor, in combination with its population and rapid development, industrialization and urbanization, means that India's world view has expanded considerably from its formerly insular one. China, on the other hand, is inarguably the bigger economic and military power at present when compared to India. China has made a concerted effort in the past twenty years to rehabilitate its image in the world, as well as increase its sphere of influence. Given this, the two countries have understandably been compared to each other and pitted against each other.

Despite the longstanding border dispute, the two countries have not been involved in a military confrontation in nearly a quarter of a century. At present, the odds of another military confrontation are slim, despite the hyperactive media coverage the relationship receives. A military confrontation would not be in the interest of either, a factor that pushes both India and China to strenuously avoid the possibility. Thus, the two have taken to aggressively expanding their domains and testing their boundaries with each other, while ensuring that no act escalates to the level of a military conflict.

The aim of this paper is to analyze India's relationship with China; in particular, the paper will aim to examine India's strategy towards China in the past, at present as well as how it may transform in the future. In this regard, the historical relationship between the two will be consid-

ered, as will the various factors that have and continue to influence India's strategy towards its regional rival.

### **Historical Perspective:**

India and China, as they are recognized today, were set up as nation states in close proximity to one another. While India became independent in 1947, the People's Republic of China was established in 1949. By 1950, the two countries had officially begun diplomatic relations with each other. In 1954, the famous Panchsheel or 'Five Principles of Peaceful Coexistence' was signed as an agreement between India and China. Though not its originator, Prime Minister Jawaharlal Nehru was the main driving force behind the agreement which included tenets such as mutual respect, mutual non-interference and mutual non-aggression. In fact, the strategy constituted what much of India's foreign policy would come to resemble under the Nehru Administration. By the 1960s, that strategy became explicated more clearly under the Non-Aligned Movement. The basic driver for India's strategy regarding China and most other countries was a distinct desire to avoid conflict.

While the Panchsheel Agreement was set to last for 8 years, relations between the two countries were already souring before that point was reached. Primarily, the disruption of normal relations was the result of territory disputes (Aksai Chin and parts of Northeast India) and India's support of the Tibetan holy leader, the Dalai Lama and his followers. Around this time, the Indian Administration began to show signs of what would go on to be its characteristic strategy towards China. Much of India's foreign policy moves, including in relation to China, were rooted in domestic political will, which in turn were derived from public opinion, vested interests or entrenched views.

The 1960s were witness to deteriorating relations between the two countries, numerous border skirmishes and one outright war, the Sino-Indian War of 1962. In the midst of poor relations between the two countries, China began to lend support to the Pakistani state (including the 1965 and 1971 wars between India and Pakistan) as well as the fledgling Naxalite movement in India that was rooted in communist ideology. Relations between the two countries remained strained well into the 1970s. While relations seemed to normalize for a period during the 1980s, characterized by increased negotiations, 1987 witnessed both countries at the brink of war once again, over the issue of territory, specifically Arunachal Pradesh. The two countries retreated from their hard-line stances, in an attempt to defuse tensions, and worked towards bettering relations in the aftermath.

The 1990s saw the beginning of the relationship between India and China that can still be seen today. The strategy on India's part was simple, ease tensions (specifically those related to its border) and expand economic ties. India's foreign policy in the 1990s focussed extensively on economic growth. In this regard, India looked to mend ties with China, and was met with a positive response from the Chinese side. With headway being made on border issues through negotia-

tions and diplomatic channels, trade ties between the countries grew. However, in 1998, India's first nuclear test was met with universal reproach. China strongly disapproved of India becoming a nuclear power, especially considering India's indication that one of the main reasons behind the nuclear tests was to counterbalance China's military strength.

In the 21<sup>st</sup> century, Sino-Indian ties have been a gradual progression of increasing economic ties and growing competition between the two countries. India's growth and ambition have also altered its foreign policy goals, with a growing emphasis on China as the focal point of its economic and geo-political strategy.

Historically, India's strategy towards China has been reactive. With a greater focus going into internal politics, and the bulk of foreign policy being directed towards Pakistan, a strategy towards contending with the rise of China was quite simply left in the cold. Thus, oftentimes, India has been caught without a plan when it comes to Chinese actions that it considers in any way provocative, and has been left to react to a situation. In the past few years, especially over the first decade of the 21<sup>st</sup> century, India has expanded its vision when it comes to China. This is the result of an overhaul in strategic thinking in New Delhi, in combination with the realization that India's foreign policy strategy in the past did not align itself well with India's ambition to become a powerful entity on the global stage. In the past few years, policy makers in New Delhi have acted gradually more assertively with regards to China, as well as reacted more strongly when provoked. For example, when China refused to allow a senior member of the Indian Armed Forces into China for a military exchange as he was from Kashmir, India reacted swiftly and cancelled the military exchange summarily. This action might not have occurred in the same manner just a few decades prior. India's more decisive frame of mind with regards to China also comes as a result of having its confidence boosted due to certain factors. One, India's increasing economic impact on the world has allowed it certain privileges and some cache with many other countries in the world. Two, growing uneasiness in the West (in particular the United States) with regards to China's dominance has resulted in many countries attempting to prop up India in an attempt to counter its regional rival. Three, US-India ties have become closer and deeper than ever in the past few years, giving India more muscle and allowing it to take some decisions it might have considered risky previously. It is in this context that we examine first the present Indo-China ties and India's strategy on specific issues with regards to China, and then the future of India's strategy towards China and how it might evolve given the present conditions between the two countries.

### **Status Quo:**

Sino-Indian ties are complex to say the least. Terming them as simply friendly or hostile would be an incomplete description. It would be accurate to say that both sides of the equation are wary and watchful of the other. Meanwhile, bilateral relations have grown by leaps and bounds over the past few years, with increased trade, people-to-people contact and high level visits by senior leadership. India and China have competing interests on several issues, while at the same time are

growing partners in other matters. The Sino-Indian territorial dispute over Aksai Chin and Arunachal Pradesh remains intact, and yet both countries for the most part have not clashed overtly over the issue in recent years. The strategy from both sides has been to allow the matter to fall under the radar a bit. From time to time, the issue has come up due to actions on the part of one or both of the governments, but it has been noticed that there has been little interest on both parts to allow the matter to turn into an international incident as both sides are a little wary of approaching the matter. Since the territorial dispute is such a sensitive trigger point on both sides of the border, the strategy, from India's point of view, has been to keep the matter out of the limelight in order to ensure that larger concerns with China are not impacted.

For the most part, both countries have been able to put aside their natural rivalry to cooperate on certain matters, especially over economic issues. The heads of state of India and China pay state visits to each other on an annual basis at the very least, apart from meeting on the sidelines of major international summits several times a year. Between 2000 and 2008, trade between the two countries grew annually by over 40%, reaching a total of almost USD 52 billion in 2008. In 2010, bilateral trade stood at over USD 61 billion, exceeding the USD 60 billion target that had been set<sup>1</sup>. By 2015, both countries have hopes of raising this number to USD 100 billion. However, at present, this trade is skewed in China's favour. Of the USD 61 billion traded in 2010, India's exports to China amounted to around USD 20.8 billion, while India's imports from China stood at close USD 40.8 billion, i.e. nearly double<sup>2</sup>. Thus, despite the tremendous growth in trade ties, China for the moment has an upper hand with India, economically speaking. India's strategy in aiming to correct this balance has been to pressure the Chinese government for better market access, particularly for Indian pharmaceutical and information technology (IT) companies.

It is important to note that despite both governments forging ahead on many bilateral issues, albeit cautiously (especially on India's part), the sentiment on the ground in India does not exactly match this momentum. In the past few years, fuelled by an increasingly visible and articulate media establishment, public opinion reflects a rising nervous about China's growth in the international stage as well as in South Asia. It is likely that this factor may come into play in the future as in the past, many Indian foreign policy objectives were set on the basis of domestic consideration.

The aim is to examine both the avenues of conflict for India and China, as well as the avenues for co-operation that the two share. Once again, these factors will be viewed through the prism of India's strategy towards China.

## AVENUES OF CONFLICT

In the past few years, three areas of potential conflict have emerged between China and India. At present, these continue to be sources of tension or competition, not outright conflict between the

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<sup>1</sup> Krishnan, Ananth. 'India-China Trade Surpasses Target'. The Hindu. 27 January 2011. <http://www.thehindu.com/news/international/article1129785.ece>

<sup>2</sup> Ibid.

two countries. China has been attempting to grow its sphere of influence in different parts of the world, including in South Asia. In India, this strategy has been viewed with a measure of suspicion. In reaction, India too has been attempting to expand its own sphere of influence beyond the South Asian region. This is a direct counter-strategy and may become a source of conflict in the future. Similarly, the race for resources is an area where both countries are in competition constantly. This race is at present being played out to a large degree in the African continent. A third potential avenue of conflict in the future may arise from India's discomfort with China's proximity to Pakistan. Indo-Pak relations are tense, and at times hostile, leading India to be wary of any involvement that China has in the country.

### **1. Influence:**

Though not overtly, China has been working to counter India's dominance in its own neighbourhood. China's expanding influence in South Asia, which India considers her backyard, has thrown a new spanner in the works. From Nepal to Sri Lanka, Pakistan to Burma, China has slowly but surely extended its relations with almost all countries in South Asia, much to India's consternation. India does not have the same relationship with all its neighbours. While countries like Nepal and Sri Lanka are considered allies and friends, Pakistan is obviously not. Yet, even India's 'friends' in South Asia do not sit comfortably with the nation's growing power in the world stage. All of this has led to a perfect entry point for China. Whether it is a traditionally friendly neighbour like Nepal, or a hostile one like Pakistan, India's decision makers have had to adjust their policy glasses to take into account the fact China has made a powerful entry into India's immediate neighbourhood.

China's strategy can be summed up quite easily: money. The country has subscribed to a simple philosophy of 'give them what they want'. China and India had roughly the same amount of trade with Sri Lanka, Nepal, Bangladesh, and Pakistan until the 1990s. By 2010, China has surpassed India easily in that regard<sup>3</sup>. In the past decade, South Asian countries have been battered by the brutal economy, natural disasters, conflict, and terrorism. As the money wells of the West have started to dry up, China has stepped into the smaller South Asian countries, to invest in development, roads and rail lines, hydropower and textiles, as well as to provide arms, and extend aid. China is building ports in Pakistan, Sri Lanka, Bangladesh and Myanmar. In Nepal, China is investing heavily in hydropower and is also building rail lines<sup>4</sup>.

India has grown exceedingly uncomfortable with this trend; in particular, with a strategy that has been termed the 'string of pearls'. The 'string of pearls' strategy has been defined as follows, "the "String of Pearls" describes the manifestation of China's rising geopolitical influence through efforts to increase access to ports and airfields, develop special diplomatic relationships, and modernize military forces that extend from the South China Sea through the Strait of Malacca,

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<sup>3</sup> Bajaj, Vikas. 'India Worries As China Builds Ports in South Asia. The New York Times. 15 February, 2010. <http://www.nytimes.com/2010/02/16/business/global/16port.html>

<sup>4</sup> Ibid.

across the Indian Ocean, and on to the Arabian Gulf<sup>5</sup>. Christopher J. Pehrson has described some of the so-called ‘pearls’ in the strategy thus, “Each ‘pearl’ in the ‘String of Pearls’ is a nexus of Chinese geopolitical influence or military presence. Hainan Island, with recently upgraded military facilities, is a ‘pearl.’ An upgraded airstrip on Woody Island, located in the Paracel archipelago 300 nautical miles east of Vietnam, is a ‘pearl.’ A container shipping facility in Chittagong, Bangladesh, is a ‘pearl.’ Construction of a deep water port in Sittwe, Myanmar, is a ‘pearl,’ as is the construction of a navy base in Gwadar, Pakistan. Port and airfield construction projects, diplomatic ties, and force modernization form the essence of China’s ‘String of Pearls.’ The ‘pearls’ extend from the coast of mainland China through the littorals of the South China Sea, the Strait of Malacca, across the Indian Ocean, and on to the littorals of the Arabian Sea and Persian Gulf. China is building strategic relationships and developing a capability to establish a forward presence along the sea lines of communication (SLOCs) that connect China to the Middle East”<sup>6</sup>.

With increasing influence in Nepal, Pakistan, Sri Lanka, and Bangladesh, India feels that China is attempting to cut it off, choking it with a noose. In particular, China’s involvement in Pakistan and Nepal is worrying to India. With Pakistan, the reasons for India’s concerns are clear, especially as China continues to provide military aid to the country. With Nepal, the two regional superpowers are engaged in a war of influence, a proxy war, if you will.

Nepal’s water resources are an important strategic concern to India. The three main Nepali rivers – the Saptakoshi, the Gandaki, and the Karnali – all flow into India, into the Ganges. The three smaller rivers contribute over 40% of the Ganges’ annual flow<sup>7</sup>. Moreover, the nearly 6,000 rivers in Nepal have enormous hydropower potential, which, if exploited, could be of use to both India and China. In actuality, the potential generated power is less valuable to both countries than the ability to influence Nepal. In recent years, Nepal has grown more attached to its relations with China over its relationship with India. The Maoist leaning of the country’s ruling elite means that Nepal’s partnership with China has grown in strength in the past few years. While Nepal would continue to be the lesser power in the Sino-Nepal relationship (like it was in the India-Nepal relationship), it would still gain the enormous investment China is willing to make in developing the infrastructure of Nepal. Thus, even in the future, Nepal may be more inclined to ally closer with China rather than India.

India has taken note of China’s largesse in the South Asian region, and is taking actions of its own. New Delhi has worked to counter Beijing’s influence, though not always successfully. India is committed to expanding its interactions with its neighbours, whether in terms of trade or in terms of aid. However, thus far, India has fallen short in this regard. China can be expected to continue its present strategy and invest increasing amounts of money in the South Asian region.

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<sup>5</sup> Joseph, Chacko P. ‘China’s String of Pearls Strategy around India in Tatters’. *Frontier India*. 11 May 2009. <http://frontierindia.net/wa/chinas-string-of-pearls-strategy-around-india-in-tatters/266/>

<sup>6</sup> Pehrson, Christopher J. ‘String of Pearls: Meeting the Challenge of China’s Rising Power Across the Asian Littoral’. Strategic Studies Institute. July 2006. <http://www.strategicstudiesinstitute.army.mil/pdffiles/pub721.pdf>

<sup>7</sup> ‘The Himalayan Challenge: Water Security in Emerging Asia’. Strategic Foresight Group. 2010.

And despite India's best intentions, many countries in South Asia may choose to align themselves more closely with China. Aggressively increasing trade relations with all South Asian countries, as well as leading the way with aid provision in times of distress may help India in expanding its present relations with many of its neighbours. India may also be aided by compromising on certain issues in order to erase lingering regional problems, for example the water issues with Bangladesh, so that it is seen as a benevolent power.

Obviously, there is a calculated strategy on China's part to counter India's growing prominence in the global arena. The two governments are circling each other warily in this regard, careful not to give too much away, and at the same time cognisant of the fact that they must strain to ensure civility in their relationship. With their stature growing the global arena, both India and China are focused clearly on being taken seriously by their Western counterparts. The fact is both countries can ill-afford a confrontation of enormous proportions at this point of time. A game of diplomatic one-upsmanship is one thing; a real conflict that involves heads of state and battle arms is another. At this juncture, both countries have a significant investment in ensuring that a conflict situation does not arise in the region.

However, there are also strategic and security concerns at play in India's decision to expand its ties using the 'Look East' Policy. In terms of security, India has looked to increase its defence ties with countries in Southeast Asia, particularly its naval ties. India has expanded its maritime ties with the ASEAN countries through confidence building measures, as well as through joint exercises and patrolling, especially to combat piracy and the use of international waters by militant organisations. Prime Minister Manmohan Singh has made it a point to engage ASEAN better, even travelling to Vietnam in 2010 for the ASEAN-India Summit while also stopping in Japan and Malaysia over the course of the visit<sup>8</sup>.

India has looked to expand military ties with countries in the Indian Ocean region, as well as other Chinese neighbours, to counter China's 'string of pearls' strategy. India's military leadership in 2010 made several trips and visits to countries like the Philippines, Vietnam, Thailand, Indonesia and South Korea<sup>9</sup>. The focus on the diplomatic side with many of the countries in the region has also expanded beyond just trade and commerce and shifted into defence ties. China is also reportedly uneasy about India conducting joint military exercises with Japan and Australia's armed forces<sup>10</sup>.

Strategically speaking, it is in India's interest to cultivate close economic and political ties with the countries in Southeast Asia, on bilateral and multilateral levels in order to counter China's overwhelming dominance in the region. In order to enhance its own standing in the Asian, as well as in the global stage, India has had to develop better relations with Southeast Asia. For their part, many countries in the region are wary of China's increasing dominance and clout

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<sup>8</sup> 'Look East Policy: PM to Visit Vietnam, Japan, Malaysia'. The Indian Express. 7 September 2010. <http://www.indianexpress.com/news/look-east-policy-pm-to-visit-vietnam-jap/678506/>

<sup>9</sup> 'India Bolsters Military Ties with China's Neighbours to Counteract China?' People Forum. 11 October 2010. <http://www.peopleforum.cn/viewthread.php?tid=42041&extra=page%3D1>

<sup>10</sup> Sengupta, Ramananda. 'Evaluating a Rocky India-China-Pakistan Relationship'. Al Jazeera Centre for Studies. February 2010. [http://www.aljazeera.net/mritems/streams/2010/2/15/1\\_971882\\_1\\_51.pdf](http://www.aljazeera.net/mritems/streams/2010/2/15/1_971882_1_51.pdf)

in the world. In order to decrease their dependence on China, particularly in the economic sphere, many of the countries in this region are looking to India as a counter balance. Certainly, India has not won any points with China by attempting to expand its sphere of influence to include Southeast Asian countries. China would strongly prefer that India remain a South Asian power player, rather than a strong regional influence.

While this is a conscious strategy by India, it is also a reactive strategy. Once again, China is the 'first mover' in this regard and as such may retain an advantage as a result of this. However, it is also important to note, India's strategy is also aimed at pre-empting any future difficulties with China. While the strategic interest of offsetting China's dominance will remain, India is also looking to cultivate close relations as a matter of self-interest and growth. India's own ambition for its ascendancy will remain at the core of its relations with Southeast Asia. Presently, the interest that New Delhi has in Southeast Asia is constantly on the rise. It is likely that this will remain the status quo for the next several years.

## **2. Resources:**

The race over limited resources, particularly oil, minerals and foodstuffs, has been on between the two countries for decades now. Both countries have to contend with oversized populations and economies that are growing at a rapid pace. As neither country has been able to produce all it needs within its own borders, acquiring resources has become a critical driver of the foreign policy of both countries. Africa, in particular, has become a focal point for China and India over the last decade for this reason.

China has invested considerably in African countries and is focused on expanding ties at the economic and political levels. Most African countries have begun to prefer China's involvement and money as it comes with few political caveats, which is not the case with investment or aid from the West. China-Africa trade stood at over USD 106.8 billion as of 2008. Trade between China and Africa grew at the rate of 33% annually between 2000 and 2008 and is expected to grow at an approximate rate of 20% between 2010 and 2015<sup>11</sup>. China has acquired huge tracts of land in different African countries, intending to use them as food and grain factories for the Chinese people.

In May 2011, Prime Minister Manmohan Singh announced at the Second India-Africa Forum Summit in Addis Ababa that India was pledging credit of USD 5 billion for various developmental projects in Africa over the next three years. The announcement was accompanied by a USD 700 million package to establish new institutions and training programmes throughout Africa, as well as USD 300 million for a new Ethio-Djibouti railway line in Ethiopia<sup>12</sup>.

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<sup>11</sup> 'China: Trade With Africa on Track to New Record. CNN. 15 October 2010. [http://articles.cnn.com/2010-10-15/world/china.africa.trade\\_1\\_china-and-africa-link-trade-largest-trade-partner?\\_s=PM:WORLD](http://articles.cnn.com/2010-10-15/world/china.africa.trade_1_china-and-africa-link-trade-largest-trade-partner?_s=PM:WORLD)

<sup>12</sup> 'India Gives 5 Billion Aid to Africa'. India Today. 25 May 2011. <http://indiatoday.intoday.in/story/pm-announces-five-billion-dollars-aid-for-africa/1/139212.html>

India and Africa currently have trade worth USD 46 billion, an amount that is expected to touch USD 70 billion by the year 2015<sup>13</sup>. India's trade with Africa grew by 400% between 2005 and 2010<sup>14</sup>. India's USD 5 billion line of credit comes with the expectation of better trade and commerce ties between the two parties. India is also attempting to create more avenues of interaction with Africa. The USD 700 million package India just pledged also shows India's interest in developing the enormous human resource potential of Africa.

Some amount of urgency to India's dealings with Africa has been lent by China's huge reach in the continent. An imminent resource war with China has pushed India to take more comprehensive action to woo Africa. India has done this through familiar tactics it has employed in other places (for example in Afghanistan). Through a mixture of expanding development, aid work, and trade and commerce ties, India has gotten its foot through the door. The hope for India, and for Africa, is that this strategy will bear fruit sooner rather than later.

### **3. Pakistan:**

China's relationship with Pakistan might be the greatest strategic concern for India going forward. New Delhi closely monitors the relationship between the two countries as the growing partnership between them may signal future problems for India, especially as Indo-Pak relations have yet to fully recover in the aftermath of the November 26<sup>th</sup>, 2008 attacks in Mumbai and remain tense. Both countries have had a natural alliance in the past, and China has supported Pakistan against India in military conflicts. Moreover, China's growing interest in South Asia has come with an increased proximity to Pakistan. China's involvement in development projects, as well as its supply of arms to Pakistan, comes as a source of worry for India. The increasing presence of China in Pakistan occupied Kashmir, or PoK, is another area of concern for the Indian government.

China is counted amongst Pakistan's closest allies, and the worsening relations between the United States and Pakistan, and the concurrent deepening of ties between the US and India, have meant that the two have come closer in the recent past. China remains one of the largest suppliers of arms to Pakistan<sup>15</sup>. According to the Council on Foreign Relations "The current fleet of the Pakistani Air Force includes Chinese interceptor and advanced trainer aircraft, as well as an Airborne Early Warning and Control radar system used to detect aircraft. Pakistan is producing the JF-17 Thunder multi-role combat aircraft jointly with China. The K-8 Karakorum light attack aircraft was also co-produced."<sup>16</sup> The two countries have conducted numerous joint military exercises. China has also provided support for Pakistan's nuclear programme from the start, with some analysts suggesting that China supplied Pakistan the blueprint for its first nuclear bomb.

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<sup>13</sup> Basu, Nayanima. 'India Africa Trade to Reach 70 Billion by 2015'. Business Standard. 19 May 2011.

<http://business-standard.net.in/india/news/india-africa-trade-to-reach-70-bn-by-2015/436085/>

<sup>14</sup> 'Indo-African Trade Ties'. India Biz News. 14 June 2011. <http://www.indiabiznews.com/?q=node/1578>

<sup>15</sup> Haider, Ziad. 'Navigating the China-Pakistan-India-US Relationships'. Foreign Policy. 30 November 2010.

[http://afpak.foreignpolicy.com/posts/2010/11/30/navigating\\_the\\_china\\_pakistan\\_india\\_us\\_relationships](http://afpak.foreignpolicy.com/posts/2010/11/30/navigating_the_china_pakistan_india_us_relationships)

<sup>16</sup> Ibid.

As mentioned, China's involvement in PoK is worrying to India. China has close to 9000 troops stationed in PoK<sup>17</sup>. More importantly, China is heavily involved development projects that are desperately needed in the woefully underdeveloped area. Like in Nepal, much of this development is focused on water and energy-based projects, i.e. large-scale dams. China has invested in projects including the Neelum-Jhelum project, Diamer Bhasha project and Bunji project<sup>18</sup>. China has also invested in developing roads and ports in Pakistan. China has looked at Pakistan as a potential entry point into the Middle East and Central Asia in a bid to transport oil into China. The most recent achievement in this regard is the Gwadar Port in the Balochistan province of Pakistan. Reportedly, China funded 80% of Phase 1 of the project, the total cost of which was USD 250 million<sup>19</sup>. China hopes to add an oil pipeline from the Gwadar Port into the Xinjiang province.

The China-Pakistan equation is lopsided. Pakistan requires China much more than China requires Pakistan. Husain Haqqani, former Pakistani Ambassador to the United States said, ““For China, Pakistan is a low-cost secondary deterrent to India,” while “for Pakistan, China is a high-value guarantor of security against India.”<sup>20</sup> China-Pakistan trade ties are a mere fraction of China-India trade ties. Analyst Sahiba Trivedi contends, “China is unwilling to take on the monetary burden that comes with being the key mentor to Pakistan. When Pakistan needed USD 7.5 billion to come out of a balance of payments crisis, China only shelled out USD 500 million. As a result, Pakistan was forced to agree to an IMF loan on stringent conditions. It is clear then, that while this friendship could weather most storms in the near future, in the long term, if developments in Pakistan prove to be a threat to China's ambitions to global world order, the alliance may become strained. Superficially though, the friendship will continue, mainly as it is based on the commonality of perceived threats in the neighbourhood.”<sup>21</sup> Thus, while Pakistan is an important cog in China's attempt to counter India's growing stature, Pakistan is by no means a vital partner of China's. The history of China's support to Pakistan shows that while it has provided Pakistan with weapons and military technology, China has chosen to sit on the fence more than once, and it may continue to exercise this option in the future, especially if it considers some of Pakistan's actions to be risky.

From India's standpoint, China's involvement in PoK, as well as its military presence in the area, is undesirable. Given the high tension that is prevalent along all borders shared by India and Pakistan, even during peace time, the addition of China to the equation is unhelpful to India's cause to maintain peace in the region and police it carefully to prevent the entry of terrorist groups from Pakistan. India's strategy in this regard has been to wait and watch, and respond to

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<sup>17</sup> Bakshi, Gitanjali. 'A Chinese Hand in PoK'. Strategic Foresight Group. March 2011. [http://strategicforesight.com/chinese\\_handpok.htm](http://strategicforesight.com/chinese_handpok.htm)

<sup>18</sup> Ibid.

<sup>19</sup> Curtis, Lisa. 'China's Military and Security Relationship With Pakistan'. The Heritage Foundation. 26 May 2009. <http://www.heritage.org/research/testimony/chinas-military-and-security-relationship-with-pakistan>

<sup>20</sup> Sengupta, Ramananda. 'Evaluating a Rocky India-China-Pakistan Relationship'. Al Jazeera Centre for Studies. February 2010. [http://www.aljazeera.net/mritems/streams/2010/2/15/1\\_971882\\_1\\_51.pdf](http://www.aljazeera.net/mritems/streams/2010/2/15/1_971882_1_51.pdf)

<sup>21</sup> Trivedi, Sahiba. 'A Friend in Need: Sino-Pak Ties'. Strategic Foresight Group. August 2011. [http://strategicforesight.com/friend\\_need.htm](http://strategicforesight.com/friend_need.htm)

specific acts, in an attempt to prevent any situation from escalating beyond control. China's new policy of issuing stapled visas to those from Jammu & Kashmir, tantamount to refusing to recognize the territory as Indian, resulted in increased tension between India and China. Recently, India strongly protested China's refusal to grant Northern Army Commander Lt. General B S Jaswal a visa as he was from the 'sensitive' region of Kashmir<sup>22</sup>. India subsequently suspended the military exchange that Lt. General B S Jaswal was meant to participate in as a reaction.

However, despite an increased show of irritation with Chinese tactics in this regard, India has yet to come up with a concrete strategy to counter China's growing proximity to Pakistan. While India has sought to counter China's influence in other parts of the world by bettering its own relationship with that country or region, with regard to Pakistan, this is not a viable strategy. For the moment, India has chosen to react slowly and warily to this renewed closeness between its two biggest rivals. This policy is unlikely to change in the next few years, in the absence of any truly significant events.

## AVENUES OF CO-OPERATION

While their interests are often in confrontation with each other, India and China's interests converge and intersect frequently. The two countries have agreed to co-operate on climate change issues as of 2009, opening an avenue for a potential long-term collaboration on climate change mitigation and adaptation in Asia. Going forward, one promising area where the two are increasingly co-operating is on the international stage as leading other developing countries. The two countries have often banded together to take stances as still-developing countries, particularly at international summits. Realizing their collective bargaining power against developed countries in the West, India and China have led the charge for the so-called 'Third World'.

### 1. Climate Change:

One area of existing and future co-operation between the countries is combating climate change. There are a few reasons for this. Both countries have rivers (some of which are also transboundary, i.e. flowing from Chinese territory into Indian territory, most notably, the Brahmaputra River) that spring from the glaciers in the Tibetan Plateau. Global warming has had a significant detrimental impact on the region, leading to negative impacts on the water fortunes of both countries. Another contributing factor is declining air quality in major cities in both countries. Since neither China nor India are willing to sign onto binding cuts in their greenhouse gas (GHG) emissions, both are interested in co-operating with each other to show the rest of the international community a certain level of compromise, though not to the level to which is expected of them.

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<sup>22</sup> 'India Summons Chinese Envoy Over Visa Row'. The Indian Express. 27 August 2010. <http://www.indianexpress.com/news/for-what/673321/>

Ahead of the Copenhagen meet for the United Nations Climate Change Conference in 2010, China and India signed an MoU, or Memorandum of Understanding about climate change. The two countries signed a five year accord agreeing to co-operate on energy conservation and efficiency, renewable energy and forest management<sup>23</sup>. In December 2010, Prime Minister Manmohan Singh and Premier Wen Jiabao issued a joint communiqué after talks that declared that India and China would continue consultations on climate change and strengthen bilateral co-operation in green technologies<sup>24</sup>.

In the future, this can be expected to continue, especially when it comes to exchange of technology, expertise and information with regards to climate change adaptation and mitigation. There has also been some discussion of taking joint expeditions into the glaciers in the Himalayan region that need to be mapped more accurately and studied for an in-depth understanding about the rate of decline in them. This is a potential area for China and India to co-operate.

## **2. Developing Countries:**

While India and China are frequently pitted against each other in the international community, one area where the two countries have found common ground is when making a joint case in international bodies for the sake of developing nations. Both countries have lobbied developed countries numerous times to better the bargaining stance of developing countries.

In 2008, the joint stance taken by the two countries against the United States derailed the World Trade Organization's Doha Development Round of talks in Geneva. The talks broke down over a special safeguard mechanism (SSM) that would protect poor farmers in developing countries. While the United States argued that the threshold that had been set for the usage of the SSM was too low, India hardened its stance and refused to budge. China's support of India's stance, even as other traditional partners in the developing world, like Brazil, refused support proved to be a powerful negotiating bloc that could not be overcome by the US.

In 2010, China supported India against the European Union, once again at the WTO, over the EU's seizure of generic drugs (also known as off-patent drugs) manufactured in India, while they were in transit to a third country. China, along with Ecuador, supported India not due its relationship with the country; rather the endorsement was born out of an interest in protecting its own trade relationship with EU countries on the matter of off-patent drugs.

In Copenhagen, at the United Nations Climate Change Conference in 2010, India assisted China when developed countries attempted to place pressure on developing countries to reduce their carbon emissions, with special emphasis being placed on the two Asian powers to develop low-carbon economies. For months in the run up to the conference, China and India's representatives met up several times in an attempt to shore up endorsements from each other in order to

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<sup>23</sup> Singh, Gaurav, & Duce, John. 'China, India Sign Climate Change Co-operation Accord'. Bloomberg. 21 October 2009. <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aFyFHkF6C3Fs>

<sup>24</sup> 'India, China Agree to Continue to Co-operate on Climate Change. Sify News. 16 December 2010. <http://www.sify.com/news/india-china-agree-to-continue-cooperation-on-climate-change-news-national-kmqv4lbaiji.html>

present a joint front against developed countries who wanted certain assurances about CO<sub>2</sub> emission cuts from them before coming to a binding international agreement.

In the future, as this pattern extends, and the stature of both countries in the international stage grows, it is likely that they will take joint stands when their mutual interests are at stake. Both countries also realize that with their growing economies and markets, their individual power on the international stage is enhanced by creating a joint bargaining position. Moreover, neither country wants to give up more than the other to developed countries in a negotiation. Taking a joint stance is one way of ensuring that they are both on equal footing with the developed world on matters such as trade tariffs and greenhouse gas emissions.

It is also important to remember that China and India are members of larger voting blocs, such as BRIC (Brazil, Russia, India and China) and BASIC (Brazil, South Africa, India and China). This will give them even more opportunities to support each other's stands internationally in the coming years.

### **3. Terrorism:**

In the future, the two countries may also co-operate on combating terrorism. India obviously is facing the brunt of numerous militant groups, many of whom are based of Pakistan, with repeated attacks on its soil and on its interests. China too, has been facing trouble with the Uighur movement, in particular in the Xinjiang region as a result of the East Turkestan Islamic Movement (ETIM). Reports have shown that this group is growing stronger in China and has forged ties with militant groups beyond Chinese borders, including Tehrik-e-Taliban Pakistan (TTP), the Haqqani Network and Al-Qaeda. The Chinese government has grown increasingly concerned about the activities of this group and is keeping a close eye<sup>25</sup>.

Author Jonathan Holslag writes, "The combat against terrorism has become one of the focal points in Sino-Indian cooperation. In 2002, the two countries initiated a bilateral counterterrorism mechanism that provides for an annual dialogue at the director level. Earlier, this issue was included in a joint security dialogue. In December 2007, India and China launched an unprecedented five-day antiterrorism training exercise in the Chinese province of Yunnan that involved more than two hundred troops. The same year, China, India, and Russia endorsed a joint communiqué on counterterrorism in which they vowed to coordinate action against "any factor that feeds international terrorism, including its financing, illegal drug trafficking and trans-national organized crime." In 2008, at a lecture in Beijing, Prime Minister Manmohan Singh stated that "recent developments in our neighbourhood have brought home to us again the imperative need to collectively fight terrorism and extremism in all its forms." In private talks with his counterpart, Wen Jiabao, Singh particularly stressed the need to exert pressure on the Pakistani government to stop sponsoring Islamist terrorism. Despite these new initiatives, Sino-Indian cooperation on ter-

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<sup>25</sup> Trivedi, Sahiba. 'A Friend in Need: Sino-Pak Ties'. Strategic Foresight Group. August 2011. [http://strategicforesight.com/friend\\_need.htm](http://strategicforesight.com/friend_need.htm)

rorism tends to be declaratory. The issue appears to be brought to the fore to add relevance to the partnership rather than to developing operational synergies.”<sup>26</sup>

Like Holslag has contended, the co-operation between the two thus far has been through superficial exercises and declarations rather than concrete action. However, given the growing problem faced by both countries in the past few years with regard to domestic terrorism, as well as on Chinese and Indian interests in other countries, there is a potential to expand this co-operation. In particular, Chinese and Indian involvement in countries in the Horn of Africa, the Middle East and Central Asia, where many fundamentalist Islamic terrorist outfits are growing and active may encourage such a co-operation.

## **The Future**

What does the future hold for Indo-China ties? And how might India’s strategy towards China evolve over the next few years? These are questions that are being heavily debated in policy circles in India at present. With each of the factors discussed above under avenues of co-operation and conflict between China and India, there has also been some measure of discussion on how each might play out in the coming few years. Over the course of this paper, there has been a presentation of how India’s strategy towards China has evolved over the last 60 years as well as a description of the factors that affect it today. India has gone from having a strategy of non-interference and non-confrontation to having a purely reactive strategy for a lengthy period of time. In the past two decades, emboldened by its growing stature in the world, as well as its ambitions for its future, India has slowly begun to alter its strategy towards China. However, as illustrated, India’s strategy of growing its own influence in different parts of the world has in itself been a reaction to China’s influence in those regions. Meanwhile, in the South Asian region, India seems to be struggling to counter China’s growing power. So how might India’s strategy for dealing with China evolve in the coming years? Here, there may be two different plausible scenarios.

### **Scenario 1:**

In this scenario, India’s strategy towards China grows aggressive. India looks to be the ‘first mover’ in many situations; and attempts to force China onto the back foot and into the position of having to create a strategy to deal with India’s actions, rather than the other way around. In such a strategy, India may choose to pursue policies and goals that will be unfavourable to China, as well as upset Chinese leadership, but will ultimately prove to have a discernible positive impact for India. For example, refusing to recognize territories that China considers integral to its territory but that are aiming to achieve independence from it. China has pursued this strategy in its dealing with Pakistan occupied Kashmir; this would be a reversal of that strategy. In such a strat-

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<sup>26</sup> Holslag, Jonathan. ‘China and India: Prospects for Peace’. December 2009. <http://cup.columbia.edu/book/978-0-231-15042-2/china-and-india/excerpt>

egy, India may also attempt to grow its influence in countries that China considers vital to its security goals. Now, India is already attempting to do just this, but in this scenario, India would pursue this agenda much more forcefully, focusing on giving more aid than China, supplying arms and building infrastructure that China is not willing or able to do and agree to create a market for that country's goods in India.

Certain factors may aid the occurrence of such a strategy. A continued rapid growth rate shown by the Indian economy in the coming decade, as well as a potential acceleration of said growth rate, will certainly be one of the factors. If India is able to develop more economic muscle, it may be able to parlay that into taking on more aggressive stances. Another factor that will aid a more aggressive strategy vis-à-vis China will be a change in leadership at the domestic level in India, and a resultant renewed foreign policy agenda. While India has worked to move away from decades of practising its Non-Alignment philosophy, it has still not shed these roots completely. With the 'old guard' still in place at many levels in the policy-making mechanism, there has been a reluctance to fully embrace an aggressive strategy towards China. If there is a change in leadership (whether through the election of another political party, or through the ascendance of younger leaders from the present ruling party) at key positions in the government, particularly in the Ministry of External Affairs, then there may be more of a willingness on the part of the Indian government to pursue a more aggressive strategy towards China than at present. Also playing a part will be the support of external powers. At present, there is a tacit acknowledgement from many Western powers that they support India in the hopes of its growth tempering China's momentum. If this tacit support was to become overt, then India will have the backing of powerful allies which would in turn allow it to make more assertive decisions with regard to China. Another factor that will push India towards an aggressive overall strategy is any territorial dispute that escalates to a high level between the two countries. As mentioned earlier, both countries have existing border dispute; if one of these is elevated beyond its current status for any reason, India may feel compelled to change its strategy.

It is also important to gauge the likelihood of such a scenario. While India's economy is predicted to remain ascendant in the coming few years, it is unlikely to suddenly develop a much more robust economy than China that will allow it to become more aggressive, at least over the next decade. Similarly, China is likely to be powerful enough in future that many Western powers will not give India overt support over China. As for a border dispute, both countries have been careful to shy away from allowing it to escalate, especially beyond the level of a minor skirmish. The next Indian general elections, barring any unforeseen circumstances, will be held in 2014. Most analysts predict that there may be a change of leadership at the highest levels of the government. So this is one factor that may actually have a higher likelihood of fruition than the others mentioned here. Overall, while this scenario is possible, it is not highly probable, at least for the next few years.

## **Scenario 2:**

In this scenario, India's strategy towards China remains what it is today, i.e. reactive in parts and pre-emptive in parts, and becomes more bold or decisive in increments and depending on what is at stake on a case by case basis.

The factors that will influence this scenario are already falling into place. India remains a cautious risk taker at present, and is likely to remain so in the future. While India's strategy to counter China in places like Africa and South East Asia is somewhat reactive, it is also likely to bear fruit in the long run. So those moves can be expected to be taken forward in the coming years, regardless of the administration in charge. Another factor is China's own actions. While China likes to test India's boundaries and takes actions solely based on its own agenda, China is not eager to end up in a confrontation with India. This will certainly contribute to the furthering of India's present strategy for the immediate future. Another factor will be India's considerable challenges on the domestic front; India is unlikely to dramatically alter its foreign policy strategy vis-à-vis any country in the next few years, barring any major incidents, as it is more focused on its internal issues at present. It is most likely that this is the strategy that will be pursued, albeit more assertively, by India in the coming years.





## **제3부 한반도 문제와 한미동맹의 미래**

**Session 3 Issues on the Korean Peninsula and Future of the ROK-U.S.**



## **Session 3**

### **Issues on the Korean Peninsula and Future of the ROK-U.S. Alliance**

#### **“North Korean Nuclear Issues, Power Succession, and the ROK-U.S. Alliance”**

Mark E. Manyin, U.S. Congressional Research Service



# North Korean Nuclear Issues, Power Succession, and the ROK-US Alliance

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Congressional Research Service<sup>1</sup>

October 21, 2011

Since late 2008, relations between the United States and South Korea have been arguably at their best state in decades, a significant achievement for President Lee Myung-bak, who came into office in 2008 determined to improve U.S.-ROK relations. But the bilateral relationship has blossomed beyond virtually all analyst's expectations. By the middle of 2010, in the view of many in the Obama Administration, South Korea had emerged as the United States' closest ally in East Asia. Coordination over North Korea policy has been the key element to this closeness, with one high-level official in late 2009 describing the two countries as being "not just on the same page, but on the same paragraph." In this paper, I will analyze the two countries' approach to North Korea, examine how effective the approach has been in altering North Korean behavior, and look at factors likely to perpetuate or diminish U.S.-ROK unity in the coming months.

## The South Korean-U.S. "Strategic Patience" Approach

### Strategic Patience

Since the middle of 2009, the Obama and Lee Administrations have essentially adopted a joint approach of "strategic patience" toward North Korea that involves four main elements:

- refusing to return to the Six-Party Talks over North Korea's nuclear program without a North Korean assurance that it would take "irreversible steps" to denuclearize;
- gradually attempting to alter China's strategic assessment of North Korea;
- responding to Pyongyang's provocations by tightening sanctions against North Korean entities, conducting a series of military exercises, and expanding cooperation with Japan;
- and insisting that Six-Party Talks and/or U.S.-North Korean talks must be preceded by North-South Korean talks on denuclearization and improvements in North-South Korean relations.

In early 2011, China backed the last of these principles, though it appears to have tried to use this stance to pressure South Korea (as well as the United States) to relax its conditions for holding talks with North Korea.

The closeness on North Korea coordination has to do with two primary factors. The first is that North Korea's provocations in 2009 pushed the Obama Administration away from its early inclination to continue the late Bush Administration's negotiation-based approach that had ap-

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<sup>1</sup> The views in this paper are those of the author, not those of the Congressional Research Service or any component of the U.S. Congress.

peared to cause a great degree of discomfort in the Blue House. By the time of North Korea's second nuclear test in May 2009, the two administrations were more or less seeing eye-to-eye on most basic questions of how to approach North Korea.

Second, over the months and years, the subsequent cooperation between the two governments in dealing with North Korea has created an extraordinary level of trust among top policy-makers in both capitals. This confidence has permeated the foreign policy bureaucracies and has been relatively unshakeable, as discussed in more detail below, even when the two sides have disagreed over some aspects of North Korea policy such as whether and how to give food assistance.

## **Analyzing "Strategic Patience"**

### *A Passive-Aggressive Posture:*

Strategic patience could be described as a passive-aggressive approach that effectively is a policy of containing North Korea's proliferation activities, rather than rolling back its nuclear program. Indeed, underlying the approach is an expectation that North Korea will almost certainly not relinquish its nuclear capabilities. One drawback is that it has allowed Pyongyang to control the day-to-day situation. While Washington and Seoul wait to react to Pyongyang's moves, the criticism runs, North Korea has continued to develop its uranium enrichment program, solidified support from China, and has embarked on a propaganda offensive designed to shape the eventual negotiating agenda to its benefit.

### *Assumptions about Time*

A key assumption underlying the strategic patience approach is its view about time. Many argue that the policy has failed. The worry is that strategic patience has not changed North Korean behavior. However, both the Obama Administration and the administration of South Korean President Lee Myung-bak appear to be focusing on the medium to long term, in the hope that increasing pressure, withholding economic benefits, and dangling the prospects of large-scale assistance and diplomatic benefits will eventually lead North Korea to alter its behavior. However, an opposing view is that North Korea has used the past several years to expand its uranium-based program and – perhaps – come closer to miniaturizing a nuclear warhead so that it is capable of being mounted on a long or medium range missile. In other words, it is not clear on whose side time is on.

### *Assumptions about China's Willingness to Change*

Implicit in the policy is an assumption that China will, over time, become more willing to impose economic and diplomatic penalties on North Korea. Several U.S. and South Korean moves in 2010, for instance, appeared to be aimed at showing Chinese leaders that their support for North Korea is leading Northeast Asia to realign in a direction that runs counter to China's interests.

The North's aggression has deepened and tightened relations among Seoul, Washington, and Tokyo. Japan sent observers to the U.S.-ROK military drills in November and later announced intentions to develop close security cooperation with South Korea. A ministerial-level meeting among Washington, Seoul, and Tokyo to discuss the crisis in early December boosted trilateral coordination to respond to Pyongyang.

However, many observers doubt China ultimately will alter its policy enough to pressure North Korea to change. Beijing's fundamental interest on the Peninsula remains stability and the maintenance of a divided Korea rather than denuclearization and unification on South Korea's terms. One risk of the Administration's approach is that it could make Beijing feel U.S.-ROK-Japan cooperation threatens Beijing's interests, thereby making China less likely to reduce its support for the Kim regime.

#### *South Korea is in the Driver's Seat.*

To a remarkable degree, the Obama Administration has tied the United States' North Korea policy to Seoul's. In practice, this means that Administration officials will wait for South Korea's cue before they agree to bilateral and/or multilateral negotiations, as well as significant new initiatives, with Pyongyang. The Administration's lack of action on providing large-scale food aid to North Korea, for instance, appears to be at least partially and perhaps significantly influenced by Seoul's trepidation.<sup>2</sup>

The Obama Administration's deference has allowed South Korea to have more control over the alliance's approach toward North Korea, which many believe is Seoul's rightful place. However, some in the United States are uncomfortable with the Obama "leading from behind" role, and have criticized the U.S. approach by saying that it effectively gives Seoul a "veto" over U.S. initiatives toward North Korea.

#### *Domestic Politics*

Politically, strategic patience has worked well thus far in the United States. Engaging North Korea wins few friends and would leave the Obama Administration open to attack, as shown by the House of Representative's passage this summer of a prohibition against providing food aid to the North. With the likelihood of North Korea giving up its nuclear program slim to none, it is easier politically for the Administration to be passive rather than expending political capital on an aggressive engagement policy. Moreover, in the aftermath of North Korea's 2009 and 2010 provocations, the Obama Administration's hard-line approach to negotiating with North Korea won praise from many quarters in the United States.

However, now that we are nearly three years into the strategic patience approach, many in Washington – including some within the Administration – are questioning whether the policy needs to be adjusted. It is likely to be only a matter of time before another provocation from

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<sup>2</sup> Officially, Obama Administration officials state – as they have for over six months – that they have not made a decision about whether to provide the large-scale food assistance that North Korea has requested.

Pyongyang places North Korea back in the headlines, and the Obama will be criticized as failing to have changed North Korean behavior, from the right as well as the left.

Meanwhile, strategic patience is likely to be even less politically sustainable in Seoul. South Korean leaders have a much more difficult balancing act. Although South Korean opinion toward North Korea hardened after the shelling of Yeonpyeong Island, polls also show continued ambivalence toward Lee's approach and a desire among many, if not most, South Koreans for their government to show more flexibility toward Pyongyang. President Lee's frequent efforts to keep the door open to inter-Korean initiatives is undoubtedly at least partially motivated by a desire to assuage this sentiment inside South Korea. Indeed, one reason Lee government officials have said they would prefer the United States not provide large-scale food aid to the North is their concern that this would reinforce the view among many South Koreans that they are being unduly rigid in their North Korea policy.

## **Areas of divergence?**

As mentioned earlier, North Korea's behavior in 2009 and 2010 helped solidify U.S.-ROK cooperation. Now that we have had over nine months of a "charm" offensive from North Korea, some argue that this cooperation appears to be less smooth than before. Throughout the spring and early summer of 2011, there were a number of press reports that Obama Administration officials were encouraging the Lee government to soften South Korea's approach toward North Korea. Former Unification Minister Hyun In-Taek was the target of much of this criticism. It remains to be seen whether his replacement in late August will produce any significant changes. Certainly, his successor, outgoing ambassador to China Yu Woo-ik has made statements about the desirability for a more flexible approach toward North Korea.

In the coming months, there will be three main sources of debate among the two allies: whether to provide humanitarian assistance, the robustness of a South Korean response to another North Korean attack, and over whether and how deeply to engage North Korea in nuclear and peace talks.

## **Food Aid**

Perhaps the most visible area of U.S.-South Korean disagreement has been over whether one or both countries should provide large-scale food aid to North Korea, as requested by Pyongyang. For over half a year, the Obama Administration has deliberated over the matter. At least part of the reason the Administration appears to have put off its decision is that Lee government officials would prefer that the United States not provide large-scale assistance.<sup>3</sup> Some observers have ar-

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<sup>3</sup> For evidence of South Korea's position on the food aid question, see the June 2, 2011 testimony of Ambassador Robert King, U.S. Special Envoy for North Korean Human Rights, before a House Committee on Foreign Affairs hearing, "Religious Freedom, Democracy, Human Rights in Asia, Status of Implementation of the Tibetan Policy Act, Block Burmese JADE Act, and North Korean Human Rights Act."

gued that the United States should not provide food in part because it might create a rift with South Korea, while others contend that U.S.-South Korea cooperation on North Korea is sufficiently strong to sustain different approaches.<sup>4</sup> In any case, the differences between Seoul and Washington over food aid appear to have been rendered moot for now by what Obama Administration officials see as the uncertainties regarding North Korea's true food security situation, the North Korean government's true motivations for requesting assistance, and whether Pyongyang officials will allow sufficient monitoring for food aid operators. It is possible, and perhaps probably, that the debate between the two allies will resurface in the winter and early spring of 2012, when North Korea can be expected to renew its appeal.

Seoul's discomfort with U.S. policy may also surface in the Obama Administration's exploration of resuming the searches for the remains of U.S. Korean War POW/MIA remains inside North Korea.<sup>5</sup> South Korea has its own Korean War issues with North Korea, including prisoners who remain alive and yet to be returned.

### **South Korea's New "Proactive Deterrence" Military Posture**

A potentially more significant area of ROK-U.S. tension is South Korea's new proactive deterrence posture. North Korea's shelling of Yeonpyeong-do and sinking of the *Cheonan* have changed South Koreans' perceptions of the Peninsular status quo, which no longer seems as benign as it did for most of the 1990s and 2000s. As articulated by President Lee, in the event of another North Korean attack, South Korea must no longer let the fear of escalation stand in the way of a significant retaliatory strike on the North. In Lee's words, "war can be prevented and peace assured only when such provocations are met with a strong response. Fear of war is never helpful in preventing war ... the Armed Forces must respond relentlessly when they come under attack."<sup>6</sup> Strengthening the Northwest Islands and relaxing standard operating procedures (to allow local commanders more autonomy to respond to a suspected provocation) may be rational changes in the wake of the 2010 attacks, but they also introduce a new element of risk in the U.S.-South Korean alliance. Park Geun-hye's implicit criticism in her recent *Foreign Affairs* article that Lee's response to the North's attacks was too weak shows the growing political pressure inside South Korea to no longer hesitate to impose significant costs on North Korea.<sup>7</sup> The traditional sanitized ROK-US response to a North Korean attack – for example, staging a large-scale military exercise – will no longer suffice.

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<sup>4</sup> Inside the United States, there is considerable opposition to resuming food assistance, as shown by the House's passage on June 15, 2011 of an amendment to [H.R. 2112](#), the FY2012 Agriculture Appropriations Act, that would prohibit the Administration from using the primary U.S. food aid program to send food assistance to North Korea. The Senate has yet to act on [H.R. 2112](#).

<sup>5</sup> Such activities were suspended in 2005. The United paid North Korea over \$20 million for the searches.

<sup>6</sup> The Blue House, Speech by President Lee Myung-bak, "The Building of an Advanced Nation will be Possible Only When We Sacrifice Ourselves for Others Rather Than Simply Pursuing Our Own Interest," December 27, 2010.

<sup>7</sup> Park Geun-hye, "A New Kind of Korea. Building Trust Between Seoul and Pyongyang," *Foreign Affairs*, September/October 2011.

U.S. defense officials insist that the exceedingly close day-to-day coordination in the alliance ensures that U.S.-ROK communication would be strong in the event of a new contingency. General Walter Sharp, former U.S. commander of the Combined Forces Command (CFC) in South Korea, confirmed to press outlets in July that the alliance had developed coordinated plans for countermeasures against any North Korean aggression.<sup>8</sup> Nonetheless, a future unambiguous attack from North Korea could place tensions on alliance cooperation, as South Korean leaders are likely to be more eager to unleash a harsher response than desired by the United States. In the post-Yeonpyeong-do climate, at least some U.S. policymakers appear to take a more expansive view of deterrence than their South Korean counterparts, one that emphasizes that the alliance's purpose is to deter a *major* attack from North Korea. In this view, not all small-scale attacks can be prevented. Understandably, after November 2010, many South Koreans are no longer willing to accept this distinction.

The two periods where these differences in perspective are likely to be felt most acutely would be: a) if North Korea escalated hostilities following a South Korean counter-attack, and b) in the first few months of 2013, when the alliance would be adjusting to working with a new South Korean president and potentially a new president in the White House.

### **High Politics: Nuclear Talks, Peace Regime**

As far as matters of “high” politics are concerned, if there are U.S.-ROK tensions over whether and how to engage North Korea in the Six-Party Talks, they are not apparent from either the joint appearances by U.S. and South Korean officials or from the two countries' actions. Even if press speculation is true that Obama Administration officials have been pushing the Lee government to soften its stance toward North Korea, such a move would not be uncharacteristic of Lee. Throughout his presidency, Lee has maintained enough ambiguity in his North Korea policy to leave the door open to talks and improved relations with Pyongyang, as shown in several actions:

- August 2008: the day after North Korean guards at the Mt. Kumgang resort shot Park Wang-ja, Lee proposed his “Grand Bargain” of large-scale assistance to North Korea in return for denuclearization;
- late 2009/early 2010: widely reported discussions between the two Koreas, as well as the United States and China, for a resumption of inter-Korean dialogue and the Six-Party Talks
- the continued expansion of the Kaesong Industrial Complex, albeit at an incremental pace;
- Lee's invitation to Kim Jong-il to participate in inter-Korean nuclear talks and in the 2012 Nuclear Security Summit, which will be held in Seoul.
- the secret, high-level talks of early 2011 with North Korea that were disclosed by Pyongyang, apparently in an effort to embarrass Lee.

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<sup>8</sup> “U.S., Seoul Secure Plans for Potential Counterattack,” *Wall Street Journal*, July 7, 2011.

In nearly every case, such moves were reinforced by similar actions by the Obama Administration, indicating once again closeness of bilateral coordination. None of the actions were inconsistent with the “strategic patience” approach. The same is true of the ROK and U.S.’ current flirtation with negotiations. In fact, as shown by Hyun In-Taek’s reassignment to the Blue House, while the *tone* of the ROK-US approach may be softening, many believe the actual *substance* is unlikely to change. In other words, recent signs of willingness to work with North Korea do not appear to represent a not major change in policy.

In sum, currently, overall alliance cooperation is being tested only at the margins. Coordination about nuclear issues appears as tight as ever, even if they are becoming more dynamic and animated. Disagreements over food aid, while real, appear to be relatively minor and have not escalated. And, tensions over how to respond to a North Korean attack thus far remain hypothetical.

## **Alliance’s Impact on North Korean Behavior**

Clearly, North Korea’s actions have affected the U.S.-ROK alliance. But has the alliance affected North Korean behavior? The opacity of the North Korean regime means that we can only speculate, working backwards from known behavior. Here, then, are some significant shifts in North Korean behavior over the past three years, along with speculation about how they were influenced by South Korean-American unity.

### **Growing North Korea-China ties**

Deepening ties between Pyongyang and Beijing over the past three years are evident in many areas. Since 2008, Kim Jong-il has made an extraordinary four trips to China. China-North Korea trade has increased, even as North Korean trade with virtually all other countries has declined since 2008. According to an examination of various trade databases conducted by my colleague, Dick Nanto, in 2009, China accounted for over half of North Korean imports and over a third of exports. If trade through the Kaesong Industrial Complex is excluded, an even greater percentage of North Korea’s trade was conducted with China. A key change has been in Beijing, which seems to have made a decision in late 2009 to deepen ties with the North. Simultaneously, at the local level, North Korea has become more economically important inside China. Planners in China’s northeastern provinces have developed and begun to act upon economic plans that envision extensive road and rail connections across the border to North Korean ports.<sup>9</sup>

Regardless of whether North Korea’s increased dependence on Beijing was the result of a conscious decision in Pyongyang or a natural evolution, this development was clearly influenced by the hardening of South Korean and U.S. approaches toward North Korea. After the Lee pres-

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<sup>9</sup> See, for example, Drew Thompson, “Silent Partners: Chinese Joint Ventures in North Korea,” U.S.-Korea Institute at SAIS, February 2011.

idency began, South Korean aid dried up, the expansion of the Kaesong complex slowed, and (later) tourism at the Mt. Kumgang project came to a halt. Once the U.S.-led aid program also was cut short, the North Korean government as well as individual actors inside North Korea had little choice but to turn to China to replace the inflow of goods and money.

### **Outreach to Russia**

In recent weeks, North Korea also has reached out to Russia, as evidenced by Kim Jong-il's trip to Eastern Siberia, the ensuing cancellation of 90% of North Korea's debt to the former Soviet Union, and the discussion of bilateral economic cooperation projects, including the long-proposed energy pipeline to South Korea. Although the low level of Russia-North Korea ties in the years before 2011 were not likely to be continued, the outreach to Russia, which many North Korea watchers had both predicted and even hoped for, is likely driven by a desire in Pyongyang to lessen its dependence on China. Thus, the strengthening of U.S.-South Korea relations likely has contributed to this shift.

As an aside, the recent expansion of Pyongyang-Moscow ties does not necessarily signal the re-crystallization of the Cold War in Northeast Asia. Indeed, this could be a useful development for Seoul, Washington, and Tokyo. Some insiders argue that Russian officials have a deeper appreciation of the importance of curtailing nuclear proliferation than their Chinese colleagues. Thus, the reasoning runs, Russia may be more willing to try to persuade North Korea to roll back its nuclear weapons programs and to curtail economic engagement (such as the pipeline) if North Korea refuses to cooperate.

### **North Korea's latest charm offensive**

Since early 2011, North Korea has refrained from the provocative actions and posture of 2009 and 2010 and has been keen to establish contacts with South Korea, the United States, and other countries. This is seen most dramatically in its request for food aid, a hunt that is unprecedented in its aggressiveness and geographic scope. Kim Jong-il's meetings with Chinese and Russian leaders have produced statements by his counterparts that North Korea is willing to return to the Six-Party Talks. At the July ASEAN Regional Forum meeting, North Korea also dropped its (latest) refusal to meet openly with members of the Lee government. And, North Koreans were deep into secret discussions with Seoul about how to improve bilateral relations last spring (notwithstanding Pyongyang's later destruction of the talks by publically disclosing them in an apparent attempt to humiliate Lee).

While none of these moves appear to represent the fundamental change in North Korean behavior that the Lee and Obama governments seek, they certainly are an improvement over 2010. To what extent is this latest charm offensive due to "strategic patience"? The evidence is mixed. However, given many reports of more difficult economic conditions in many areas of North Korea, it is possible that the combination of sanctions and North Korea's increased economic and diplomatic isolation have been having an impact. Hence the global hunt for food. Additionally, if Chinese officials are to be believed, pressure and inducements from Beijing after the Novem-

ber 2011 Yeonpyeong-do shelling may have led North Korea to moderate its behavior. If this is the case, it likely has the most to do with Beijing's concern that additional North Korean attacks could destabilize the Peninsula. However, it is possible that elements of the strategic patience approach, particularly growing U.S.-South Korean-Japan cooperation had an impact, as officials in Beijing may have become worried that North Korean provocations were blowing regional trends against China's interests.

### **North Korea's Internal Situation**

Of course, it is possible that domestic factors inside North Korea, particularly the leadership transition, have been the most important drivers of North Korean behavior. For instance, it is entirely plausible, as many South Korean officials contend, that North Korea's food aid diplomacy is motivated less by any hardships imposed by sanctions and more by a desire to have surplus food for the country's 2012 celebrations of the centennial of Kim Il-sung's birth. Likewise, the hardening of North Korean behavior toward the West in 2009 and 2010 may have been designed to help minimize internal dissent against the initial anointing of Kim Jong-un. Perhaps after his succession become less vulnerable (or less urgent, once Kim Jong-il's health appeared to recover), North Korea's rulers became more comfortable going on a diplomatic offensive.

### **The Future**

Looking ahead over the next several months, predicting the course of events related to North Korea is even more uncertain than usual. It is not inconceivable that by early 2013, there could be new leadership in all the participants of the Six Party Talks. It is possible that a breakthrough on any of the major North Korea issues could occur, driven by the combination of Lee Myung-bak seeking a final year "legacy" summit, Barack Obama and Xi Jinping wishing to prevent North Korea from becoming a political issue in the United States and China, and the Kim family trying to further solidify the Kim Jong-un's standing.

However, times of looming transition and leadership elections generally are not associated with foreign policy boldness. Indeed, the political dynamics of the North Korean issue in the United States and China are such that in 2012, American leaders will find it politically risky to experiment with serious negotiations with the DPRK, while Chinese leaders will be seen as vulnerable if they are seen as acquiescing to the U.S.-ROK-Japan position.

The political trends are less certain in South Korea. If there are no further North Korean attacks against South Korea, the pressure to adopt a softer approach toward Pyongyang will increase. On the other hand, if North Korea launches another attack on the ROK, calls for a tougher policy will grow and advocates for engagement will be forced to retreat. Thus, if North Korea exercises restraint, the North Korea policies of Presidents Lee and Obama may be pulled in opposite directions. In this scenario, the degree of unity between the two will likely hinge upon the extent to which Lee continues to link his North Korea approach to progress on Washington's

top priority, the nuclear issue. Thus far, the signs for continued cooperation are good; the level of trust between the two administrations is sufficiently strong that it is unlikely that there will be major disagreements in policy.

However, the same can not be said for any post-Lee presidency. While social welfare issues, not North Korea policy, are likely to be the major issues in the 2012 South Korean election, there appears to be a growing sense of disquiet, bordering on dissatisfaction, with Lee's approach toward Pyongyang. A number of editorials in the Korean conservative press have faulted Lee for not achieving results with North Korea. Another sign of the disquiet from conservative corners is Park Geun-hye's criticism that the Lee and Obama government's pressure tactics have "not been able to influence [Pyongyang's] behavior in a meaningful way."<sup>10</sup> Thus far, there have been few signs of any comprehensive alternative to the sunshine or strategic patience approaches. But one way to read these indicators is that if there are no further North Korean provocations, South Korean political trends will likely create more of an appetite for trust-building outreaches to North Korea in Seoul than in Washington. If such a shift is not matched by the White House, regardless of who occupies it in 2013, then U.S.-South Korean tensions over North Korea policy could well resurface.

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<sup>10</sup> Park Geun-hye, "A New Kind of Korea. Building Trust Between Seoul and Pyongyang," *Foreign Affairs*, September/October 2011.





## **Session 3**

### **Issues on the Korean Peninsula and Future of the ROK-U.S. Alliance**

#### **“Maintaining the ROK-U.S. Alliance, and the Future of the ROK-U.S. Alliance”**

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# Maintaining the ROK-US Alliance and the Future of ROK-US Alliance: Tasks for Transforming into “Strategic Alliance”<sup>1</sup>

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October 2011

## 1. Introduction

In the Joint Vision Statement for ROK-US Alliance, both President Lee and President Obama stated that “... we will build comprehensive strategic alliance of bilateral, regional and global scope, based on common values and mutual trust (emphasis added). Together we will work shoulder-to-shoulder to tackle challenges facing both our nations on behalf of the next generation.” Since then, both countries have been working hard to realize the 21<sup>st</sup> century strategic alliance which puts more emphasis on regional as well as global roles and missions of the alliance in coping with various security challenges ahead of us. And, over the years, the ROK has become a partner for the U.S. in realizing common values and ideals such as freedom, democracy, human rights, and market economy and has become ‘a world friend.’

Against such backdrop, despite all the efforts and determination of both countries,<sup>2</sup> there are some new factors which might impede or slow down the process of transforming the ROK-US alliance into a strategic alliance. So we must think about two futures: the envisioned alliance being reflected in the Vision Statement of 2008; and the alternative, or delayed, future a kind of extension of the current situation.

## 2. An envisioned future ROK-US alliance

Let’s imagine an ideal future of the ROK-US alliance. On December 1st, 2015, the Wartime operational control (hereafter OPCON) is transferred from Commander of Combined Forces Command (hereafter CFC) to the Chairman of Joint Chief of Staffs of the ROK; CFC is replaced with a new command structure; base relocation and realignment plans are completed; new OPLANS are well formulated; forces and assets are acquired properly; and North Koreans challenges, including WMD threats, are managed and deterred. Thus the ROK will be in a position to assume the leading role in defending itself against North Korean attack, while the US will assume the supporting

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<sup>1</sup> Views and ideas in this paper are those of the author. They do not represent those of the ROK government.

<sup>2</sup> During the Roh administration, the ROK and U.S. resolved the following issues: Yongsan Relocation Plan (YRP); Land Partnership Program (LPP); transfer of 10 special missions; Special Measures Agreement (SMA); strategic flexibility; Comprehensive Security Assessment (CSA); Joint Vision Studies (JVS); Transfer of Wartime OPCON; and New Command Relations (CRS) But some of them have been delayed and revisited under the Lee administration.

role in the defense of South Korea from any external aggression. In a word, the ever-waiting 'Koreanization of the Korean defense' is finally realized. And, furthermore, the ROK, as a partner to the United States, can make even greater contribution to peace and stability at regional as well as global level. There will be more functional as well as geographical areas in which the ROK forces are present and play more significant roles. As a result, the "21<sup>st</sup> Century Strategic Alliance between the ROK and the U.S." will be finally realized.

Among others, there can be at least three key elements of strategic alliance: common values; trust; and peace-building. This implies the following. First, common values between the ROK and the US transform the basic foundation of the alliance from threat-based alliance to values-and-ideals-based alliance. Consequently, it widens and deepens the area of cooperation for the attainment of common values which are not confined into the Korean Peninsula. In other word, psychological foundation of the alliance would be further consolidated and ever-lasting as they are committed to the attainment of the commonly shared values and ideals.

Second, it goes beyond the simple military cooperation and collaboration since the areas of cooperation for the attainment of common values and ideals cover a wide range of issues. The attainment of such values requires the use of various means and tools beyond military ones. And, due to the complexity and multidimensional character of issues and challenges, comprehensive consultation, coordination, and cooperation between the two countries will become very necessary. This implies that, to ensure the success, the structure for cooperation between the two allies will become much more comprehensive, much tighter, and much closer, if not integrated. All related agencies of both countries are required to be involved in consultation, coordination, and cooperation from the beginning to the end. "We go together."

Third, the strategic alliance being geared toward peace-building, will be more proactive in shaping the future, not just simply maintaining status-quo, by fostering solid ground for peace and stability. And the alliance itself will be able to provide regional as well as global common goods for peace and security. The alliance will be the cornerstone, or backbone, in building a new regional security architecture for peace, stability and prosperity. Peace-building mission of the strategic alliance requires very extensive work and strong determination. Thus, to guide us to the attainment of peace-building strategic alliance, the sense of duty and responsibility-sharing spirit are very essential. In return, this will make the alliance even stronger, more robust, and much more essential.

If we are able to realize all the aforementioned characteristics of the strategic alliance, we shall be in a better position to secure peace and stability at different levels under the spirit of 'think alike and act together.' So we can envision three levels or areas of cooperation between the ROK and the US under the umbrella of strategic alliance: peninsula level, regional level, and global level. At the peninsula level, roles and missions of the ROK-US alliance are: deterrence of North Korean military adventurism; managing peace process including transformation of North Korea's policies and behaviors; and providing/creating favorable background for peaceful unification. At regional level, the ROK-US alliance will play a significant role in managing the process of creating a more stable and sustainable regional security architecture and arrangement. The ROK-US strategic al-

liance does not necessarily collide with multilateral security cooperation arrangement. Rather it may facilitate the multilateral security cooperation as one of integral parts. And also it can complement multilateral security cooperation by providing assets for actions, while multilateral security cooperation could be a venue for consultation over guidelines and principles. At global level, the ROK and the US would be in a position to share the responsibilities over traditional and non-traditional security (hereafter NTS) issues, maybe mostly non-traditional security challenges. In sum, we can say that the ROK-US alliance will become flexible and capable enough to handle various challenges with different characters and magnitude at different levels.

However, the attainment of such strategic alliance cannot be done overnight. It requires steadfast attention and investment in both capital and human resources. And it might also be affected or derailed by the changes in security environment. While we share the vision for the future alliance and are determined to realize it, there could be factors which impede the process.

### **3. Obstacles and alternative future**

There are several factors which probably impede the transformation process and force to revisit all the decisions and agreements we have made.

#### **A. Ever-changing and multiplying North Korean threats**

Security threats and challenges imposed by North Korea can be divided into three categories: 1) a threat of full-scale war, 2) a limited-scale war or asymmetric threats, and 3) a threat incurred from regime instability. In aspects of possibility and frequency, asymmetric threats including limited military provocations can be set up as the first pending task. In the second place, succession and possibility of some turbulence, if not instability, can be set. Lastly, the type of all-out war should be concerned as well.

Threats from a full-scale war can be considered at first. In reality, as reflected in the Perry Report of September 1999, the likelihood of a full-scale war is very low. Dominant observation is that a full-scale provocation by North Korea will result in its self-destruction, and North Korea is well aware of it. This provides a ground to the low probability of an all-out conflict. Of course, it cannot be ignored that the North could choose the full-scale conflict as the last option when being forced into the worst situation. However, as much as North Korean leadership considers “regime security” as its top priority, the probability of full-scale war causing the destruction of the North Korean regime as well as the leadership seems relatively low.

There are also external elements which explain the lower possibility of a full-scale confrontation by the North. The first element is “China.” When considering its current national interests and objectives, China will unlikely support the full-scale war conducted by North Korea although the North is a Chinese ally. The top policy priority of China is the creation of a favorable external environment to develop its sustainable growth in economy, and stabilize domestic affairs consisting of political, economic, and social issues. In this regards, China strongly supports the peace and

stability on the Korean Peninsula in principle, and stresses out its basic position to North Korea. China's little enthusiasm is an important factor supposing that a full-scale provocation by North is unlikely.<sup>3</sup>

The second category of security threats by North Korea is asymmetrical threat that can be classified by causal type: 1) through using the weapons of mass destruction (WMD) and 2) through the type of irregular warfare applying conventional weapons. In particular, the increase of North Korean capability in the use of WMD causes the important challenge in relation to the threat of a full-scale war, and it is possibly more serious. The North already conducted two times of nuclear tests in 2005 and 2009, and still expresses its willingness to strengthen its self-deterrence capability by nuclear programs and even use it if necessary. In addition, it is assessed that long-range missiles as Taepodong-1 and -2 are continuously developed. It is estimated that North Korea expands diverse missile capabilities as well.

If North Korea has nuclear weapons, it indicates the different dimension about contents and quality of North Korean threat and stimulates the alternation of strategy and tactics on North Korea which have been possessed, maintained and developed in particularly South Korea. North Korean nuclear weapons will be utilized to increase military tensions for its political and diplomatic aims even in peace time. Besides, a threat of nuclear war could be used as a threat leverage to block active intervention and response by external forces and international community. In order to deal with such shifts in the nature of threats by North Korea, South Korea and the U.S. are making efforts to reinforce extended deterrence including nuclear umbrella.<sup>4</sup> However, the current extended deterrence policy of the Obama Administration focuses not on the nuclear weapons but on the conventional military capabilities.<sup>5</sup> The question is that if the U.S. is ready to actively intervene when North Korea's WMD capability is not limited to the problem of proliferation but is converted to the means of immediate military strikes.

Another asymmetrical threat is the increase in the possibility of a limited warfare or the limited use of military forces. North Korea, not capable of both quantitatively and qualitatively competing with the South in the conventional realm, must have continued to look for various ways to achieve its political and military goals by targeting South Korea's weaknesses. And, the

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<sup>3</sup> Perry Report that was written in 1998-1999 based on the ROK-U.S.-Japan consultation assessed low possibility about that North Korea's decision in a full-scale war. This assessment was based on the recognition of North Korean leadership that North Korean regime would be destroyed through a full-scale war if the military capability between North and South Korea balanced in a way.

<sup>4</sup> The extended deterrence of the U.S. consists of conventional forces, nuclear umbrella, and missile defense. Problematic is that the U.S. stresses conventional forces rather than nuclear umbrella, and has been equivocal toward nuclear umbrella.

<sup>5</sup> President Barack Obama declared "a world without nuclear weapons" in Prague in April 2009, and held the 1<sup>st</sup> Nuclear Security Summit with the leader of 47 countries in Washington in April 2010. President Obama is continuing his efforts to find and prepare ways to reduce dependency on nuclear weapons. NPR (Nuclear Posture Review) is a document which reflects President Obama's such idea. NPR 2010 suggested 1) preventing nuclear proliferation and nuclear terrorism, 2) reducing the role of U.S. nuclear weapons in U.S. national security strategy, 3) maintaining strategic deterrence and stability at reduced nuclear force levels, 4) strengthening regional deterrence and reassurance of U.S. alliance and partners, and 5) sustaining a safe, secure, and effective nuclear arsenal.

Cheonan incident and Yeonpyongdo shelling show well in terms of this weakness of the South. North Korea would continue its attempt to acquire a dominant position through such unconventional military provocations. Such unconventional type of military provocations by the North would continue in an attempt to dominate the security competition. Such provocations would be carried out not for a military purpose but for a political purpose, and given its internal and external circumstances North Korea's political motives to create tensions on the Korean Peninsula are expected to continue to a certain degree or increase.

Finally, the leadership succession and its implications/impact on North Korea's policy is an important concern. The North Korean regime which adopts "Military First" policy sets 2012 as the completion year of "Kang-sung-dae-kug (Strong and Prosperous Country)" and is concentrating its efforts to achieve this objective. At the same time, North Korea is under the leadership succession process. North Korea has no formal succession rules in its constitution, laws, and Party charter. So Chairman Kim is free to choose his successor. But there is no guarantee that his choice will be honored when he disappears from the scene. Thus the success or failure of leadership succession will depend on Chairman Kim's ability to build consensus around his choice and successor's ability to show his legitimacy. It seems that the Third Party Conference of September 2010 was an attempt to put the succession on a more sure footing. Among others, it is quite interesting to see the appearance of relatively young generals and party officials and the reinvigoration of Korean Workers' Party apparatus. The Third Party Conference can be regarded as an attempt to knit together "Military First Politics" and "Party Center" to create a sustainable leadership that will support succession.

There are two concerns over the issue of succession in North Korea: whether the succession would be smoothly and successfully completed without having some turbulence; and whether the succession could result in any policy change. While no one wants to see turbulent situation in North Korea for various reasons, the possibility of disturbance in the process of succession cannot be completely ruled out. Whether the next leader, probably Kim Jong-Un, can assume the status of lynchpin to hub-and-spoke leadership style as Chairman Kim does is uncertain. It seems that Kim Jong-Un has to build his *bona fides* within the leadership. Second, we wonder there could be change in power structure in North Korea: that is, transformation of one-man dictatorship to a collective leadership system. If so, there could be several power centers which might result in policy debate and later power struggle.

The second issue of the possibility of policy change is another concern. Despite some wish, the possibility of policy change isn't that high during the succession. Successor will maintain Chairman Kim's policies and later will be able to add his own policy, or political initiatives, as Chairman Kim did. So for the time-being, there will be little room for the successor designated to room for new policy initiatives. Rather he has to be seen as the one who will carry out the policies of the current leader wholeheartedly.

It also implies that South Korean vulnerability has possibly increased along with the development of society and economy as the change of the North's strategy and tactics. For example, cyber attack by the North can increase the vulnerability stimulating the confusion in social and econom-

ic areas in South Korea. It shows the political aim through unconventional provocation rather than the military one.

All these naturally lead South Korea to revisit and revise its defense reform plan. Initially 'Defense Reform 2020' was targeted rather long-term and potential concerns and threats beyond the North Korean challenges. But a series of North Korea's provocations in 2010 have made South Korea to be more concerned with immediate and present threats and concerns. The result was 'Defense Reform 307'. Three main targets of Defense Reform 307 are: strengthening jointness; enhancing proactive deterrence capabilities; and maximizing efficiency. While not neglecting the concerns and challenges the international community is faced,<sup>6</sup> for the time being, South Korea both physically and mentally, will remain preoccupied with North Korean military challenges rather than thinking of regional as well as global roles and missions.

## **B. Question on credibility of US extended deterrence**

Since the end of Korean War, South Korea has been dependent upon the U.S. security commitment to the defense of South Korea. And, despite some ups and downs over the years, the U.S. commitment has been quite successful in many regards.

However, nowadays, U.S. commitment to the defense of South Korea is challenged by the new development in and around the Korean Peninsula: that is, increasing WMD capabilities and aggressive behavior of North Korea. Over the years, North Korean threats have changed and multiplied substantially. Although the possibility of full-scale war is very low due to various factors, North Korea is more likely to engage provocation and, possibly, limited war, when it feels necessary.

On full-scale war, North Korea's increasing WMD capabilities present fundamental and serious challenges to the existing operational plans, including OPLAN 5027, and military establishment of South Korea. We don't know how and when North Korea would use its WMD for sure. North Korea might use or threat to use its WMD to deter 3<sup>rd</sup> party from intervening. Or they might use them in the early stage of war before it loses them. In either case, it is possible to say that now North Korea possesses its own deterrent means and could have more options to choose. This actually undermines the credibility of U.S. extended deterrence posture.

Having nuclear weapons and other WMD, North Korea might be able to use its conventional forces for political as well as military purposes as we have seen in the Cheonan and the Yeonpyongdo incident. This is the so-called asymmetrical threats, or unconventional use of conventional forces; that is, North Korea could be tempted to use its conventional forces in unconventional ways to raise tension and could feel safe due to the fear of escalation, which could be found in South Korea as a result of North Korean possession of nuclear weapons. In other words, we can say nowadays North Korea has the escalation ladder control capability.

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<sup>6</sup> In Defense Reform 307, the ROK MND stated that it would secure capabilities to cope with comprehensive security challenges including wartime OPCON transfer and future potential threats. But the tasks in the category of acquiring proactive deterrence capability are rather North Korea-related ones, not necessarily future potential concerns with regional or global manifestation.

Due to these development and possible changes in the coming years, to guarantee peace, security, and stability on the Korean Peninsula, the primary concern is how to strengthen the U.S. extended deterrence and to make North Korea believe it. The U.S., during the previous Bush administration, put forward three components of extended deterrence: conventional, nuclear, and missile defense. On June 19, 2009, in their summit in Washington, about a month later of North Korea's second nuclear test, President Obama and President Lee reaffirmed the U.S. commitment to the defense of South Korea by stating the continuing commitment of extended deterrence, including the U.S. nuclear umbrella. This was wholeheartedly welcomed by most South Korean people.

However, a year later, in the NPR 2010, the U.S. announced that it would reduce the role(s) of nuclear weapons in extended deterrence for its allies. This actually raised the concern in South Korea by creating some problem of positive security assurance, as the U.S. decision to withdraw the 7<sup>th</sup> ID from the Korean Peninsula in the early 1970s did. If unchecked, the fear of abandonment would become widespread. In response to such concerns of its allies, the U.S. put more emphasis on the other two components of extended deterrence: conventional deterrent component and missile defense.

Unfortunately, these two other components of extended deterrence have some limits and problems. Whether the U.S. has sufficient conventional military forces should be tested against the reality. Former Secretary Gates said that the U.S. might not be able to provide sufficient conventional forces in time for its allies. According to the plan, the U.S. is supposed to provide 650,000 augmentation troops in case of contingency on the Korean Peninsula. But that force might not be available when it is needed. Even in crisis, the U.S. cannot act promptly. Furthermore, the USFK is going to be transformed into a kind of strategic force with less focus on North Korea. The U.S. has already transferred some special missions to South Korea, including counter-battery and counter-SOF, and emphasized "strategic flexibility" of USFK which is designed to assign various non-peninsula missions to the USFK.

In sum, not only nuclear dimension but also other components of extended deterrence are challenged by the changing North Korean threats. Some people argue for the redeployment of U.S. tactical nuclear weapons. Or some extremes argue for independent deterrent options. But majority of South Korean still wants to preserve and strengthen the U.S. extended deterrence posture.

Extended Deterrence Policy Committee between the U.S. and South Korea was introduced to come up with more credible and reliable deterrent measures by taking into account the multiplying North Korean threats. To ensure the credible deterrence posture, we should think of rather comprehensive and proactive defense posture, which will put emphasis on denial rather than punishment. For that, the following things should be seriously considered and implemented.

- First, we should start with the study of North Korean capabilities, strategies, tactics, and operations: that is, North Korean military posture. Especially, we should think very thoroughly how North Korea is going to use their WMD.
- Second, we have to enhance ROK-US intelligence and information capabilities to know better what is going on inside North Korea. There should be more integrated C4ISR structure

between the two to ensure the early detection and response.

- Third, we should come up with new operational plans and strategies to meet North Korean challenges. The most critical part is the assumptions and objectives being shared by the two parties. Especially, we must think of SOP of ED. The basic concept should be comprehensive full spectrum dominance vis-à-vis North Korea.
- Fourth, then, we strive to secure the required assets, tools, and means to carry out the missions. We should think of diversity of options to ensure the flexibility in meeting the North Korean challenges.
- Fifth, a new cooperation structure for extended deterrence should be visited. It is uncertain whether CFC would be the right command structure or not. If not, we should think of alternative command structure or cooperation/coordination structure.
- Sixth, training and exercises should be revisited. It might be necessary to introduce new types of training and exercises to ensure human resources.

Despite hope and efforts, it seems somewhat difficult, if not impossible, to achieve the above-mentioned things until 2015. Guidelines and strategies might be possible to be finished. But the acquisition and allocation of resources and necessary assets might take longer. If South Korea couldn't be convinced by 'new' extended deterrence measures proposed by the U.S., there could be a growing concern over the OPCON transfer: that is, fear of abandonment can arise again.

### **C. Delay of the Implementation Process**

The implementation of the agreements has been delayed due to several reasons. And some issues have not been resolved yet. The Yongsan Relocation Plan and Land Partnership Program have already been delayed for some years. It is unclear when the construction of new facilities in Pyeongtak and the return of the land being used by the USFK would be completed. Initially the completion of the first phase of the relocation plan was planned for 2007. It was reported that the completion of the construction of the bases in Pyeongtak could be done circa 2016 or later. In the meantime, the estimated cost of construction has increased from 10 trillion won to 16 to 17 trillion won as of 2011. Actually the delay has contributed toward the increase of construction cost. It cannot be ruled out the possibility of further delay caused by the two things: the environment treatment of bases and the ownership of property over the returned land.

A new command relations structure which will replace the CFC, has not been agreed between the two parties. In principle, both the ROK and U.S. have agreed to establish AMCC (Alliance Management Cooperation Center). But the level, size, and scope have not been ironed out. The ROK wants to have CFC-like AMCC, whereas the U.S. prefers much smaller and lower AMCC. This issue is also linked to the ROK's plan to modify the upper tier of command and control, which is one of the main tasks in Defense Reform 307. As we know, Defense Reform 307 is still pending at the National Assembly and it is uncertain when the bill to be adopted.

Another related issue is the division of labor between the two. While the principle of 'being supported (South Korea) and supporting (the U.S.)' has been adopted and emphasized over and

over, we have not been able to clarify the division of labor in detail. Even Initial Operation Capability (IOC) has not been verified yet. If we successfully passed IOC test, there would be no problem and we would be in a good shape. But, if not, we should revisit the issue and fix it. Then Full Operation Capability (FOC) test would be postponed automatically due to the adjustment requirements caused by the failure. Furthermore, at this point of time, it is uncertain whether the U.S. can provide 'the so-called bridging capabilities' to guarantee that process.

Cost-sharing problem is another problem to be resolved. Cost-sharing over C4I is one thing and the construction cost-sharing is another. It seems that each side has different understanding over these two issues. Even between the allies, there could be friction especially over the money issue as we have witnessed in Special Measures Agreement (SMA) negotiation. Thus we cannot be sure that the cost-sharing issue will be easily and successfully resolved between the two allies, especially under the difficult economic situation. The first issue—C4I—is going to be more technical, whereas the second issue—construction cost-sharing--can easily become a domestic political issue, which might be accompanied by the debate in political arena.

Not only the physical elements but also software elements look behind the schedule. Both sides have made progress in drafting a new OPLAN, which will replace the current OPLAN 5027. However, human resources have not been well prepared. It will take time to have sufficient number of personnel to run a new system with great confidence and to accomplish the missions successfully.

All these imply that by December 1 2015, we might not be able to have all necessary physical and non-physical requirements for a new defense posture and, consequently, there could be a demand for a revisit of OPCON transfer again.

#### **D. Economic Constraints**

If economy of both countries is in good shape and both countries have enough financial resources, there would be no constraint in building reliable deterrence/defense posture. Unfortunately, against our wish, it doesn't look that way.

To reduce the federal deficit, the U.S. administration has to cut the overall budget. And defense budget is one of the main targets. At the first phase, the US DoD has to cut the budget by \$350 billion. It was reported that if "Special Commission" failed to reach an agreement on budget cut for the second phase by the end of 2011, additional \$600 billion budget cut over the next ten years would be carried out. It would greatly affect the force modernization and introduction of new systems. Furthermore, there could be a cut in troop size.<sup>7</sup> So the U.S. might ask its allies to assume great security roles for themselves and for the region where they are. Or the U.S. could ask the allies to make financial contribution in maintaining overseas deployment of U.S. forces. In turn, it would raise the concern of U.S. allies over the U.S. extended deterrence capabilities.

Economic situation of South Korea doesn't look good either. Demand for welfare, health and

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<sup>7</sup> If the Special Commission failed to produce an agreement, there will be substantial force cut including 150,000 troop cut in army and marine; 2 CBGs from navy; reduction in forward deployed marines; and 33% of aircraft in the air force.

education is growing fast and strong, whereas support for the increase of defense budget is relatively weak. Of course, budget for enhancing deterrence capabilities vis-à-vis North Korea will gain support for some time. But Ministry of Strategy and Finance has a strong position that Ministry of Defense should find the way to secure necessary financial resources within the framework set by the mid-term National Budget Plan. It is highly unlikely that additional financial resources could be allocated to Defense Budget beyond the target limit. One way to overcome such constraint is to delay and/or scale down force procurement plans. So the preparation for off-peninsula roles and missions, while more resources will be poured into the area of handling the immediate concerns: North Korea's asymmetrical threats.

#### **E. Inward Looking Tendency and China factor**

As a result of the Cheonan and Yeonpyong incident of 2010, South Korean publics have become much more concerned with North Korea's conventional threats than global or NTS issues. Consequently, they are and will be reluctant toward South Korea's participation in or contribution to resolving regional as well as global security challenges. It would be relatively difficult for the government to persuade the public why the ROK should be active in international arena, while the North Korean challenges are even greater and more serious and imminent.

Secondly, South Korea might become much more concerned with possible Chinese reactions towards the strategic alliance with regional as well as global ramifications. Many people believe that widening and deepening of alliance relationship with the U.S. would be accompanied by harsh Chinese reactions in different areas. Consequently, South Korea would be positioned between the two big whales. Or, putting in different way, strengthening alliance relations with the U.S. would invite economic countermeasures of China vis-à-vis South Korea: 'fear of entrapment' can arise against transforming the ROK-US alliance. Another group of people in South Korea argue that the strengthening of the ROK-US alliance would invite a new Cold War in Northeast Asia. They argue that the U.S. intends to contain China by forming US-ROK-Japan trilateral alliance against China. Those are against South Korea's national interests and weaken the South Korea-China relations.

#### **4. Prospect and a Desirable Approach**

The 21<sup>st</sup> Century Strategic Alliance anchored upon common interests, mutual respect and common understanding is in-the-making. Overall status of the relationship between the U.S.-ROK couldn't be better than the current one and the expectation is very high: psychological, or cognitive, elements are in better shape than physical elements. However, such high expectation may result in disappointment due to the aforementioned factors. To avoid such things, it is necessary to look at the following two groups of issues and to come up with a common position.

### **-Group 1: strategic issues**

- Mid- to long-term strategic outlook and list of concerns, challenges, and opportunities: bedrock of the alliance in the future (cognitive element or background of the alliance)
- North Korean question including North Korean nuclear challenges
- Rise of China, power shift and regional (security) architecture: U.S. policy toward East Asia or Asia-Pacific
- Off-peninsula US-ROK security cooperation: type, scope and level of ROK's contribution
- Future of US-ROK-Japan(+others) security cooperation: ways to enhance ROK-Japan bi-lateral security cooperation

### **-Group 2: alliance management-related technical issues**

- KORUS FTA ratification and post-FTA cooperation
- Expansion of areas of cooperation and collaboration beyond security area and concrete action plans for implementation
- Ways to secure, expand and consolidate domestic understanding of and support for the alliance
- Post-2015 issues of management and transformation of alliance: base relocation issue (environment treatment), base/facilities construction cost-sharing, defense-burden sharing (SMA: Special Measures Agreement), transfer of wartime OPCON in 2015 and preparation for it, revision and upgrade of OPLAN, future alternative command relationship and structure (post-CFC), future of UNC, roles/missions/capabilities of each side including extended deterrence, and exercise and training

On South Korean part, there could be additional burden it has to bear to meet the date of OPCON transfer and to make contribution to off-peninsula security issues. Another delay of OPCON transfer and ambivalent attitude toward responsibility-sharing over the concerns and challenges of the international community would damage South Korea's credibility. If all things cannot be achieved before December 1, 2015, it is possible to identify key and essential elements in establishing and running a new system of alliance and to concentrate on those elements, while the others would be delayed. Delay does not necessarily mean the saving of financial resources. Rather it may result in the increase of financial requirement as we have seen in the case of base relocation plan of USFK. South Korea should think about and clear on what kind of bridging capabilities it wants from the U.S. "selection and concentration." We cannot start with a perfect system, but over the years we can make it perfect. This process will further consolidate the foundation of the alliance.

Secondly, while we are handling North Korean challenges, we should not forget challenges and concerns the U.S. is being faced. South Korea's contribution in solving those concerns would

help the U.S. become more active and forthcoming for the defense of South Korea. So South Korea should keep its eyes open to wider world and remain to be actively engaged in regional as well as international security concerns. This will enhance its strategic value and enable South Korea to secure international support which might complement the deficiency taking place in the transition period.

Third, it is very essential to get domestic consensus on and support for the strategic alliance. Especially, the responsibility-sharing among the allies in tackling common challenges and threats at present and into the future must be emphasized.

Fourth, even on the Korean peninsula, the dynamics of deterrence and defense have become much more complicated and complex. Complex linkage among the dynamics must be correctly understood. This implies that the North Korean challenges must be viewed from different levels simultaneously and measures must be sought in a complex manner rather than quid-pro-quo. From this regard, non-military factors and regional as well as international factors must be taken into account even in handling peninsula-wise issues. This will widen and deepen the fundamentals of the strategic alliance.

Finally, on the other hand, the U.S. must provide more visible and concrete ways to convince South Korea about its commitment to the defense of South Korea against external threats.

All these are not easy task. But going through this process together will enhance confidence in each other and put the foundation of peace and security on a rock solid ground.





## **Session 3**

### **Issues on the Korean Peninsula and Future of the ROK-U.S. Alliance**

#### **“China’s Growing Military Strength and the ROK-U.S. Alliance”**

Taeho Kim, Hallym University of Graduate Studies



# China's Growing Military Strength and the ROK-U.S. Alliance

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October 2011

*[DRAFT: NOT FOR CITATION]*

Prepared for presentation at The ROK-U.S. Alliance International Conference on “A New Security Order in East Asia and the ROK-U.S. Alliance” hosted by the East Asia Institute (EAI), and to be held at Westin Chosun, Seoul, Korea, October 20-21, 2011.

## ABSTRACT

*While China's new military capabilities are an issue of growing importance to the ROK-U.S. alliance and regional security, it should be understood that they are a work in progress. It is also important to note that it is not China's military modernization per se, but its ability to project and sustain power along and beyond its borders—in particular, the possibility to resolve forcefully its outstanding maritime disputes and various contingencies in the region.*

*This essay argues that China's “anti-access capability”—a U.S.-coined term originally developed for a Taiwan crisis—is equally applicable to other major regional cases such as the Spratly disputes and a North Korean contingency. Furthermore, notwithstanding China's continuous efforts to develop and deploy various types and classes of weapons/platforms, it is the Russian systems and technologies that are most capable and thus assigned to the most mission-critical areas.*

*In assessing China's current and its likely future military capabilities as well as their implications for the region, it is necessary to take note of the following:*

- *It is very important not to “overestimate” or “underestimate” China's actual military capability, as war is most likely when China overestimates and others underestimate the PLA's capability.*
- *China's military not only employs mixed defense strategies but it also possesses both new and old (read: very old) military technologies. Its more than a dozen sources of foreign technologies are a nightmare for system integration and interoperability.*
- *There exists asymmetry of military capability between China and its weaker neighbors. While the PLAN is weak in several important aspects, many of its neighbors' navies are weaker still.*
- *Some have argued that China's foreign policy behavior apparently became more “assertive” in 2009-2011, but it is wiser to keep in mind that China has always been assertive and aggressive when it comes to what China defines as “sovereignty and territorial issues” as well as its newest “core interest.”*

*Should the U.S. cannot effectively cope with a regional security crisis, it will create a ripple effect throughout East Asia in terms of a crisis of belief in U.S. commitment, a renewal of militarized conflict, and a dramatic change in the regional security architecture. For their part, regional actors not only need to think hard about the various effects of China's military rise, but they should also find ways to cooperate and coordinate with each other in peacetime. The “strategic access vs. strategic anti-access dynamic” will very much depend on regional actors' ability to conduct regular consultations, transparent planning, and joint exercise.*

## Introduction

China's "military rise" is now the talk of the town. Since the last weeks of 2010 stories about an impressive array of China's new and sleek weapons/platforms—e.g., anti-ship ballistic missile (ASBM, December 2010), the J-20 stealth fighter (January 2011), the J-15 carrier-based aircraft (February 2011), and finally the *Varyag* aircraft carrier (August 2011)—have made regular newspaper headlines in Seoul and elsewhere. To casual observers and some experts China's rise in all aspects is beyond doubt. If China's propaganda machinery has ever intended to project China's image as a "strong and up-and-coming power," it has succeeded.

Upon a closer look at them, however, it is not difficult to find that most of China's "new military capabilities" are a work in progress. Some of them (e.g., ASBM) are of dubious quality and will face severe countermeasures in combat; others (J-20) will take years of tests and training before mass production, let alone actual deployment; and still others (J-15) may not see the light of the day and could be a bargaining chip for the Russian Su-33s. Just compare, for example, the "training and R&D-purpose" *Varyag* with the *USS George Washington* (CVN-73) deployed in maritime East Asia in September 2008. It seems that they are in the shopping window before the arrival of stocks in the shop.

With such pervasive perceptual gaps in mind, this brief essay analyzes the major trends and recent developments in People's Liberation Army (PLA) modernization—in particular its force modernization. It also takes note of China's strategic calculus toward East Asia and the Korean Peninsula, upon which its new equipment will be employed. At the end of this paper a few policy recommendations will be made as to the ROK's security and, by extension, the ROK-U.S. alliance. It goes without saying that much broader non-military measures are beyond the scope of this study.

Due to the nature of this topic, several important caveats are in order. One caveat, as implied above, is that it is very important not to "overestimate" or "underestimate" China's actual military capability. As Thomas Christensen and others have reminded us,<sup>1</sup> a war (in the Taiwan Strait) is most likely when China overestimates and other countries underestimate the former's military capability. Another is the fact that the PLA not only employs a mixture of different military strategies but it also possesses both new and old military technologies. In addition, its extremely diverse sources of foreign military technologies—more than a dozen in total—create numerous problems in combat system integration (CSI) and interoperability.<sup>2</sup> Still another is the reality that vast majority of the important sources and first-rate analysis on the PLA come from the United States. While they enable the outside researcher to understand the PLA better and in greater detail, she or he must be aware at the same time that America's national interests, its perceptions,

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<sup>1</sup> Thomas J. Christensen, "Windows and War: Trend Analysis and Beijing's Use of Force," in Alastair Iain Johnston and Robert S. Ross, eds., *New Directions in the Study of China's Foreign Policy* (Stanford: Stanford University Press, 2006), pp. 50-85.

<sup>2</sup> James C. Bussert and Bruce A. Elleman, *People's Liberation Army Navy: Combat Systems and Technology, 1949-2010* (Annapolis, MD: Naval Institute Press, 2011).

and its military capabilities are different from all others'. For instance, while the PLA Navy (PLAN) is weak in several important aspects, many of China's neighbors are weaker still.

## Major Trends in the PLA's Force Modernization since 1985

China's defense modernization began in earnest in 1985, when the enlarged Central Military Commission (CMC) decided to take the "strategic transformation" (*zhanlue zhuanbian*) and adopted the military strategy of "limited local war" (*youxian jubu zhanzheng*). Since that time on, the PLA has gradually but considerably improved its fighting capability over some 25 years through its across-the-board defense modernization. For an analytical simplicity it can be divided into two distinct periods: 1985-1999 and 2000-2011.<sup>3</sup>

### ***From 1985 to around 1999: "Peripheral Defense" and Select Modernization***

Even if the new strategy called for an overhaul of its antiquated force, China faced a combination of financial, organizational, and operational constraints and therefore pursued a low-cost, gradual approach.<sup>4</sup> Beginning with the manpower reduction of one-million personnel in 1985-87, the PLA streamlined its organizations and military regions (MRs), strengthened education and training, and procured a few select weapons systems at home and from abroad. An emphasis was given to naval and air power as well as to missile force which necessitated the acquisitions of such hardware as electronic warfare (EW) equipment, naval/air assets, and surface-to-air missiles (SAMs).<sup>5</sup>

A slow yet steady progress for about 15 years in a wide array of areas such as organization, equipment, and exercise notwithstanding, a glaring weakness remained as to military technological backwardness, outmoded and obsolescent weapons systems, inadequate number of high-tech systems, and a lack of realistic training. The post-Tiananmen western embargoes as well as Sino-Soviet/Russian rapprochement (in particular, the decline of Russia's power) allowed PLA leaders to seek from Russia high-tech weapons and technologies. Parenthetically, the 1995-96 crisis in the Taiwan Strait and the subsequent U.S. military involvement further reinforced China's military-equipment dependence on Russia.<sup>6</sup>

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<sup>3</sup> This overview of the PLA's force modernization is an adapted and updated version of my previous work. See Taeho Kim, "China's Military Rise and Its Implications for Regional and Peninsular Security," *New Asia*, Vol. 17, No. 3 (Autumn 2010), pp. 21-36.

<sup>4</sup> There is a huge body of works on this period of PLA force modernization. For two representative works, see James C. Mulvenon and Richard H. Yang, eds., *The People's Liberation Army in the Information Age* (Santa Monica: RAND, 1999) and Larry M. Wortzel, ed., *The Chinese Armed Forces in the 21<sup>st</sup> Century* (Carlisle Barracks, PA: U.S. Army War College Strategic Studies Institute, 1999).

<sup>5</sup> See the official statements of the PRC in its defense white paper (*Zhongguo de guofang*) published by the Information Office of the State Council in every two years since 1998.

<sup>6</sup> The most comprehensive account of the 1995-96 Taiwan Strait crisis is Qi Leyi, *Hanwei xingdong: 1996 Taihai feidan weiji fengyunlu* (Defense Action: Records of the 1996 Taiwan Strait Missile Crisis) (Taipei: Liming wenhua, 2006).

Throughout the 1990s China gradually increased the scope and level of weapons and technologies imported from Russia. Its acquisition patterns tell, among others, its continuing deficiencies, its likely future military requirements, and the direction of PLA and defense-industrial modernization. Included in Russia's actual arms transfers in the 1990s to China were fourth-generation aircraft (e.g., Su-27SK and Su-30MKK) and their associated components (i.e., AA-8/10/11 missiles, AL-31F engines, and *Zhuk* radar); SAMs (S-300PMU/SA-10); naval platforms (*Kilo*-class submarine and *Sovremenny*-class destroyer); and some land assets (BMP APCs and T-72 MBTs).<sup>7</sup> The total value of transfers in this decade is estimated to be eight billion dollars—that is, an average one billion dollars per year. For its part, China intended to minimize the off-the-shelf purchase of weapons and maximize the introduction of new technologies so as to enhance the domestic defense-industrial capability in preparation for future warfare as well as for further defense modernization.

### ***From 2000 to Present: A New Pattern in Wider Areas***

Since around 2000 a new and more extensive pattern in PLA force modernization has been observable from outside. They include, but are not limited to, a) the production and deployment of new weapons systems; b) introduction of more and better weapons systems from abroad, particularly from Russia; c) enhanced rapid reaction capability (RRF); d) a steady increase in information warfare (I/W), information operation (I/O), and EW capability; e) improved integrated logistics system (ILS); f) widespread “joint” MR training and exercises; and g) production and deployment of a variety of missile systems.

China's import of Russian weapons and technologies, for instance, jumped to over two billion dollars from the previous one billion dollars per year.<sup>8</sup> In addition to new hardware (such as the naval Su-30MK2, Il-76 [for transport and AWACS], and Il-78 [for mid-air refueling]), their technological cooperation includes parts, design, R&D, and operational know-how. It is in this context that China became the world's largest importer of major conventional weapons in the period from 2001 to 2008.<sup>9</sup> China's “indigenous” development of HQ-9 and FT-2000 SAMs may also have been aided by the import of a whopping 994 S-300PMU/SA-10 missiles and its related technologies by 2006.<sup>10</sup>

A new pattern of PLA force build-up is believed to be based upon several causes and backgrounds. First of all, it is a logical outcome of consistent investment on force modernization. De-

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<sup>7</sup> For details of arms transfers in this period, see Richard D. Fisher, Jr., “Foreign Arms Acquisition and PLA Modernization, in James R. Lilley and David Shambaugh, eds., *China's Military Faces the Future* (Washington, DC and Armonk, NY: American Enterprise Institute and M. E. Sharpe, 1999), pp. 85-191; Bates Gill and Taeho Kim, *China's Arms Acquisitions from Abroad: A Quest for “Superb and Secret Weapons”* (Oxford: Oxford University Press, 1995).

<sup>8</sup> Chinese-Russian military cooperation began to include joint projects on specific technologies in the mid-2000s. See Stephen J. Blank, *Shrinking Ground: Russia's Decline in Global Arms Sales* (Washington, DC: The Jamestown Foundation, 2010), esp. pp. 32-40.

<sup>9</sup> See *SIPRI Yearbook 2009*, p. 326.

<sup>10</sup> U.S. Office of the Secretary of Defense, *Military Power of the People's Republic of China 2006* (Washington, DC: Office of the Secretary of Defense, 2006), p. 21 and the author's estimates.

fense budget increases for 23 years in a row (1989-2011) is a case in point, which is tantamount to an average 16 percent nominal increase per annum. Second, domestic R&D on new weapons as well as foreign acquisitions seemed to have synergistic effects on the improvement and development of Chinese weapons systems. Third, in the 1999-2000 period Chinese leaders and strategists made a strategic reassessment in light of such negative trends as the “mistaken” bombing on China’s embassy in Belgrade, the release of the Cox report, and Lee Teng-hui’s “Two-Country” statement. They all point to an urgent need to bolster its defense preparation. Fourth but not the last, the new pattern has become possible due to a success in a series of defense-industrial reform measures which began in 1998-99. In April 1998 the General Armament Department (GAD) was created, and the COSTIND (Commission on Science, Technology, and Industry for National Defense) has since 2000 managed the newly-reconstituted 11 defense groups on astronautics, nuclear, aerospace, shipbuilding, ordnance, and electronics. According to General Li Jinai, then GAD chief, “[T]here has been a marked improvement in national defense scientific research and in building of weapons and equipment. The past five years [i.e., 1998-2002] has been the best period of development in the country’s history.”<sup>11</sup> Besides, the proportion of military goods in defense industry’s total output is now believed to be about 30 percent, a figure Chinese leaders want to increase to over 70 percent by 2020.<sup>12</sup>

It is thus not surprising to note that China’s acquisition of Russian weapons and technologies has been *the* most important source for PLA’s new “indigenous” weapons development and force modernization.<sup>13</sup> The current and likely future acquisition processes invariably point to a continued acquisition of Sukhoi (Su) family aircraft, J-11A/B (China’s licensed product of Su-27SK), and J-10 (China’s domestically developed combat aircraft); KJ-2000/KJ-200 AWACS; Ilyushin (Il) series transport (Il-76) and tanker (Il-78) aircraft and its domestic variants (Y-20); and engines (WS-10), radar, design, and avionics. There also is a whole range of new air-to-air and air-to-surface missiles with an eye on anti-ship mission.<sup>14</sup> In brief, it is highly likely that the thrust of future PLA force modernization—at least until 2020—would very much follow the course identified in the first decade of the 21<sup>st</sup> century.<sup>15</sup>

All in all, China’s acquisition of advanced weapons and military technologies from abroad since the early 1990s geared to establishing a modern fighting force.<sup>16</sup> Its acquisition patterns also

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<sup>11</sup> Originally appeared in *Jiefangjun Bao*, March 8, 2003, p. 1; as cited in “Chinese Defence Industry: Chinese Puzzle,” *Jane’s Defence Weekly*, January 14, 2004 and Keith Crane *et al.*, *Modernizing China’s Military: Opportunities and Constraints* (Santa Monica: RAND, 2005), p. 136.

<sup>12</sup> For a comprehensive assessment of China’s defense industry, see Tai Ming Cheung, *Fortifying China: The Struggle to Build a Modern Defense Economy* (Ithaca: Cornell University Press, 2009).

<sup>13</sup> For a succinct and balanced assessment of Russia’s role in China’s force modernization, see *SIPRI Yearbook 2009*, pp. 308-10.

<sup>14</sup> For a comprehensive assessment of the current status of PLAAF modernization, see Craig Caffrey, “China’s Military Aircraft: Up and Coming,” *Jane’s Defence Weekly*, July 5, 2010; Kenny Fuchter, “Air Power and China in the 21<sup>st</sup> Century,” *Air Power Review*, Vol. 11, No. 3 (Winter 2008), pp. 1-17.

<sup>15</sup> It should be noted, however, that the so-called “non-equipment” aspects of PLA modernization such as leadership, C4ISR, NCW, and joint exercises have not been addressed in this brief paper.

<sup>16</sup> This author has long argued for a distinction between a fighting capability and force modernization. They are simply different concepts with each other.

indicate the PLA's continuing difficulties as well as its future direction of force modernization. Even if most of the imported and license-produced assets can be assigned to various missions, they are not a good measure of the PLA's actual war-fighting capability, however. Not only does it take years of practice and training with new equipment but the theater of possible conflict as well as its potential opponents would surely make a big difference in performance, as shown below.

## Select Areas of Concern to Regional Security

It should be acknowledged that it is *not* China's defense modernization per se, but its capability to project and sustain power along and beyond its borders—most notably the possibility to resolve forcefully its outstanding maritime disputes and various contingencies in the region. Given its 30-year-long reform drive, China does need a peaceful and stable environment and has time and again called for dialogue and diplomatic negotiations to settle salient regional disputes. China's growing and active participation in regional forums should be seen in this light as well.

At the same time, on the other hand, it is also true that China has continued to build up its military capability, especially its naval, air, and missile assets. In 2010 alone, China's more confrontational rhetoric and "assertive" behavior stood out with regard to the ROK-U.S. naval exercises in the West Sea (Yellow Sea), the trawler collision with Japan, and fishery and maritime disputes with Vietnam and the Philippines. For this reason, some have argued that China's foreign-policy behavior took a more assertive tone in the 2009-2011 period, even if it is prudent to keep in mind that China has always been assertive and aggressive when it comes to what China defines as "sovereign and territorial issues"—now coupled with the "core interests" (*hexin liyi*).<sup>17</sup> In brief, China's stated emphasis on regional stability and a responsible great power" (*fuzeren de daguo*) is one thing, and its realpolitik behavior based on hard-nosed national interests could be quiet another.

The crux of the matter is the "continental-maritime" military balance, which is heart to regional stability. China, for one thing, is unlikely to compete with the U.S. militarily in regions other than East Asia, which is a center for their economic and diplomatic activities. For another, it is the context of a rising China in the prosperous yet uncertain East Asia, against which U.S.-China "capabilities competition" or "influence competition" in the region should be understood.<sup>18</sup> Similarly and for still another, the continuing "strategic distrust" between China and the U.S. generates a perception among the Chinese leaders and strategists that the thrust of U.S. Asia-Pacific policy is to contain itself, while the Obama administration relies heavily on the linkage of alliance

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<sup>17</sup> In a two-part study Michael D. Swaine has offered an insightful examination on China's more confident assertion and its "core interests." See Michael D. Swaine, "China's Assertive Behavior, Part One: 'Core Interest,'" *China Leadership Monitor*, No. 34 (February 22, 2011); Michael D. Swaine and M. Taylor Fravel, "China's Assertive Behavior, Part Two: The Maritime Periphery," *China Leadership Monitor*, No. 35 (September 21, 2011). Both are available at [www.hoover.org/publications/china-leadership-monitor](http://www.hoover.org/publications/china-leadership-monitor).

<sup>18</sup> The former was coined by Admiral Mike McDevitt and the latter by U.S. Secretary of State Hillary R. Clinton.

networks and friendly ties in the region. The end effect is none other than “strategic access vs. strategic anti-access competition” at the regional level.

China’s attempts to impede the U.S.’s ability to operate at or near the theater of conflict are called the “anti-access/area denial (A2/AD; hereafter “anti-access”) strategy.<sup>19</sup> Originating from the PLA’s preparations for a Taiwan contingency, the strategy aims to “deter, delay, and if possible defeat” the approaching U.S. naval and air power in a crisis. It is similar in conception to “asymmetric warfare strategy,” which has a long history and broader applications. In PLA languages, “active defense” (*jiji fangyu*) comes close to the concept anti-access in effect. In the authoritative *Science of Military Strategy*, it emphatically notes that “we should try our best to fight against the enemy as far away as possible [from China’s coast], to lead the war to enemy’s operational base, even to his [*sic*] source of war, and to actively strike all the effective strength forming the enemy’s war system.”<sup>20</sup>

A gallery of the existing literature points to the particular set of military operations that intends to cope with a superior military power such as the United States.<sup>21</sup> They are: a) attacks on C4ISR systems including computer network attacks, EMP attacks, and attacks on satellites; b) attacks on logistics, transportation, and support functions; c) attacks on enemy air bases; d) blockades; e) attacks on sea lanes and ports; f) attacks on aircraft carriers; and g) preventing the use of bases on allied territory. Complicated and daring they might be, they are only the fuller spectrum of military actions and capabilities that have potential access-denial effects; the level of operational advancement in each category—let alone their actual performance in conflict—will be all but different from each other.

In particular, it is very important to note that political and geographical diversity as well as different levels of military preparedness exist from the South China Sea to the Taiwan Strait to the Korean Peninsula, and that it is the function of U.S. presence in the theater—in the form of overseas bases and the freedom of navigation—and the PLA’s own limitations to project and sustain power for an extended period of time that have largely prevented armed conflict from occurring for the past decade or so. Geography alone makes the PLA’s power projection a difficult proposition, including long-range air and naval assets (e.g., refueled Su-30MK2s, *Sovremenny*-class de-

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<sup>19</sup> “Anti-access strategy” is a term coined by the U.S. military. First appeared in the 2001 *Quadrennial Defense Review* (QDR), it was mentioned more than 17 times in total in its latest version. See U.S. Office of the Secretary of Defense, *Quadrennial Defense Review* (Washington, DC: Office of the Secretary of Defense, February 2010). See also U.S. Office of Naval Intelligence (ONI), *The People’s Liberation Army Navy: A Modern Navy with Chinese Characteristics* (Washington, DC: Office of Naval Intelligence, August 2009).

<sup>20</sup> The quotation is an official English translation of the Academy of Military Science’s (AMS) *Zhanlue Xue*. See Peng Guangqian and Yao Youzhi, *The Science of Military Strategy* (Beijing: Military Science Publishing House, 2005), pp. 459-61. The quotation is on p. 461.

<sup>21</sup> Roger Cliff, Mark Burkes, Michael S. Chase, Derek Eaton, and Kevin L. Pollpeter, *Entering the Dragon’s Lair: Chinese Antiaccess Strategies and Their Implications for the United States* (Santa Monica: The RAND Corporation, 2007). See also Roger Cliff, “Anti-Access Measures in Chinese Defense Strategy,” testimony presented before the U.S. China Economic and Security Review Commission on January 27, 2011. Available at [www.rand.org/pubs/testimonies/CT354.html](http://www.rand.org/pubs/testimonies/CT354.html). See also the same website for the anti-access implications of cyberwar by Martin C. Libicki ([CT355.html](http://www.rand.org/pubs/testimonies/CT355.html)) and of China’s “system-of-systems” approach by Cortez A. Cooper ([CT356.html](http://www.rand.org/pubs/testimonies/CT356.html)).

stroyers, and *Kilo*-class subs), replenishment-at-sea (RAS) capability, ocean surveillance satellites, and even carrier-based air power. Many of these at-sea requirements are being acquired by the PLA. Until the full constellation of forces are in place, however, the PLA's anti-access operations against the U.S. military will be limited to the areas that are within the protection range of land-based assets.<sup>22</sup>

Of greater relevance to this study is two-fold. One is that the effectiveness of the PLA's anti-access strategy designed for a Taiwan Strait crisis is equally applicable to other regional contingencies. The Spratly disputes and a North Korean contingency are cases in point. In so far as China's anti-access strategy intends to deter and delay the arrival of U.S. naval and air assets and the U.S. in such contingencies must use the forward bases in Japan and Korea, key regional actor will not be immune from the effects of the PLA's anti-access capabilities. For some of China's weaker neighbors this means the need for developing the "mini anti-access strategy" of their own.

The other is the necessity to keep an eye on the Russian assistance and transfer to China of weapons systems and military technologies. As illustrated earlier, Russia has been the most important source for the PLA's advanced weapons and platforms—and by extension for its anti-access capability. For instance, while China's sea denial capability has similarly been buttressed by the introduction of new types and classes of missile destroyers and frigates as well as of 38 new submarines in the 1994-2007 period,<sup>23</sup> it is *Sovremenny*-class destroyers and *Kilo*-class submarines that are most capable, thus being assigned to the highest mission-critical areas. Finally, it is noteworthy that Sino-Russian military cooperation began to resume in October 2010 after a three-year hiatus—in the form of visits to Russia by ranking officials such as CMC Vice Chair Guo Boxiong (September 2011), Chief of General Staff Chen Bingde (August 2011) and State President and CMC Chair Hu Jintao (June 2011).<sup>24</sup>

## The Korean Peninsula in China's Strategic Calculus

Of all major factors that affect China's calculations toward the Korean Peninsula the geostrategic and historical considerations remain most enduring and consequential. First, the peninsula is not only located closest to China's capital but also shares a 1,400-kilometer (880-mile) land border with it. Furthermore, Chinese strategists often regard the peninsula as a "route" (*tonglu*) between the maritime and continental powers. Second, it is also in this peninsula that the fledgling PRC

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<sup>22</sup> For a succinct review of PLA's limitations in projecting power in the theater of the South China Sea, see Bernard F.W. Loo, "Chinese Military Power: Much Less than Meets the Eye," *RSIS Commentaries*, Number 111 (September 9, 2010), pp. 1-2.

<sup>23</sup> For a comprehensive analysis of the PLAN's history, mission, and equipment, see Bernard D. Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century*, 2<sup>nd</sup> ed. (Annapolis, MD: Naval Institute Press, 2010). See also Ronald O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities*, Background and Issues for Congress (Washington, DC: CRS, November 2009). This report has been updated several times since its first publication.

<sup>24</sup> For a brief overview of the recent visits, see Jingdong Yuan, "Sino-Russian Relations: Renewal or Decay of a Strategic Partnership?" *China Brief*, Volume 11, Issue 18 (September 30, 2011), pp. 11-14.

fought with the U.S. 60 years ago. Before that, historical rivalry between China and Japan over the peninsula and the West Sea (Yellow Sea) also illustrates the strategic importance of the peninsula. Third and in China's view, the fast growing economic ties between Beijing and Seoul testify the vicissitude of Cold-War politics and the validity of China's ongoing reform and opening drive. Fourth, not only was traditional Korea part of the Sinocentric world order but China's potential to become a full-fledged great power will likely be tested again in this peninsula.

That South Korea and China have since 1992 remarkably improved their bilateral relations in all major issue-areas is beyond doubt. Yet, the ROK and China have put an uneven emphasis on economic and socio-cultural relations.<sup>25</sup> In the political and diplomatic fronts their perceptions often diverge from each other—as vividly seen in the aftermath of the *Cheonan* sinking (March 2010) and the artillery shelling of the Yeonpyong Island (November 2010). For its part, China appears nonchalant to such sensitive yet important issues as North Korean contingencies, the history of Koguryo, and the plight of North Korean residents in China.

China's "military rise" is an issue of growing security concern to the ROK; but it is often seen as an indirect and longer-term issue. More specifically, China's operational SSNs and SSBNs are not only harbored in the North Sea Fleet and mostly patrol in the West Sea (Yellow Sea) and East China Sea. China's future carrier battle groups, once they become operational, would also likely be located in the vicinity of the peninsula. China's increasing number of modernized combat aircraft as well as of conventional missiles needs to be reckoned with, even if they are not necessarily targeted at the peninsula. More immediate attention should be given to the PLA's RRFs. By the present estimate, seven out of the PLA's 18 group armies (GAs) are RRUs or mobile forces (MFs), of which four are located in the Beijing (38<sup>th</sup> and 27<sup>th</sup>), Shenyang (39<sup>th</sup>), and Jinan (54<sup>th</sup>) MRs. In light of the past patterns of China's use of force in a diplomatic crisis as well as the growing body of evidence for North Korea's internal weaknesses, they could be employed in a variety of North Korean contingencies such as humanitarian cases, a large flow of refugees, and instabilities in the border areas.

China's "military rise" will continue to influence the current ROK and future Korea's security environment. In addition to military consideration, therefore, the ROK should work for the improvement of overall bilateral ties and pave the way for an eventual unification. As long as China's future positions and role in the peninsula remain uncertain, on the other hand, the ROK must simultaneously pursue toward China both "exchange and cooperation" and "anticipation and preparation" in case China changes its current course of "peace and development." A hedging strategy will remain the most reasonable approach for the foreseeable future.

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<sup>25</sup> The other major aspects of almost 20-year ties between the ROK and the PRC include: a) uneven growth in different issue-areas; b) rapid expansion in the number of actors and in the scope of their ties; c) the effect of the "rise of China" on their bilateral ties; d) the growing gap in their respective national power, and e) a widening gap between official rhetoric and reality. The author is grateful to Professor Young Nam Cho of Seoul National University for insightful discussions on this subject.

On the military side the ROK's force modernization based on the principle of "limited defense sufficiency" should continue.<sup>26</sup> It means, among others, a minimum defense capability to deter and deny military provocations and to respond to small-scale conflict on and near the peninsula. In the near term, it should be able to cope with maritime conflict on top of the existing military threats from North Korea. In the mid- and longer term it calls for a capability to deny or raise the cost of military provocations, which depends upon a more independent intelligence-gathering capability (e.g., E-737), effective naval and air power (Types 209/214, F-15K), and a high-tech force.

When and if China's "benign and reliable" policy is not forthcoming and in particular it becomes a more dominant power with a campaign-level fighting capability, the ROK cannot help but further strengthen its defense ties with the United States. This approach is not confined to the ROK; rather, any regional states that are likely to be affected by the PLA's growing anti-access capability should take it into consideration. Barring any pretensions of the "containment" network, the individual states should be able to factor in any possible disruptions in regional balance in terms of regular consultations, transparent planning, and joint exercises. In short, it is highly likely that the closer the ROK-U.S. alliance relations, more favorable it would be for the ROK in terms of China's overall posture toward itself. This should be a testable hypothesis.

## Some Concluding Observations

Probably the most consequential aspect of China's "military rise" will be a change in the regional structure of power in which the U.S. maintains the leading and stabilizing role, a host of bilateral alliance and defense ties, and a set of economic and security objectives. It is thus no wonder that the possibility of power transition from the dominant U.S. to the rising China has attracted so much attention from the academic and policy community as well as from the international media.<sup>27</sup> Due also to the nature of the Chinese political system and its continued involvement in the region's outstanding territorial and maritime dispute, it stands to reason that its neighboring countries are concerned about how China might use its new power and influence.

All in all, it is imperative that the PLA's force modernization and its anti-access efforts be assessed on a regular and objective basis. China's future force build-up will also be a function of mixed factors such as Chinese leaders' perceptions of its own security environment, the availabili-

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<sup>26</sup> This is the author's term, which apparently is congruent with the ROK government's new post-*Cheonan* defense posture called "active deterrence." The latter term seems more targeted at the North Korean threats and has yet to be incorporated in the full report, which is in the making at the time of this writing.

<sup>27</sup> It is important to note, however, that the power transition theory and its variants should be verified in terms of their theoretical logic and their contextual applicability. For two representative works on the critique of the theory, see Jack S. Levy, "Power Transition Theory and the Rise of China," in Robert S. Ross and Zhu Feng, eds., *China's Ascent: Power, Security, and the Future of International Politics* (Ithaca: Cornell University Press, 2008), pp. 11-33 and Steve Chan, *China, the U.S., and the Power-Transition Theory: A Critique* (London: Routledge, 2008).

ty of domestic and foreign sources, and internal/bureaucratic constraints. Additionally, future trends in China's defense resources allocation—which will be largely affected by the 12<sup>th</sup> Five-Year Plan (2011-15)—would be a good indicator for its trajectory of enhanced anti-access capability and/or other priority missions. Without greater transparency on the part of the PLA, outside analysts cannot help but work with the trends and outcomes.

An end-state that the U.S. cannot effectively cope with a regional security crisis will have a ripple effect throughout East Asia in terms of a crisis of belief in U.S. commitment, a renewal of militarized conflict, and a dramatic change in the regional security architecture. The regional actors may well be advised to think hard about the military implications of China's ascendancy to themselves and to the regional balance of power. Multilateral security fora are just one such endeavor, which by any means should be encouraged; yet many salient sovereignty and territorial issues are addressed at the bilateral, not multilateral, level. The multi-layered competition between the U.S. and China at the strategic, military, and access/anti-access level also calls for individual regional actors to cooperate and coordinate with each other in peacetime.



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