CHINA’S PRAGMATIC RISE
and U.S. Interests in East Asia

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Is Chinese foreign policy undergoing a profound change? During most of the past five decades of Communist rule, China’s foreign policy reflected a strong tendency toward bilateral relations and a readiness, if not a predilection, to use force to assert its will. Even as recently as the mid-1990s, China used military power to bolster its claims in the South China Sea and to threaten political stability in Taiwan. However, while this sort of assertive use of power still remains in China’s quiver of foreign policy options, Chinese diplomacy has become dramatically more prevalent around the globe, especially in East Asia.

For instance, China was active in forming the Association of Southeast Asian Nations +3 (ASEAN +3) forum, which includes the ten ASEAN member countries (Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei Darussalam, Vietnam, Laos, Myanmar, and Cambodia) plus China, Japan, and South Korea. The forum was created to prevent a repeat of the 1997 financial crisis that devastated East Asian economies, but it now increasingly deals with issues tied to security. ASEAN +3 recently participated in talks concerning the possible development of an East Asian Community (EAC), which would include the ASEAN +3 countries and India, Australia, and New Zealand.

China has also been active in multilateral diplomacy in Northeast Asia. The nuclear crisis on the Korean peninsula prompted the creation of the Six-Party Talks, with China playing an important role in the negotiations among North Korea, the United States, Japan, Russia, and South Korea. The talks gave China a chance to assume a good deal of responsibility for Northeast Asian affairs and the maintenance of a stable Korean peninsula. They also provided a venue for China to improve its relations with the United States, Russia, and especially South Korea.

All of these developments point to China’s increased use of cooperative diplomacy, but does this shift in attitude portend a fundamental, lasting change in Chinese foreign policy? I believe that it does not. China’s strategic outlook has always featured a pragmatic attitude about using military force to attain results. Its show of restraint now is a symptom of the environment its leaders face. Simply put, diplomacy and restraint have practical advantages for China’s leaders.

China has long understood that change is inevitable. This outlook has influenced China’s grand strategy, which has four goals: maintaining domestic stability, ensuring territorial integrity, developing a strong military, and increasing geopolitical influence. China has prudently perceived the post-Cold War era as a window of opportunity to make gains toward its four goals by using “soft-power” diplomacy. This window opens wider the longer the
United States remains enmeshed in the Middle East and Central Asia. In addition, China has come to view its participation in multinational organizations as an enabler not only for pursuing greater geopolitical influence, but also for countering U.S. influence. With this in mind, China is participating in efforts to develop the aforementioned EAC. Unlike the existing ASEAN Regional Forum, the EAC will include only countries from East and South Asia.

By acting as a responsible, cooperative stakeholder in the region, China also aims to re-shape its old image as a potential military threat. The old image dominated many Asian states’ thinking about China during the Cold War, driving them to seek alliances with the United States. By adopting a more peaceful image, China is seeking to change these alliances.

From the perspective of U.S. interests, the greatest strategic challenge in East Asia is how to respond to increasing Chinese influence. The best U.S. strategy should entail improvement of its existing system of bilateral alliances and focusing diplomatic efforts toward resolving major regional security issues. The most pressing issues include limiting Chinese influence to ensure continued economic access, deterring conflict, and preventing a strategic arms race in the region. Such efforts will enable the United States to maintain its strategic relevance in the region and cultivate a positive image as the better alternative, the “hegemon of choice” for East Asian states.

To analyze the pragmatic nature of China’s rise, I will apply the concepts of strategic culture and grand strategy, stressing the importance of culture at the strategic level as it applies to Chinese foreign policy and its links to grand strategy. I will use China’s involvement in East Asia to demonstrate how the country is implementing its grand strategy using diplomacy as the primary instrument of national power, and I will discuss the benefits that China reaps from such a strategy. I will also recommend some specific policies to enable the United States to better protect its interests in the region.

**Strategic Culture and Grand Strategy**

There have been many attempts to describe China’s grand strategy. Michael D. Swaine and Ashley J.
Tellis, authors of Interpreting China’s Grand Strategy: Past, Present, and Future, argue that China’s current grand strategy is calculative and has three components—a nonideological approach necessary for continued economic growth, a deliberate restraint on the use of force, and an expanded involvement in regional and global multilateral forums. Chinese politics expert Avery Goldstein talks of a transitional strategy that puts “a premium on sustaining a peaceful environment necessary for the growth that will enable it to rise to the position of a true great power.” Others describe Chinese strategy as conditional multilateralism, in which China views multilateral security cooperation in a pragmatic but ambivalent way “to provide an alternative to the existing bilateral military alliances that the United States maintains with its key allies.” There have also been many references to China’s peaceful rise through a “New Security Concept” focused on economic growth, respect for national sovereignty, and increased regional cooperation. Different as they are, these labels all allude to China’s consistent strategic preference for pragmatism in pursuing its grand strategic goals, a preference that is heavily influenced by strategic culture.

The literature on the concept of culture is robust and full of competing definitions and theories. Clifford Geertz defines culture as “a system of inherited conceptions expressed in symbolic forms by means of which men communicate, perpetuate, and develop their knowledge about and attitudes towards life.” Aaron Wildavsky defines culture as “grand theories . . . from whose initial premises many consequences applicable to a wide variety of circumstances may be deduced.” For both men, culture acts as a filter through which members of a society make sense of the environment around them and determine how they should interact with it. Because many historical, political, military, and socioeconomic factors influence an environment, it makes sense that culture also affects preferences for behavior in navigating it. In the case of a strategic milieu, the choice rests between cooperation and resorting to force: “In so far as culture affects behavior, it does so by limiting options and by affecting how members of these cultures learn from interaction with the environment.” As in other environments, in a strategic milieu a cultural perspective is inevitable.

Just as culture influences one’s personal behavior, strategic culture influences national behavior at the strategic level. China’s strategic culture influences choices in the ways and means by which China prosecutes its grand strategy. Perhaps Alastair Iain Johnston describes it best in his book Cultural Realism: Strategic Culture and Grand Strategy in Chinese History. For Johnston, strategic culture is a “[c]onsistent and persistent historical pattern in the way particular states (or state elites) think about the use of force for political ends.” Thus, strategic culture furnishes a social construct that influences how states resort to diplomacy and military force.

Johnston characterizes China’s strategic culture as a kind of cultural realism, or a blend of Western-style realpolitik and a more pacifistic outlook stemming from traditional Chinese philosophical values. This characterization contrasts with the prevailing notion about the difference between China’s strategic culture and the West’s. In Johnston’s words, “One consequence of these interpretations of traditional strategic thought is a tendency in the literature to juxtapose Chinese and Western strategic cultures, and to conclude that the West stresses the application of technology, firepower, and offensive wars of annihilation while the Chinese have a preference for stratagem, minimal violence, and defensive wars of maneuver or attrition.”

The literature positing China as having such a defensive-minded culture is extensive, which makes Johnston’s thesis all the more intriguing. Yet, even Johnston’s more bellicose version of China’s strategic culture makes significant room for pragmatism.

Johnston terms China’s penchant for pragmatism “absolute flexibility.” “The notion of absolute flexibility, or quan bian, mediated this [offensive] preference . . . making decision-makers sensitive to the relationship between changes in capability and opportunity . . . and the likely efficacy of this preferred strategy. The result was, in essence, an opportunistic decision calculus.”

I believe the essence of China’s strategic culture is a pragmatic view about the benefits of using military force in the pursuit of strategic goals. This pragmatic view favors the continued development of a modern military with asymmetric capabilities to offset Western dominance in military technology. This essential nature is pragmatic because it considers applying or restraining force based on calculations of capability and assessments of strategic opportunity in pursuance of its strategic goals.
China’s Strategic Goals

As aforementioned, China’s grand strategy has four basic goals. First, China is resolved to maintain domestic political stability. In the recent past, it did this through revolutionary ideology and Leninist practices. Now, it does it by improving the quality of life for its people. This objective is encountering both dramatic successes and serious challenges. Second, China continues to protect its territorial integrity. Formerly, it did this through military campaigns, but it now prefers diplomatic agreements, at least for the time being. Third, China continues to develop a strong professional military, emphasizing both conventional and asymmetric capabilities. Fourth, China is increasing its geopolitical influence to obtain political leverage, economic benefits, and access to energy.

In pursuing these goals, China historically has relied on combinations of force and diplomacy in accordance with calculations influenced by its strategic culture. As noted, since the end of the Cold War, China has shown a preference for avoiding conflict. As long as its grand strategy is successful, China will continue to de-emphasize military force, but this will not last indefinitely if serious setbacks occur. Such setbacks could include domestic instability, another Taiwan crisis, deteriorating relations with other powerful Asian states like Japan, and a growing arms race in East Asia. The potential for leveraging military force will surely increase under these conditions.

Domestic stability. Domestic stability is especially important for China’s leaders given the nation’s long history of anxiety about political legitimacy in the face of both internal and external threats. Since the dawn of Chinese civilization, the nation’s rulers have always worried about political legitimacy. Confucian philosophy has heavily influenced the relationship between authority and legitimacy. Confucianism stresses filial piety, demanding loyalty and obedience to one’s father hierarchically through to the ruler, who has overall authority as the representative of Tien, the Son of Heaven (with all the power the title implies). However, this legitimate claim to authority is contingent on a ruler’s ability to lead with virtue. If a ruler failed to provide good governance and the Chinese people deemed him no longer virtuous, then the people were justified in unseating him. Even the Chinese Communist Party (CCP) under Mao intuitively identified with this idea as it struggled to overthrow Chiang Kai-shek’s nationalist government, which it deemed corrupt.

The Confucian idea of virtuous rule presents an ongoing philosophical challenge for the CCP as it works to maintain its political legitimacy. Under Mao, revolutionary ideology, Leninist policies, and cultish practices offset ineffective, unvirtuous governance. Under Deng Xiaoping in 1982, CCP leaders largely abandoned Maoist ideology and embarked on a rather remarkable set of reforms that one might call communism with capitalist characteristics, a rather far cry from Mao’s communism with Chinese characteristics. The apparent contradiction in the new “communist capitalism” has generated ideological dissonance and challenges to the CCP’s legitimacy.

On the one hand, the economic reforms started by Deng led to the development of special economic zones along China’s coastline where state controls were relaxed and capitalism flourished, producing some extraordinary results. As of 2006, China boasts the second highest GDP in the world in terms of purchasing-power parity, second only to that of the United States and more than twice that of Japan. On the other hand, the CCP’s emphasis on economic performance to bolster legitimacy has come increasingly under challenge. First, as an ideological shift away from Marxism and socialism, the new capitalism calls the original logic behind CCP legitimacy into question. This shift makes it crucial that the CCP deliver better governance and economic growth or face greater problems should the new economic policies fail.

The Tiananmen Square demonstrations in 1989 are a poignant reminder of this challenge to the CCP’s legitimacy. While the Party successfully cracked down on the demonstrators and weathered the ensuing diplomatic backlash from other countries (including
the United States), it faces further social unrest. The size and scale of subsequent demonstrations have not repeated those of Tiananmen, but the number of demonstrations has increased from 58,000 incidents in 2003 to 87,000 in 2005, and they are becoming broader in scope, larger in average size, and more frequent.  

China also faces a host of major socioeconomic issues such as a growing income gap between the rich and the poor, which undermines CCP legitimacy; the spread of AIDS and other health problems; political corruption; environmental degradation; a migrant workforce of over 100 million individuals who left the countryside for the coastline to find employment; and last but not least, an explosion in the numbers of nongovernmental organizations (NGOs) operating in Chinese society. The rise of NGOs present a challenge to CCP governance because, through them, the Chinese populace can increase demands for greater transparency in the political process and create additional forums for social and political activism.

Given the magnitude of these challenges, the need for success is high in the CCP’s ongoing experiment in economic reform. If these reforms do not produce the kind of broad prosperity associated with Confucian virtuous government, CCP legitimacy will suffer a severe blow. Should the Party’s experiment fail, one would expect its preference for cooperative diplomacy to erode as well.  

**Territorial integrity.** China’s second strategic goal, to maintain territorial integrity, has for centuries affected the way the country interacts with its neighbors. Owing to geographical features that make border defense difficult and long experience with nomadic incursions, China has always sought territorial integrity. The Great Wall is a tangible result of this goal. Defending the land holds a special place in Chinese culture. Over 4 millennia, the country has constantly struggled to secure 10,000 kilometers of border, a stretch it has shared with up to 17 different states, tribes, or kingdoms. During the imperial era, hostile hordes of Turks, Mongols, and Manchus overran and at times ruled the Chinese interior. Even when its inner heartland remained intact, China’s periphery constantly dealt with pressure from bordering tribes and rival kingdoms. During the late 1800s and early 1900s, a new wave of intruders arrived when Europeans, Americans, and Japanese partitioned large areas of China. Because of these violations of both sovereignty and territorial integrity, strategic concerns again became a function of protecting the periphery. In the words of Swaine and Tellis—

The historical record suggests that the Chinese state has frequently employed force against foreign powers but generally followed a pragmatic and limited approach to the use of force. Specifically, it has employed force against foreigners primarily to influence, control, or pacify its strategic periphery and generally has done so when it possessed relative superiority over its potential adversaries on the periphery…. However, an inability to establish a material position of superiority over the periphery through military force—or strong levels of domestic opposition to the use of such force—often led to the adoption by the state of noncoercive methods, usually involving appeasement and passive defenses, which frequently provided long periods of security from attack.  

In other words, China’s strategic culture, and thus China’s disinclination to use military force, has always been closely associated with its ability or inability to protect its territorial integrity. It should come as no surprise then that after World War II, with its devastating effect on the region, a
newly resurgent China unified under communism quickly launched military campaigns against Tibet, India, Vietnam, Mongolia, Russia, and UN forces in Korea to regain and solidify its historical borders. Now, as it seeks to resolve residual territorial disputes in the 21st century, China will more likely emphasize soft-power diplomacy, especially while its military continues on a path to modernization. However, if challenges to its territorial integrity or political sovereignty again arise, China’s emphasis on cooperative diplomacy will surely change. The Taiwan dilemma illustrates just such a risk, one that is all the more dangerous given the potential involvement of other great powers.

During the Cold War, both mainland China and Taiwan claimed all of China. Both sides conceded that Taiwan was part of China, although they differed on which government, the People’s Republic of China (PRC) in Beijing or the Republic of China in Taipei, was the official government of all of China. As time went on, it became increasingly clear that Taiwan would never be able to effectively reclaim the mainland, a development that quieted PRC concerns. However, Beijing’s concerns about the island are causing Taiwan’s sense of political and social identity to change. Since the end of the Cold War, as Taiwan has become a more democratic society, its people have begun to adopt a nationalistic identity that is increasingly distinct from that of the mainland. Such trends increase the possibility that Taiwan might drop its claim to China proper and replace it with a claim of independence, an outcome completely unacceptable to the mainland. Depending on how this issue develops, Beijing’s attitude toward employing military force could certainly change.

**Military modernization.** China’s third strategic goal is to develop a professional military that has the capability to defend against external attack and conduct operations abroad, especially along its historically disputed periphery. China’s military, the People’s Liberation Army (PLA), is the largest military force in the world. It is comprised of four services: ground forces (PLA); naval forces (PLAN), which include the marines and naval aviation; air forces (PLAAF), which include airborne forces; and strategic missile forces (Second Artillery), which include nuclear weapons. The active force totals approximately 2.3 million personnel, while another 1 million serve in the paramilitary People’s Armed Police and reserves, and an additional 10 million are enrolled in the organized militia. All of this sounds formidable on paper, but the PLA is still far from being a professional force able to conduct military operations in a deployed environment, especially when compared to Japanese and Western forces.

This fact became painfully obvious to China when it observed U.S. military operations after the Cold War. In particular, the performance of U.S.-led coalition forces in the 1991 Gulf War profoundly affected the PLA’s leaders. While they had accepted the fact that the PLA was still not a modern force, they were not prepared for just how wide the technological gap between their forces and those of the United States had become. The U.S. ability to project a massive force over long distances, to incorporate high technology in adverse terrain, and most important, to perform deep surgical strikes supported by aerial and space reconnaissance, alarmed the PLA.

If the Gulf War provided a formidable display of U.S. military capabilities, at least two other events signaled an increased willingness by the

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United States to use these capabilities for a wide array of interests: the U.S. response to the 1996 PLA missile-firing over the Taiwan Strait, and the 1998 U.S.-led NATO aerial bombing of Serbia during the Kosovo war. Chinese perceptions of U.S. belligerence have been aggravated by the U.S.-led war against terrorism and U.S. military operations in Afghanistan and Iraq. Furthermore, early operations in Afghanistan that highlighted the U.S. ability to leverage devastating strategic and operational power with minimal ground presence gave the Chinese pause. America’s ongoing military transformation, which promises an even greater ability to leverage technological advantages, can only heighten Chinese worries.

The large gap between Chinese and U.S. military capability is discussed in the 2005 Report to Congress on Chinese Military Power by the U.S. Department of Defense. The report assesses as limited China’s ability to project military power beyond its immediate periphery. The huge difference in defense expenditures between the two countries underscores this point. In 2004, the United States spent $466 billion on its military while China spent approximately $65 billion. U.S. and Chinese GDPs are $12 trillion and $9 trillion respectively, so the expenditures represent 3.8 percent of GDP for the United States and .72 percent of GDP for China.

Consequently, rather than competing directly with the United States, the PLA is focusing on preparing to fight and win short-duration, high-intensity conflicts along the nation’s periphery in defense of its territorial integrity. More specifically, it is focusing on preventing Taiwanese independence or, at the very least, compelling Taiwan to negotiate a settlement on Beijing’s terms. Secondary objectives include preventing intervention by third parties such as the United States or Japan.

At the same time, China continues to modernize its military while also working assiduously to narrow the capability gap using asymmetric means. In January 2007, it conducted an apparently successful anti-satellite missile test during which it destroyed an aging satellite. China is also working to counter U.S. technological superiority by improving its air force, navy, and missile force, including its nuclear arsenal. It is also developing GPS-guided land-attack cruise missiles.

Greater geopolitical influence. China’s fourth strategic goal is to attain greater geopolitical influence. While its military modernizes, China is focusing on multinational diplomacy and economic power to increase its regional and international influence. Much like the previous goals, the desire for greater power has roots in the country’s historical experience. At the height of China’s imperial history, other states in its strategic environment viewed China as the regional hegemon, and China’s foreign policy reflected the view. These other states maintained their political autonomy as long as they acknowledged Chinese superiority by paying economic tribute to China.

This tributary system dominated Chinese foreign policy during the Ming and Qing dynasties. It had three main principles: “First, China considered itself the ‘central heart’ (zhongxin in Mandarin) of the region, with the tributary system assuring its overall security environment. Second, China needed a stable external environment immediately surrounding the Middle Kingdom to maintain its own internal stability and prosperity. Third, the Chinese emperor, at the ‘heart,’ would in principle give more favors to tributary states or kingdoms than receive from them; for his ‘generosity,’ the emperor [would] get their respect and goodwill.” This protocol reflected China’s philosophical sense of a linked world order, and it demanded structured reciprocity.

In return, the other states in the region had to pay economic and political tribute in a very systematic fashion through envoys to China. Based on a country’s place in the regional order, it had to send its envoy at regular intervals: once a year for Korea; once every two years for the Ryuku Kingdom (the present-day Okinawan islands); once in three years for Annam (Northern Vietnam); once in four for Siam (Thailand); and once in five for Sulu (in the Southern Philippines).
Refusing to pay tribute would risk political and economic sanctions or even military reprisal. The tributary system represented what the Chinese saw as a virtuous order for their region, so they resisted interfering in the internal affairs of the tributary states so long as the states continued to recognize China’s (cosmologically ordained) hegemony in the regional order. The Chinese deemed this sort of regional system beneficial for peaceful coexistence:

Within the cosmology of interstate relations, China stood at the top of the pecking order, providing an intellectual and bureaucratic model of proper governance for Chinese and non-Chinese alike. Other states or kingdoms beyond the realm of imperial China were normally expected to acknowledge, and thereby validate, the superior position of the emperor in this Sino-centric world order. Deference to the authority of the Chinese ruler thus not only affirmed, conceptually, the proper ethical relations among states but also, in the Chinese view, ensured peace and tranquility in the Chinese world order by removing any ideological challenges to the superior position of the Chinese states.27

The Chinese based this idea of a Sino-centric world order on Confucian cosmological and philosophical ideas, namely that virtuous rule is both cosmologically important and the foundation of political legitimacy.

Confucius emphasized the ancient tradition that the ruler’s cultivation of virtue and good governance was, in all possible ways, the basis for state security and prosperity. “External security,” he said, “rests on internal rectification, on the ruler’s employing capable officials, on reducing the economic burdens on his subjects, and on creating conditions such that people will be content with their place in the socio-economic-political order.”28 At the international level, “rectification” implies that if a regional hegemon provides an example of virtuous leadership, then the other states in the region will acknowledge the legitimacy of its leadership.

As stated earlier, Confucian philosophy also suggests that if a leader rules without virtue, his subjects may seek to supplant him, and any effort—including military operations—waged to overthrow the bad ruler becomes a just act in the same way that it is a just act for the oppressed to fight against their oppressor. The Chinese see the universe as a network of relations in which even minor ethical infractions have lasting ripples affecting the totality of existence. That cosmological sense of rectitude has played itself out in Chinese political history repeatedly. In fusing daily life with cosmological order, the Chinese have intrinsically linked internal stability with external stability. In Chinese eyes, being Confucian certified their hegemony ethically, logically, and metaphysically.

China is using its Confucian sense of rectitude to criticize the current international order, dominated by the United States. To support its argument, China claims that U.S. policies, which incidentally cannot be Confucian, are a significant cause of instability throughout the world. Thus, China is promoting a “New Security Concept” as an alternative world order. This concept maintains the same core principles of the “Five Principles of Peaceful Coexistence” that served as the mantra for much of Chinese foreign policy from the 1950s to now: “mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence.”29

In addition to promoting these principles, the New Security Concept critiques the existing U.S.-dominated world order by arguing that “security in the post-Cold War era should be considered comprehensive, not just military; the views of all countries, regardless of size, should carry equal weight; and non-traditional security issues should rival traditional issues in importance . . .”30 To operationalize this concept, China, for the time being at least, is stressing the need for cooperative security through “negotiation, cooperation, economic interaction, and promoting trust, rather than by confronting potential adversaries.”31 These methods reflect the comprehensive orthodox Confucianism that informs their strategic culture.

Underscoring China’s claim has been a flurry of diplomatic activity started after the Cold War,
accelerated in the mid 1990s, and continuing today in all areas of the world. In 1996, China started the Shanghai Five with Russia, Kazakhstan, Kirghizia, and Tajikistan. With the addition of Uzbekistan, this organization later grew into the Shanghai Cooperation Organization. In 1997-1998, China was an active participant in the Korean Peninsula Four-Party Talks (China, North Korea, South Korea, and the United States), and in that same year, the Asian financial crisis served as a catalyst for even more Chinese multinational diplomacy. China’s diplomatic efforts in East Asia since then have reflected a preference for diplomacy over military force, a restraint consistent with its strategic culture, utterly contingent and pragmatic.

Strategy in Practice: China and the EAC

As mentioned in the introduction, China has come to view multinational organizations as enablers for achieving its strategic goals. Thus it helped form ASEAN +3 and is now pursuing efforts to develop the regional East Asia Community (EAC). China’s actions vis a vis the proposed EAC give us a good idea of how it is using multinational organizations to turn grand strategy into successful practice.

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During this critical time, China emerged as a seemingly benign stabilizing force in the region by resisting pressures to devalue its own currency and by providing financial capital to stricken neighbors. Stimulated by Chinese benevolence and support, as well as the need to prevent future crises, many of the region’s countries formed ASEAN +3, which soon became a forum for discussing political and security issues too.

This eventuality was all the more unusual when one considers China’s history of troubled relations with the region. During the 1960s and 70s, China supported Maoist insurrections in Southeast Asia and had a number of ongoing territorial disputes in the South China Sea with East Asian countries. In 1974 and 1988 that led to the Chinese occupation of the Paracel Islands and reefs near the Spratly Islands. China has continued looking into options for exploring parts of the Spratly Islands controlled by other ASEAN members. In 1995, the PLA occupied the Mischief Reef, claimed by the Philippines, and in 1997 made incursions into the Scarborough Reef. In March 1995, Malaysian naval vessels fired on a Chinese fishing boat in waters claimed by Kuala Lumpur, and similar skirmishes have continued between the Philippine Navy and Chinese fishing boats. Thus, Chinese soft power during the financial crisis—refusing to devalue its own currency, providing capital to stricken nations—undid years of enmity created by aggressive actions.

China has seized the opportunity to gain influence with ASEAN members. In 2002, it signed the Declaration on the Conduct of Parties in the South China Sea. This called on its signatories to “undertake to resolve their territorial and jurisdictional disputes by peaceful means” without “resorting to the threat or use of force.” Clearly, the new strategy emphasizing cooperation and eschewing force had taken effect. Further, at the 2004 ASEAN summit, Chinese Premier Wen Jiabao expressed support for two proposals, one for the development of a China-ASEAN Free Trade Area, and the other for the establishment of an EAC to discuss political and security issues. (Indonesian Prime Minister Abdullah Badawi initially proposed this idea in 1991 when he raised the idea of an East Asian Economic Caucus.)

The EAC concept took another step forward with the first East Asia Summit (EAS), held in mid-December 2005. Along with India, Japan, South Korea, Australia, New Zealand, and the 10 ASEAN nations, China participated in the EAS. While tensions between China and Japan marred the one-day
meeting, proponents of the summit viewed it as the first step toward eventual establishment of an Asian economic and political regime similar to the European Union or NATO. In January 2006, the EAS held a second meeting, during which members reached a civil-nuclear cooperation deal to lower the region’s dependence on fossil fuels, evidence that future summits will address issues that span the different but interrelated dimensions of economy, energy, and security.

Speculation that these summits could catalyze the development of an EAC continues. In the words of Prime Minister Mammmohan Singh of India, “The main objective of the EAS should be to set in motion a process which would ultimately lead to the creation of [an] East Asian community for an arc of prosperity.” If the EAC should become a reality, and it looks like it will, China will have gained another conduit it can use to influence its Asian neighbors. At the second EAS, Wen Jiabao submitted three proposals with import for the future EAC: “East Asia cooperation should enhance common development and prosperity of the region. The cooperation should lead to harmony among all countries in the region. Diversified development of social systems and cultures should be protected.”

By charming its neighbors with such soft language, the Chinese hope to change the status quo in favor of a broader multilateral framework in which China would play a leading, hegemonic role. In addition to increased political heft, China would also reap enhanced economic clout. Combined, the two would result in greater regional cooperation with increased trade and access to energy. China’s benefits would be added internal stability, greater economic prosperity, and enhanced strategic security. We might also consider that Wen’s use of such words as “harmony” suggests that he meant to do more than charm his neighbors. Harmony being a key Confucian concept, Wen perhaps envisions an EAC that will embody China’s traditional philosophical comprehensiveness.

Other developments testify to the increasing momentum of economic and political cooperation between China and ASEAN. In 2004, China agreed to establish a Free Trade Agreement with ASEAN by 2010. The agreement would set up the world’s largest free-trade area, with a population of almost 2 billion people and a total gross domestic product of over $6 trillion. Bilateral trade between China and ASEAN countries reached $105.9 billion the same year, and in 2005 it increased by 23 percent, to $130 billion. ASEAN has become the fifth largest export market for China and the fourth largest source of its imports. President Hu Jintao predicts that trade volume with ASEAN will grow to $200 billion by 2010.

China’s need for energy to fuel its growth is becoming a paramount issue. Currently the second largest energy consumer in the world after the United States, it has maintained an amazing economic growth rate since reforming the economy in the early 1980s. For example, China’s GDP growth rate jumped from an already robust 8 percent in 2002 to 9.1 percent in 2003. By 2006, growth had reached 10.7 percent, putting China on track to become the third largest economy by the end of 2008. According to one noted scholar on Chinese energy issues, “China could be the largest economy in the world by 2050, in terms of purchasing power parity.” The nation’s accelerating economy drove oil demand to over 5.5 million barrels per day (bpd) in 2003, with projections suggesting requirements for over 14 million bpd by 2025. Domestic oil production, however, has increased at a much slower rate, reflecting China’s growing reliance on imported oil to finance its economic growth. In 2004, Beijing spent an extra $7 billion of its foreign trade surplus on oil, with payments totaling over $43 billion, making it the country’s largest import item.

These figures illustrate China’s growing reliance on imported oil and suggest only the tip of an iceberg, because China is still a developing country. For example, right now there are just 10 motor vehicles per 1,000 Chinese citizens, while there are over 700 per 1,000 U.S. citizens. The difference implies that China’s potential energy demand for cars alone could expand by 7,000 percent as it modernizes. One expert predicted that China might have 250 million cars by 2050, an extraordinary
Because of its potentially huge appetite for oil, China is looking to maintain good relations with strategic regions along oil trade routes to ensure access and safe transit. When one considers that the Malacca Strait in Southeast Asia connects the Indian Ocean to the South China Sea and is the main transit route for 65 percent of China’s oil imports, one understands why China wants to maintain stable relations with ASEAN. For all of these reasons, China is not only supporting the development of an EAC and other regional organizations, but also taking a leading role in them to position itself to reap economic and political benefits. What does this mean for the United States, and how should it respond?

**Becoming the “Hegemon of Choice”**

After World War II, the United States relied on a system of bilateral alliances known as the “San Francisco System” (so named because many of these alliances were created during the Japan peace conference convened in San Francisco in September 1951). At that conference, the United States signed separate defense accords with Australia, Japan, and the Philippines. These were supplemented over the next few years by additional treaties with South Korea, Taiwan, and Thailand.

This system should continue to serve U.S. interests well into the future, but some maintenance is necessary. The best strategy for the United States is to improve bilateral relationships in the Western Pacific while aiming to deter conflict and prevent a strategic arms race in the region. It could start with South Korea. U.S.-South Korean relations have suffered in recent years, and the U.S. is downsizing its forces on the peninsula to better support operations in Iraq and Afghanistan. The 2004 U.S. Global Defense Posture Review resulted in decisions to withdraw over 12,500 troops from South Korea by 2008. To demonstrate commitment to stability in the region, the United States should make any further withdrawals contingent on the peaceful reunification of the two Koreas—although this is a highly unlikely event given the array of burdens it would thrust upon the South.

In addition to such “alliance maintenance,” the United States should also cultivate stronger ties with India and Indonesia. India is the world’s most populous democracy, has a strong military, and shares a border with China, while Indonesia is the world’s most populous Muslim country, and its territorial waters encompass the Malacca Strait. The recent nuclear deal between the United States and India is a step forward. U.S. relief efforts after the devastating tsunami that destroyed Indonesia’s Banda Aceh province have opened doors for further cooperation there.

The United States should also diplomatically engage parties to the numerous territorial disputes that threaten stability in the region. Among them, Taiwan’s security dilemma presents the most significant challenge. Until now, the U.S. policy of “strategic ambiguity” worked well by providing simultaneous assurances to both China and Taiwan. In the words of one prominent Chinese scholar, the policy has two primary elements: “(1) clear, credible commitments to transfer defensive capabilities to Taiwan and, if necessary, to intervene on Taiwan’s behalf; and (2) political reassurances that the United States does not plan to use its superiority now or in the future to harm Beijing’s core security interests by promoting the independence of Taiwan.” The first element works to keep China from attacking Taiwan, and the second element works to keep Taiwan from unilaterally changing the status quo.

However, two major developments are challenging the effectiveness of this policy. First, with Taiwan evolving politically, it has become increasingly difficult to imagine any reconciliation with the mainland that would be acceptable to both sides. As current and future Taiwanese governments become more accountable to the people’s will, their inclination to promote independence will most likely increase. On the other hand, the Taiwanese people have demonstrated that they are pragmatic enough not to support rash moves toward independence that would invite war. They effectively reined in President Chen Shui-Bian’s drive toward autonomy by voting for the opposition Kuomintang of China Party, allowing it to take back control of the legislature in the midst of Chen’s presidency. The declining popularity of the president and his Democratic Progressive Party has ameliorated at least some of the concerns about provoking the mainland Chinese, but the Taiwanese inclination toward independence still makes the U.S. balancing act a precarious one.
The second catalyst of change is that the military balance between China and Taiwan is tipping in the mainland’s favor. In 2004, China held two large-scale amphibious exercises (division to group-army level in size), one of which explicitly dealt with a Taiwan scenario. It has deployed over 700 short-range ballistic missiles immediately opposite Taiwan, and it is increasing the number every year. China is also acquiring and developing precision munitions, including land-based cruise missiles. Significantly, it has over 700 aircraft within operational range of Taiwan, and it is purchasing modern Sukhoi Su-27 and Su-30 fighter/bomber aircraft, Ilyushin Il-76 transport planes, and Il-78/Midas air refueling aircraft from Russia.57

In the maritime domain, China’s navy is expanding by focusing on submarines and missile launch platforms. It has acquired eight more diesel kilo-class subs from Russia to go with the four it has already. It is also actively developing its own Song-class and Yuan-class diesel subs. It has deployed two Russian Sovremennyy-class guided-missile destroyers and has contracted for two more from Russia.

On the political front, China’s National People’s Congress passed an anti-secession law in March 2005 to pressure Taiwanese leaders and to build a legal foundation for the use of military force against Taiwan at some point in the future. Meanwhile, Taiwanese defense spending has steadily declined in real terms over the past decade, even as Chinese air, naval, and missile force modernization has increased the need for countermeasures that would keep the island from being quickly overwhelmed.

For all these reasons, “strategic ambiguity” over Taiwan will become a harder policy for the United States to manage. The United States should set the conditions to ensure that this policy stance can survive long enough for an eventual peaceful political solution to the security dilemma. The policy might require some proactive “clarification” during which the U.S. increases security cooperation with Taiwan until a political solution can be reached. Given the strain that such actions would likely have on U.S.-China relations, the United States should encourage China and Taiwan to reach a political solution as soon as practical.

In addition to deterring conflict, the United States should also lead a multinational effort to institute regional arms control. Regional distrust has accelerated a drive in Japan to revise article nine of the country’s constitution, which would lead to “normalization” of the Japanese military and make participation in defense treaties legal.58 In January 2007, the Government of Japan (GOJ) elevated its Japan Defense Agency to a separate Ministry of Defense, a likely step towards “normalization” and evidence of a new attitude among the Japanese.

Meanwhile, the GOJ has still not convinced other East Asian countries of its sincerity in apologizing for past aggression, and official visits to the Yasukuni Jinja, where 12 convicted “Class A” war criminals are enshrined, do little to help the impression. That and GOJ reaction to North Korea’s constant antagonism often elevate tensions with China. In the mix, North Korea’s nuclear ambitions present a major complication for harmonious Chinese relations with Japan.
On 9 October 2006, in defiance of the international community and the countries involved in the Six-Party Talks, North Korea conducted its first nuclear test. This event culminated a three-decade-long effort by North Korea to develop nuclear weapons. The United States confirmed the test on 16 October 2006 based on atmospheric and seismological data, and estimated that the yield was less than one kiloton (kt). While this yield is much smaller than the primitive 21-kt Fat Boy atomic bomb that the United States detonated over Nagasaki, its political impact is nonetheless significant: North Korea has attained the ability to develop fissile material and the basics of weaponization. Furthermore, by mid-2008 North Korea is projected to have as much as 40 to 68 kilograms of fissile material, enough for 8 to 17 nuclear weapons.

Just as alarming for Japan, North Korea is diligently improving its missile program. Its 1998 Taep'o-Dong 1 test flight over northern Japan into the Pacific Ocean was a spectacular act of provocation. In its more recent missile test, on 4 July 2006, it fired six more ballistic missiles into the Sea of Japan, again angering the Japanese public and increasing support for a “normal” Japanese military no longer constrained by constitutional prohibitions.

In an amazing development, North Korea’s actions have even caused debate over whether or not Japan should develop its own nuclear weapons. The debate represents a watershed in modern Japanese history. Once unthinkable, its existence has been made possible by new public awareness of vulnerabilities to state terrorism, namely from North Korea.

Affecting Japanese perceptions and sentiment most profoundly has been the revelation in recent years of North Korean commandos abducting young Japanese from northern beaches. A population once adamantly against constitutional revision has had a collective change of heart since facts about the abductions emerged in 2002. Popular speculation persists about the scope of North Korean intrusions, and a Japanese populace that not so long ago embraced a pacifist outlook has grown more pugnacious.

Should Japan continue to develop its already formidable military, and even more controversially, should it develop strategic weaponry, its actions will certainly instigate a strategic arms race with China. The United States should respond by tackling the North Korean nuclear issue directly using both bilateral and multilateral diplomacy. It should continue to support the ongoing Six Party Talks, and even seek to broaden its agenda to encompass other security issues which affect the region. Such issues would include arms control, confidence-building measures, nuclear proliferation, terrorism, and energy security, in addition to North Korean disarmament. That kind of venue would provide a more defined regional framework through which the U.S and regional powers could tackle security issues. It would also allow the United States to remain involved in the development of an East Asian security community.

Conclusion

China is pragmatically employing its soft power to pursue greater influence in support of its grand strategy. This tactic is in line with its strategic culture, and as such, does not represent a fundamental belief in the virtues of cooperative diplomacy. Rather, given the window of opportunity presented by the dynamics of the post-Cold War period, and the large gap in military capabilities between the United States and China, soft power simply works better.

In the future, two extreme outcomes are possible as China pursues its grand strategy. The PRC can succeed in developing regional security organizations in which it plays a hegemonic role. Such an outcome could seriously dilute U.S. regional influence, especially if the U.S. does not pay enough attention to East Asia. On the other hand, China may encounter serious domestic and external challenges that jeopardize its strategic goals and cause it to revert to more forceful, bilateral forms of diplomacy, including military coercion.

Fortunately, one U.S. strategy can prevent both outcomes. The U.S. should improve upon its existing San Francisco system of bilateral alliances, maintain its forward military presence in the region, and develop a regional security mechanism—perhaps a formalized Six Party Talks framework—to tackle major security issues such as arms control. Efforts in this vein will enable the United States to maintain its strategic relevance in the region and cultivate a positive image as the “hegemon of choice” for East Asian states.
NOTES

1. Soft power contrasts to hard power. While the former gives a state the political and economic ability to influence wants through diplomacy, the latter emphasizes the use of material sanctions, threats, or active military force. For more information about soft power, see Joseph S. Nye, Jr., The Paradox of American Power: Why the World’s Only Superpower Can’t Go It Alone, (Oxford, UK: Oxford University Press, 2002).


11. Ibid., 25.


17. Ibid., 65.


26. Ibid.

27. Swaine and Tellis, 14.

28. Johnston, Cultural Realism, 64.


30. Ibid.

31. Ibid.


33. Stephen J. Blank, East Asia in Crisis: The Security Implications of the Collapse of Economic Institutions (Carlisle: Strategic Studies Institute, 1999), 5.


36. Ibid., 190.


41. Ibid.


47. Ibid.


52. Cole, 52.

53. Ibid.


58. Currently, Japan fields only a small self-defense force. Normalization would mean expanding the military to a size more befitting Japan’s status and responsibilities in Asia. This normalized force would be capable of executing the full range of missions normal for a modern national army, to include armed aggression.


60. There are two basic ways to trigger a nuclear fission reaction—through gun-type or implosion mechanism. North Korea most likely conducted the test using some sort of implosion device, because this one is the most preferred for plutonium while uranium is the material of choice for the gun-type device. By most accounts, North Korea has been developing weapons-grade plutonium, but it is not clear if it has produced weapons-grade uranium.
