# INTERPRETING CHINA'S GRAND STRATEGY

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*China is presenting alternative visions for the world order. It's a vision of strengthened sovereignty rather than collegial, collective, cooperative multilateralism in a 'flat' world in which multilateralism, values, and new economic forces permeate state borders.*

— US Ambassador Richard S. Williamson

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*Beijing often has stated its belief that, some time in the middle of the century, it will become the premier economic power on earth and demand a commensurate position in global decision-making, in strategic affairs, in military power. Beijing will reach for its "rightful place in the sun," which in traditional Chinese terms, happens to be the sun itself.*

— Annual Report to the US Congress,
Military Power of the PRC, 2007

From the consolidation of China as a unified state under the Han Dynasty (in the 3rd century BC) through the emergence of the present Communist government, Chinese regimes have faced a common set of security problems.

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First, China has an astonishingly long border, more than 10,000 miles in all, to defend against local and distant threats. During the imperial era (from the 3rd century BC until the mid-19th century), raids by nomadic tribes threatened the Chinese periphery. In the early modern era (from approximately 1850), the periphery was threatened by the great imperialist powers, including Russia, Germany, Great Britain, and France. Since World War II, militarily strong, industrialised states like India, Russia, Japan, and the United States have posed new security threats to its periphery.

Second, China's domestic political system has always been marked by a personality-based pattern of rule in which ultimate authority comes from the power and beliefs of individual leaders, not from legal and organisational norms and processes. In such a system, policy content and behaviour, including external security policy, often become tools in the domestic power struggle among senior leaders. This tends to cause volatility within the government and internal political strife.

Third, no matter what its relative geo-political strength at any time, China thinks of itself as a great power. This self-image is based on China's historical role as a central political player in Asia and on its tradition of economic self-sufficiency. During the imperial times, Chinese regimes usually held a deep-seated belief in China's political, social, and cultural superiority over its neighbours. In modern times, Chinese regimes have aspired to economic, technological, and military equality with, rather than superiority over, the other major powers.[1]

These three key considerations have shaped China's basic approach to political and military security throughout its long history. Viewed through the prism of time, the security strategies employed by various Chinese regimes converge into an overall "Grand Strategy" that strives for three interrelated objectives namely, to control the periphery and ward off threats to the ruling regime; to preserve domestic order and well-being in the face of different forms of social strife; and to attain or maintain geo-political influence as a major, or even primary, state.

1. Ye Zicheng, "The Inevitability of China's Great Power Diplomacy," *World Economics & Politics*, no. 1, 2001, p. 10.

China's stature in the international political power structure has been rising since the late 1970s, largely because of market reforms initiated by Deng Xiaoping. China's ascent could cause a dramatic power transition within the international system, possibly challenging the US' role as the region's preeminent security provider. Therefore, managing the rise of China during the next few decades is critical to the US and all important players in the region, including India. Developing successful policies toward China, however, requires an understanding of China's past and present approach to providing for its security.

**To formulate a sound grand strategy, leaders must be able to accomplish two tasks: first, they must select a strategy that is appropriate for the power of their country and the shape of the international system; and, second, they must be able to cope with the inevitable and unexpected challenges to that strategy that emerge along the way.**

This paper examines China's grand strategy from the historical, empirical, and theoretical perspectives, identifies the major features of the strategy and the major factors driving it, and assesses how the strategy likely is to evolve.

## GRAND STRATEGY

Grand strategy deals with the causal links between a nation's strategic objectives and the means to achieve them. According to Barry Posen, grand strategy is a theory about how a state can best "cause" security in the light of national resources and international constraints. The making of a state's grand strategy, therefore, is contingent upon the judgement of its leaders about how the world works, which in general parallels the theories of international relations. To formulate a sound grand strategy, leaders must be able to accomplish two tasks: first, they must select a strategy that is appropriate for the power of their country and the shape of the international system; and, second, they must be able to cope with the inevitable and unexpected challenges to that strategy that emerge along

the way. It is important to note that grand strategy is not co-terminous with foreign policy. Foreign policy refers to the diplomatic, military, and economic means a state employs to advance and protect its interests. Grand strategy is not a comprehensive description of a nation's foreign policies; it is narrower in scope because it specifically deals with the causal links between these three means and the security objectives of the state. This focus on causal logic and security interests is a distinctive feature of grand strategy. To study grand strategy, international relations scholarship has put forth a useful framework, succinctly summarised by Christopher Layne: "Grand strategy is a three-step process: determining a state's vital security interests; identifying the threats to those interests; and deciding how best to employ the state's political, military, and economic resources to protect those interests." In practice, however, the grand strategies of states are rarely crafted with such precision, but this conceptualisation provides a useful guide to "ferret out" the grand strategy of a state.

**OVERVIEW**

China's impact on world affairs is growing and is poised to grow further in the coming decades. Whether the People's Republic of China (PRC) continues to prosper and maintain a strong measure of domestic stability and control, or encounters severe crises and founders amid the many obstacles that could pull it apart, the waves originating in Beijing will wash across the world.

Discerning China's grand strategy then becomes a must. Beijing has often stated its belief that, some time in the middle of the century, it will become the premier economic power on earth and demand a commensurate position in global decision-making, in strategic affairs, and in military power. Beijing will reach for its "rightful place in the sun," which in traditional Chinese terms, happens to be the sun itself.

The strong persistence of an imperial ideology, increasingly divested of its Communist rhetoric and baggage, the reassertion of hegemonic status in the broad regions around China and the assumption of the trappings of empire, all point to a strong reassertion of a Chinese self-conception as the

country of the middle of the world around which Mao Zedong not only shaped the political but also the strategic thought of China for decades. Mao's doctrine of "people's war" has been the source and driving force in the victory of Third World guerrillas against Western Armies, prominently so in the case of the two Vietnam Wars, thus, enhancing its fame as an ever victorious doctrine.

China's leaders do not explicitly provide an overarching "grand strategy" that outlines strategic goals and the means to achieve them. Such vagueness may reflect deliberate effort to conceal strategic planning, as well as uncertainties, disagreements, and debates that China's leaders themselves have about their own long-term goals and strategies. Still, it is possible to make some generalisations about the Chinese "grand strategy" based on strategic tradition, historical patterns, statements and official papers, an emphasis on certain military capabilities, and recent diplomatic efforts.

**STRATEGY WITH CHINESE CHARACTERISTICS**

At the core of China's overall strategy rests the desire to maintain the continuous rule of the Chinese Communist Party (CCP). A deep-rooted fear of losing political power shapes the leadership's strategic outlook and drives many of its choices. As a substitute for the failure of Communist ideology, the CCP has based its legitimacy on the twin pillars of economic performance and nationalism. As a consequence, domestic economic and social difficulties make China attempt to bolster support by stimulating nationalist sentiment which could result in more aggressive behaviour in foreign and security affairs than we might otherwise expect. Chinese leaders and strategists rarely use a Western "ends-ways-means" construct to discuss strategy. Rather, they discuss strategy in terms of two central concepts: "Comprehensive National Power (CNP)" and the "strategic configuration of power." These concepts shape how Chinese strategic planners assess the security environment, gauge China's relative position in the world, and make adjustments for prevailing geo-political trends. China's strategic planners use CNP scores to evaluate China's standing in relation to other nations based on qualitative and quantitative measures of territory, natural resources, economic prosperity,

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diplomatic influence, international prestige, domestic cohesiveness, military capability, and cultural influence. Since the early 1980s, China's leaders have described their national development strategy as a quest to increase China's CNP, with stress on economic growth and innovation in science and technology.

A key assumption of this strategy is that economic prosperity and stability will afford China greater international influence and diplomatic leverage as well as a robust, modern military. A commentary in the official *Liberation Army Daily* in April 2006 shed some light on the relationship among CNP, military modernisation, and China's international status: "As China's comprehensive strength is incrementally mounting and her status keeps on going up in international affairs, it is a matter of great importance to strive to construct a military force that is commensurate with China's status and up to the job of defending the interests of China's development, so as to entrench China's international status."

## STRATEGIC CONFIGURATION OF POWER

Chinese strategic planners continuously assess the "strategic configuration of power for potential threats (e.g., potential conflict over Taiwan that involves the United States) as well as opportunities (e.g. the collapse of the Soviet Union) that might prompt an adjustment in national strategy." China's leaders describe the initial decades of the 21st century as a "20-year period of opportunity," meaning that regional and international conditions will generally be peaceful and conducive to economic, diplomatic, and military development and, thus, to China's rise as a great power. Closely linked to this concept is the "peaceful development" campaign to assuage foreign concerns over China's military modernisation and its global agenda by proclaiming that China's rise will be peaceful and that conflict is not a necessary corollary to the emergence of a new power

In the early 1990s, former paramount leader Deng Xiaoping gave guidance to China's foreign and security policy apparatus.[2] Elements of this strategy have often been quoted by senior Chinese national security officials and academics, especially in the context of China's diplomacy and military strategy. Certain aspects of this strategy have been debated in recent years, namely, the relative emphasis placed upon "never claim leadership" or "make some contributions." China's increased international profile, especially since the 2002 16th Party Congress, suggests that Beijing is leaning toward a more assertive, confident diplomacy.

China has settled territorial disputes with many of its neighbours in recent years. However, disputes with Japan in the East China Sea, with India along their shared border, and with the Southeast Asian nations in the South China Sea remain. Although China has attempted to prevent these disputes from disrupting regional relations, occasional statements by PRC officials underscore China's resolve in these areas. For example, on the eve of President Hu's historic October 2006 visit to India, PRC Ambassador Sun Yuxi told the Indian press, "The whole of what you call the state of Arunachal Pradesh is Chinese territory, we are claiming all of that, that's our position."

## RESOURCE DEMANDS AND STRATEGY

As China's economy grows, dependence on secure access to markets and natural resources, particularly metals and fossil fuels, is becoming a more urgent influence on China's strategic behaviour. At present, China can neither protect its foreign energy supplies nor the routes on which they travel, including the Strait of Malacca through which some 80 percent of China's crude oil imports transit and the vulnerability of which President Hu refers to as the "Malacca Dilemma." In 2003, China became the world's second largest consumer and third largest importer of oil. China currently imports over 40 percent of its oil (about 3.5 million barrels per day). By 2025, this figure could rise to 80 percent (9.5-15

2. Deng Xiaoping, *Deng Xiaoping Wenxuan Vol. 3* [Selected Work of Deng Xiaoping] (Beijing: Renmin Chubanshe, 1993), p. 321.

million barrels per day). China's reliance on foreign energy imports has affected its strategy and policy in significant ways. It has pursued long-term energy supply agreements in Angola, Central Asia, Chad, Egypt, Indonesia, Iran, Nigeria, Oman, Russia, Saudi Arabia, Sudan, and Venezuela. China has also offered economic assistance to, and military cooperation with, the countries located astride the key maritime transit routes. Concern over these routes has also prompted China to pursue maritime capabilities that would help it ensure the safe passage of resources through international waterways.

## OTHER FACTORS INFLUENCING CHINESE STRATEGY

### *Economic Reform*

Economic success is central to China's emergence as a regional and global power and is the basis of an increasingly capable military. However, underlying structural weaknesses threaten economic growth. Demographic shifts and social dislocations are stressing an already weak social welfare system. Economic setbacks or downturns could lead to internal unrest, potentially giving rise to greater reliance on nationalism to maintain popular support.

### *Political Reform*

In an October 2008 White Paper on Political Democracy, China's leaders reaffirmed the "people's democratic dictatorship," and declared that China is "against the anarchic call for 'democracy for all'." However, internal pressures for political liberalisation persist. Party leaders criminalise political dissent, censor the media and internet, suppress independent trade and labour unions, repress ethnic Tibetan and Uighur minorities, and harass religious groups and churches not recognised by the regime. The Party is wary of any unsanctioned organisation in China, even if non-political, fearing that these organisations could facilitate organised opposition.

## PILLARS OF BALANCING THE GRAND STRATEGY

**Internal Balancing:** The first pillar of China's grand strategy is internal balancing. Because hard, external balancing is difficult in a unipolar world, the primary means that Beijing is employing to close the power gap with the US is through internal efforts to increase China's capabilities. Whether China will be able to rise to the rank of "world great power" and become the leading state in Asia will ultimately depend on its economic wealth, technological prowess, and military might. Accordingly, Beijing is setting economic development as its principal task, and, in the meantime, embarking upon a military modernisation programme with an emphasis on asymmetric capabilities. In short, Beijing hopes to find an optimal balance between "guns" and "butter."

**Soft Balancing:** The second pillar of China's grand strategy is to maintain a peaceful international environment by soft balancing. Beijing views certain aspects of the US preponderance as menacing to Chinese security interests and believes that the US is taking measures to constrain China's rise. Therefore, Beijing needs to build a coalition of friendly states to "minimize Washington's ability to contain or constrain China in the region." Importantly, such diplomatic coordination efforts must not appear to be outright balancing against the US. The rationale is straightforward: military alliances with the purpose of hard balancing would provoke a vigorous US response, whereas soft balancing by diplomatic coordination could frustrate American policy objectives detrimental to Chinese interests without drawing the "focused enmity" of the US' preponderant power. To soft balance American power, Beijing is currently engaging in multilateral diplomacy and building bilateral partnerships in an effort to construct an international environment favourable to China's development of CNP.

**Great Power Diplomacy and Partnerships:** In addition to its relatively new interest in multilateral fora, China has continued to cultivate bilateral relationships in the form of "partnerships." These partnerships allow China to find a middle ground between traditional allies and adversaries. Through the partnerships, Beijing seeks to maximise leverage by linking economic benefits with bilateral relations. The concept of partnership is open to potential allies

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and adversaries and does not necessarily assume cooperative outcomes. It recognises national differences in culture, ideology, and interests and seeks to build a mechanism to manage the areas of potential conflicts.

Russia is the foremost example of this type of relationship. It is the main supplier of China's arms, accounting for 85 percent of China's total arms imports since the early 1990s and a "significant enabler of China's military modernisation." US military operations in the Balkans during the 1990s gave rise to concerns in Beijing. Against this background, and in the light of North Atlantic Treaty Organisation (NATO) expansion and the strengthening of US alliances in Asia, China and Russia moved to strengthen bilateral ties by forging a "strategic cooperative partnership" in 1996. Subsequent developments have driven Moscow and Beijing closer together. In 2000, US plans to build a missile defence system and to abrogate the Anti-Ballistic Missile (ABM) Treaty led Russia and China to issue a joint statement voicing their opposition to what were considered strategically destabilising moves by Washington. The next year, the Sino-Russian partnership took another step forward with the Treaty of Good Neighbourliness and Friendly Cooperation. In 2005, China and Russia conducted their first ever joint military exercise, involving 10,000 air, land, and naval forces.

China is also deepening its relations with the European Union (EU) in general, and is cultivating partnerships with France, Britain, and Germany. Chinese analyst argue that the Sino-Russian partnership is not enough to constrain US power, and to expedite the arrival of multipolarity, the key is to win over Europe. China now holds regular summit meetings with the EU, and the two are now each other's largest trading partner. The China-EU strategic partnership is largely the result of shared concerns over US power:

Beijing has also sought to deal more directly in its bilateral relations with Washington. Despite some internal voices calling for a more confrontational

policy of resisting American hegemony, China moved to establish a "constructive strategic partnership" with the United States in 1997, during the Clinton Administration. Beijing's offer was conditional; however, Washington could expect cooperative behaviour as long as China's core security interests were not infringed upon. Beijing recognises that such a partnership is probably "the best of a bad lot of options" for a rising China to live with US primacy.

## CHINA'S REGIONAL AND GLOBAL GRAND STRATEGY

### *Background*

After winning the Chinese Civil War and controlling most of the terrain of Mainland China, Mao Zedong proclaimed the establishment of the PRC at the First Plenary Session of the Chinese People's Political Consultative Conference on September 21, 1949. Between 1949 and 1978, the strategic purpose of the PRC government focussed heavily on the political movement; economic strategy was seriously flawed, consisting of a series of badly focussed programmes. Although the PRC worked hard on development during these thirty years, the serious political and economic mistakes made it a poor country. During the Great Leap Forward, all the data regarding their products was fake. Every method they used contributed to the destruction of the economy, agriculture, and environment. The PRC launched so much manpower into steel production in the last period of the Great Leap Forward movement, that there was not enough manpower for agriculture. The result of this movement was the Great Chinese Famine, from 1958 to 1961.

In 1978, the Government of the PRC under Deng Xiaoping selected a different way of ruling, separating its economic development from its political management. This was the opportunity for Deng to introduce his ideas about economic reform. After the era of Deng, all his successors, of course, followed the direction that Deng had set of economic development being the main goal of the country. They set as their national future goal the building of a moderately prosperous society. The PRC thus attained economic power and is still developing that power today.

With this decision, Mainland China's economy took off, stimulating the country's comprehensive national power. Today, China is not only well on its way to becoming an economic superpower, it is also strengthening its political and military presence in the international arena. The PRC's effective manoeuvring of its economic, political, military, and diplomatic power to obtain its interests from the world is driven by a coordinated strategic objective of becoming more than just a regional power.

***Assessing China's Grand Strategy***

Because economic development is taken as the only way for tackling all the pressing challenges that China's is facing and will face, China's grand strategy must serve the central purpose of development. Therefore, the central objective of China's grand strategy in the past two decades (which may well last till 2050) can be captured in just one sentence: to secure and shape a conducive environment (security, economic, and political) so that China can concentrate on its development (economic, social, and political).[3]

***The Conceptual Foundation of China's Grand Strategy***

Four core concepts underpin China's current grand strategy. The root of the first can be traced back to Sun Yat-sen, the father of modern China. Chinese leaders and elite have always believed that China rightly belongs to the great power club because of its size, population, civilisation, history, and, more recently, its growing wealth. And even if China has not been a great power in the past two centuries, its goal now is to become one.

Secondly, Deng Xiaoping realised early on that China needs a stable and peaceful international environment for its "Four Modernisations" programme to succeed. However, when he toured several Southeast Asian countries in 1978, Deng was surprised to find that not many of China's neighbours trusted it; China's political system, its earlier policies of exporting revolution, and the sensitive issue of overseas Chinese in Southeast Asia

3. "The Diplomatic Face of China's Grand Strategy: A Rising Power's Emerging Choice," *China Quarterly*, no. 168, December 2001, pp. 835-864.

had made many countries in the region suspicious of China's intentions. This made Deng realise that China's security conundrum in the 1960-70s had not been the work of external forces alone, but rather was due to the interaction between China and the outside world. Deng's realisation was a momentous shift. In essence, he grasped the existence of the security dilemma. From then on, this realisation has exerted a profound influence on China's strategic thinking and behaviour.

The third concept is "self-restraint," embodied in Deng's famous doctrine of "do not seek leadership". In his numerous speeches from 1990 to 1992, Deng repeatedly warned his successors against actively seeking leadership in global or regional affairs and shouldering responsibilities that China could not bear.

The fourth concept began to take shape under Deng, but developed more fully under Jiang Zemin, especially after the 1997 Asian financial crises .Living in an increasingly interdependent world, many Chinese analysts and policy-makers gradually came to realise that both China's economic welfare and security depend heavily on its interaction with the outside world; therefore, China has to participate in world affairs more actively. Yet joining the world not only means that China has something to gain, but also that China has to shoulder certain burdens and responsibilities; thus, China has to behave as a "responsible great power."

***The Practice of China's Grand Strategy***

Four features distinguish China's current practice of grand strategy. First, in accordance with its self-image as a great power; China has maintained an active "great power diplomacy." Its goal is to maintain a workable relationship with all major great powers and project an image of China as a great power both abroad and at home. In particular, recognising that the US is the world's sole superpower and one of China's key providers of capital, technology, and market, China cannot afford to have an irreparable rupture in its relationship with the US. Accordingly, China's great power diplomacy is still very much US-centric. Chinese policy-makers have worked hard to maintain a workable relationship with the US. This policy has continued

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despite strong domestic opposition against being too soft with the US, especially after incidents like the 1995-96 crisis in the Taiwan Strait, the 1999 bombing of the Chinese Embassy in Belgrade, and the 2001 EP-3 incident.

Second, in close connection to its recognition of the security dilemma and understanding that Sino-US relationship will always have its ups and downs, China has pursued a strategy of maintaining amicable relationships with its neighbours to hedge against the bad times in Sino-US relations. With China located in a geographical environment with more than fifteen neighbouring countries, Deng Xiaoping and now his successors understand clearly that an aggressive strategy is simply not in China's interest, no matter how powerful China becomes. If, however, China adopts a moderate approach, most regional countries would be reluctant to adopt a policy of hard containment, and, thus, China will likely enjoy a benign regional security environment. To this end, China has made strenuous efforts to improve its relationships with its neighbouring countries, sometimes by making significant concessions against strong domestic opposition. [4]

Third, China began to take a more active stand in regional and global multilateral institutions and initiatives since the early 1990s, even though its embrace of multilateralism has been gradual and incomplete. Moreover, understanding the difference between cooperation in the economic and security arenas, China has been more active in multilateral economic institutions than in security institutions. Therefore, while China has taken the lead in pushing forward some regional multilateral economic cooperation initiatives, it has been less enthusiastic about moving from consultations and Confidence Building Measures (CBMs) to more codified and institutionalised security arrangements in the security arena.

Fourth, while China has gradually become more willing to shoulder certain international responsibilities deemed necessary by the international

4. Lee Kuan Yew, "Deng's Understanding" in *From Third World to First: The Singapore Story 1965-2000* (Singapore: The Straits Times Press and Times Media, 2001), pp. 663-668.

community, it has been highly selective of the responsibilities that it wishes to shoulder. China not only chooses what kind of responsibility to shoulder carefully, but also cares very much about what the responsibility demands.

## OVERRIDING OBJECTIVES: THE SECURITY-ECONOMIC-POLITICAL AXIS

In the security sphere, China realises that Asia is a region with the world's highest concentration of major power interaction; as a country in this region, the first goal of China's regional security strategy is to maintain at least a workable relationship with all the major powers in the region (the US, Russia, Japan, India) so that China will never become isolated and encircled by great powers again. Because it sees the region as a shield from pressure exerted by other great powers, the second security goal of China's regional strategy is to maintain, whenever possible, a cordial relationship with regional states in order to prevent a hard containment coalition led by any combination of the external great powers.[5]

Economically, China understands that it is already a regional economic power, and its weight will continue to grow if its economy continues its growth. The challenge confronting China is how to make China's economic growth not a threat but an opportunity for the region, so that regional states will not coalesce together to thwart China's economic growth. With the prevalent perceptions that Foreign Direct Investment (FDI) formerly going to the Association of Southeast Asian Nations (ASEAN) countries is now being sucked into China, it has to alleviate the ASEAN countries' fear of economic challenges from China. Increasingly, taking neo-liberalism's core belief that economic interdependence creates common interests and lessens the probability of conflict, China has decided that the best strategy is to eventually make China a locomotive for regional growth by serving as a market for regional states and a provider of investment and technology.

5. "Development of China's Security Thinking in the Post-Cold War Era," *World Economics & Politics*, no. 10, 1999, pp. 11-15.

Politically, China's regional strategy seeks to establish the country as "indispensable" for regional issues. Since political influence can only be effective when other states not only respect your power but also your opinion, China reasons that the best way for regional political influence is through cultivating an image of "a responsible great power."

## THE FUTURE OF CHINA'S GRAND STRATEGY

Since the end of the Cold War, Beijing has successfully managed possible challenges to its grand strategy. First, it was able to overcome the threat of US economic sanctions over human rights concerns during the Clinton Administration due to Beijing's brutal crackdown on the Tiananmen demonstrations in 1989. Such sanctions would have adversely affected China's internal balancing strategy, which emphasises economic growth. Beijing got what it wanted: thanks to the lobbying efforts: human rights were delinked from trade policy and Congress voted in 2000 to extend Permanent Normal Trade Relations (PNTR) to China. Such an extension paved the way for China's accession to the World Trade Organisation (WTO) membership and came as a major boost for China's economic prospects because it makes the country more attractive to foreign trade and investment partners.

Second, Beijing was able to stem what it perceived as a separatist trend in Taiwan from both threatening the regime's legitimacy and raising the spectre of war with the United States. Should war occur in the Taiwan Strait, China's hopes for a peaceful international environment would be dashed not just in the short-term, but well beyond the duration of the actual hostilities. China realised that its sabre-rattling during the Taiwan Strait Crisis of 1995-96 demonstrated that military coercion would likely harden Taiwan's determination for independence and would draw powerful US forces into the area. Slowly but steadily, Beijing learned to take a more nuanced approach toward Taiwan, especially after the 2000 Taiwan presidential election that put the pro-independence Democratic Progressive Party in power. It pursued a "hearts and minds" strategy to win over public opinion. Internationally, Beijing was able to get most countries to recognise

and reaffirm its "one-China" position, and to paint Taiwan as the trouble-maker whenever tension rose over the Strait.

Third, Beijing exercised its leverage to compel North Korea to enter multilateral negotiations with the United States, thus, reducing the danger of a full scale war on China's border. Washington views North Korea's nuclear aspirations as a threat to regional peace and demands that Pyongyang completely dismantle its nuclear programmes. Apparently, Beijing took note of President Bush's doctrine of preventive war after the 9/11 terrorist attacks, and was instrumental in reaching the six-party joint statement in September 2005 in which Pyongyang agreed to terminate its nuclear programme in return for economic, security, and energy benefits. The six-party talks are currently stalled and may be under threat from recent North Korean missile tests, but Beijing continues to play a crucial role in attempting to end the impasse through diplomatic means.[6]

**But will China continue to behave in a restrained, non-coercive way once it becomes rich and powerful? Not likely, according to the realist theory.**

Beijing's current non-confrontational strategy is a rational, calculated response to China's relative weakness and US preponderance. The best way to balance American power is to develop national capability through internal efforts and meanwhile engage in diplomatic coordination with other countries to constrain US actions harmful to Chinese interests. China needs a stable, non-confrontational external environment for the development of its comprehensive national power.

But will China continue to behave in a restrained, non-coercive way once it becomes rich and powerful? Not likely, according to the realist theory, which expects that a strong, prosperous China would likely adopt an offensive grand strategy by expanding its political, economic, and military interests abroad and establishing a sphere of influence in East Asia. Such an expansionist tendency is a natural outgrowth of increased capability. China has been a practitioner of *realpolitik* since its imperial past. When China

6. Zhuang Liwei, "Hu Jintao: Critical Trip," *Nanfeng Chuang* [Southern Wind], no. 239, June 2006, pp. 12-14.

enjoyed power advantages over adversaries, its grand strategy in general would emphasise offence, launching more attacks against the threatening powers. When China was in a relatively disadvantageous position, it would adopt a defensive posture and initiate fewer conflicts. Put in this context of realist theory and Chinese history, Beijing's current grand strategy emphasising "peace and development" can be explained by its relative weakness in the US dominated unipolar system. But as China gains more power in the future, it may be tempted to use coercive or non-peaceful means to advance security interests or resolve disputes. In other words, the current grand strategy is not likely to be sustainable when China's relative power has improved significantly.

## CHINA'S REGIONAL GRAND STRATEGY

In the past few years, both Chinese and foreign analysts began to reach the conclusion that China has developed a fairly consistent and coherent grand strategy in the past decade, even though they may disagree somewhat on the nature and content of that grand strategy. Assuming that China's regional strategy reflects and supports China's grand strategy, the following will offer an assessment of China's regional grand strategy because China is a regional power with a grand strategy.

### *Strategic Thinking and Practice of China's Regional Strategy*

Like its grand strategy, China's regional strategy is also underpinned by several important ideas. Taking a direct cue from its definition of interest encompassing security, economic, and political dimension, the first idea underpinning China's regional strategy is to seek full-fledged cooperation and partnership relationships with all regional states, whenever possible. For instance, China's initial close interaction with ASEAN was through the ASEAN Regional Forum (ARF), which remains quite security oriented. Lately, however, China has elevated its relationship with ASEAN to a strategic partnership by further developing its economic and political relationship with the ASEAN countries through the ASEAN-China Free Trade Area (ACFTA) and Treaty of Amity and Cooperation in Southeast

Asia (TAC-SEA). Likewise, China's relationship with Russia and the Central Asian states used to be heavily security-oriented too; but China has again been actively pursuing closer economic integration with Russia and the Central Asian states under the framework of the Shanghai Cooperation Organisation (SCO).

**China realises that the US presence in the region is irreplaceable to some extent, and the US security umbrella may have made regional states more comfortable in dealing with China.**

In contrast, China's relationship with South Korea was mostly economic at the beginning, yet China has now developed a rather close, if not cordial, relationship with South Korea in the security and political arenas too. Similarly, participation in regional and sub-regional initiatives is also aimed to improve China's security and political relationship with regional countries like India and Vietnam, even though these initiatives are mostly about economic cooperation.

The second idea is that the most effective way to show that China is a responsible power is to shoulder responsibilities demanded upon China and to demonstrate benign intentions by exercising self-restraint and displaying willingness to be restrained. This idea leads directly to behaviour such as upholding the RMB during the 1997 Asian financial crisis, joining the TAC-SEA, and largely letting the ASEAN states dictate the norms regarding the South China Sea dispute.

The third idea is that as long as the US does not threaten China's core interests, China can live with a "hegemonic power." Therefore, there is no need for China to counter the United States simply because the US is powerful. It merely needs to restrain US hegemonic behaviour when America acts against international norms. Following this logic, many have argued that as long as Washington acts like a responsible power, it is in China's interest to integrate into the system, rather than remain an outsider. By rising inside the system, China will not only have more say and influence in reshaping the future of the system but will also be more likely to make its rise a peaceful one. Fundamentally, China wants a "peaceful rise" and most Chinese elites believe that only an intra-system rise can be a "peaceful rise."

More importantly, China realises that the US presence in the region is irreplaceable to some extent, and the US security umbrella may have made regional states more comfortable in dealing with China. The result is that China has now gradually acknowledged and accepted the utility of the American presence in the region, indicated by Chinese officials' repeated assurances to US officials that "China does not wish to push the US out of the region": it merely wants US presence to be "constructive".

The fourth idea derives from the fact that China's economy is highly open in nature. As its economy continues to expand, China will be more integrated with the region; China has to choose between two alternative approaches for integrating with the region: the approach taken by Japan (by investing in the region, but keeping its domestic market largely closed), or the approach taken by the US (by opening its market and creating interdependence). China has decided that the US approach is more appropriate and effective so, is opening up its own market and letting regional states enjoy the growth opportunity with China,

The fifth idea is regionalism plus multilateralism. The utility of multilateralism for demonstrating China's benign intentions and willingness to be restrained is increasingly appreciated; regional multilateralism is now taken as one of the keys for China and the regional states to co-manage the rise of China and the best choice for China to shape international politics. China's experience in the ARF and in making the initially bilateral relationship between China and Russia/Central Asian states into the multilateral Shanghai Cooperation Organisation (SCO) also gave China more confidence in playing a more active role in regional multilateral platforms. By embracing the regional multilateral initiatives and channeling its growing power into a more regionalised and institutionalised setting, China also hopes to make its closer relationship with the regional states less alarming to the US.

Finally, because of China's growing confidence in its ability to shape the regional environment, it is becoming more active in international politics, even in the multilateral and security arenas. With a new generation of leadership taking the reins, the early indication has been that this new

activism will continue, if not actually increase somewhat.

**China has dramatically improved its relationship with Russia, South Korea, and Mongolia, and has managed to largely repair its estranged relationship with North Korea.**

*Practices and Outcomes*

Following the ideas and strategic thinking behind its regional strategy, China's practice of regional strategy is now far more active, flexible, and comprehensive than ever before, and it can be summarised as: participate actively, demonstrate restraint, offer reassurance, open markets, foster interdependence, create common interests, and reduce conflict. Clearly, there is general satisfaction with China's regional strategy and its largely positive outcomes among Chinese leaders and elite. This general satisfaction is also reflected among international affairs experts' writings: more analysts agree that China's security environment is improving, instead of deteriorating.

In Southeast Asia, the interactions between the ASEAN countries and China have led to a reduction, rather than an exacerbation of the security dilemma between them. Most ASEAN countries have explicitly rejected a hard containment approach toward China, and emphasise that the ARF is not intended to contain China, but merely to socialise it. China, on the other hand, while aware of ASEAN's intention of constraining China through socialisation, has actually come to recognise the utility of this approach because it can serve as a credible signal of reassurance to the ASEAN states.[7]

Of real importance, by signing the TAC-SEA and actively consolidating a Code of Conduct in the South China Sea with the ASEAN states as a group, China has renounced the option of force for settling the South China Sea dispute. And if ASEAN is indeed moving toward a security community, China has signalled that it may be interested in being part of that security community too. By initiating a Free Trade Area (FTA) agreement with the

7. "China in the ASEAN Regional Forum: Organization Process and Domestic Models of Thought," *Asian Survey*, vol. 38, no. 5, May 1998, pp. 425-440.

ASEAN countries, China has indicated that it desires a more integrated regional economy. The result is that the ASEAN countries and China are more likely be heading toward constructive cooperation and coexistence rather than confrontation.

In Northeast Asia, China has dramatically improved its relationship with Russia, South Korea, and Mongolia, and has managed to largely repair its estranged relationship with North Korea. Even on the more difficult Sino-Japanese relationship, China has consistently pursued an accommodative relationship with Japan despite strong domestic opposition. The recent hotly contested debate about China's policy toward Japan, the continuing interest in a China-Japan-South Korea FTA, plus the call for letting ASEAN and South Korea bring China and Japan together, all underscore that China understands that the future of the region critically depends upon a constructive relationship between China and Japan. Therefore, while Japan and China are far from reaching a complete reconciliation for now, and their uneasy relationship remains a critical source of uncertainty for the region, the probability of conflict between the two countries remains slim.

Toward Russia and Central Asia, China is adopting an approach similar to what it has adopted toward East Asia: develop a comprehensive relationship with regional states. By working closely with Russia and the Central Asian states, China has successfully brought the SCO to a much better shape than most would have predicted. By pushing for economic integration in Central Asia, China has again signalled its willingness to let the Central Asian states share the opportunity associated with China's development, especially with its "Western Development" policy.

In South Asia, China has yet to reach a breakthrough in its difficult relationship with India, with the latter continuing to view China warily. Even in this aspect, however, progress has been made and we have reason to be cautiously optimistic. First of all, the Himalayas render the security dilemma between India and China less severe. Second, while it still values its ties with Pakistan, China has not allowed Sino-Indian ties to be held hostage by Sino-Pakistan ties. Third, India now recognises that China's challenge to India is more about economics than about security. With trade

between India and China increasing rapidly in recent years, it is possible to imagine that the two countries will find their shared interest to be substantial enough for more efforts toward reaching an accommodation in the next couple years.

On the central question of US-China relations, after the rocky period when the Administration of George W. Bush took over power, the relationship is now back on track, partly thanks to 9/11. While it will be difficult to argue for a qualitative shift in the relationship, there is a qualified optimism about the near-term prospects of the relationship in both capitals. With the US deep in its war against terrorism, and China taking some of the load off America's shoulders for managing the North Korean crisis, both governments seem ready to sit back and let things play out for a little while so that both can gain a better feel about the other side's intentions. The danger with this arrangement for now is, of course, that neither Washington nor Beijing has much control over developments inside Taiwan.

## THE CALCULATIVE STRATEGY

In the last few decades, a hybrid strategy of regional and global concerns has coalesced into what is termed as a "calculative" strategy, that is, a strategy calculated to protect China from external threats as it pursues its geo-political ascent. The purpose of the calculative strategy is to allow China to continue to reform its economy and thereby acquire comprehensive national power without having to deal with the impediments and distractions of security competition. If successful, the strategy will buy China the breathing space it needs to improve domestic social conditions, increase the legitimacy of the governing regime, expand the nation's economic and technological capabilities, strengthen its military, and enhance its standing and influence in the international political order, all of which are important elements in achieving its long standing security objectives.

The calculative strategy is designed to allow China to increase its power in a variety of areas in as non-provocative a fashion as possible. This strategy relates in action to four issues.

- In its policies toward the United States and other powers, the calculative strategy aims to win support for China's expansion, while preventing any efforts that may frustrate its growth. To this end, the strategy focusses on developing and maintaining friendly relations with the major powers and convincing them that the rise of China will be a stabilising force in Asia. By garnering this cooperation, the strategy aims to forestall a US defensive counter-response that could widen the gap in power between China and the other major players. Continued friendly relations also improve China's access to the world's wealthiest economic markets.
- In its policies toward military modernisation, the calculative strategy aims to reduce China's existing vulnerabilities while increasing the ability of its military forces to secure diplomatic and political leverage. The modernisation in both nuclear and conventional forces is going forward slowly and steadily because a rapid military build-up might alarm China's neighbours and the major powers. Further, a sudden build-up would detract from China's current emphasis on civilian economic development.
- In its policies toward territorial claims, the calculative strategy aims to avoid using force to settle territorial disputes. Rather, it dictates that China pursue a good-neighbour policy designed to strengthen or mend ties with its neighbours and to delay resolving disputes, at least until the regional balance of power shifts in favour of China.
- In its policies toward international regimes, the calculative strategy aims to secure advantages without incurring losses. Therefore, China's level of participation in international regimes in such areas as economic development, trade, technology transfer, arms control, and the environment is determined on a case by case basis.

Taken together, these policies display the "calculating" aspect of the calculative strategy. They illustrate how the strategy has encouraged foreign collaboration in underwriting China's rise to power, while temporarily removing external threats that could distract Beijing from its uninterrupted ascent.

If the calculative strategy is not knocked off course by some catastrophic event, it is likely to remain China's guiding strategy for at least the next few decades, until Beijing has completed its ascent into a position of economic, military, and political strength. When this occurs, certainly not before 2015-20 a more assertive China is likely to emerge.

**Asserting their new power, rising nations can precipitate a range of political, economic, and military tensions that draw the other world powers into conflict.**

This conclusion comes from the analysis of China's past behaviour and current strategy, as well as a comprehensive historical analysis of the behaviour of newly powerful nations. This view suggests that rising states tend not to simply accept the prevailing global political order and peacefully integrate themselves into it. Nor, however, do they rush out to topple that order. Rather, by asserting their new power, rising nations can precipitate a range of political, economic, and military tensions that draw the other world powers into conflict. Like other rising nations throughout history, a rising China is likely to assert its power.

## THE FUTURE OF CHINA'S REGIONAL STRATEGY AND ITS IMPLICATIONS

Two external factors, dynamically linked with the debate on "peace and development" inside China, will shape China's regional strategy in the future.[8]

Because the US remains at the centre of China's strategic calculus, the first external factor that is going to influence the future of China's regional strategy is the US' long-term strategic intentions toward China and how Washington views China's interaction with regional countries. What the United States is doing, plans to do, or even is rumoured to do, will influence China's behaviour.

In dealing with the US, however, China faces a conundrum that cannot be easily overcome. Because there will always be voices inside the United

8. Shi Yinhong, "Reassess China's International Environment," *Strategy & Management*, no. 4, 1999, pp. 103-105.

States arguing that China will become an inevitable foe, and they continue to view any perceived or real increase of Chinese influence in the region as detrimental to US interest through the zero-sum prism, China faces a difficult balancing act in dealing with regional states and building a regional order. If China remains an outsider, these people in the US will take it as a sign that China is a challenge to international norms and order. If China actively participates in regional affairs and norms, they will again take it as a sign that China aims to challenge US dominance, this time through building a regional sphere of influence. Either way, China is in a no-win situation. At the same time, international politics is becoming more regional, and this again puts China in a difficult situation in front of a US audience in three possible scenarios.

The first scenario is that even though many regional initiatives are not China's idea originally, China has to actively participate in them for fear of being left out. Second, there are some regional programmes that did come from China's initiatives, but these initiatives are actually designed to assure the regional states of China's benign intention (e.g. ASEAN-China FTA, and the recent proposal to form an East Asian military dialogue). Nonetheless, because these initiatives came from China, they will arouse US suspicion. Finally, there are initiatives like the SCO that do have more flavour of limiting the US influence.

On the other hand, China over the years has come to recognise that regional states are more qualified to comment on the "China threat" because of their geographical proximity and relatively smaller size, yet it is exactly in these countries that the "China threat" theory is losing its audience.[9] On the contrary, as the global hegemon, the US tends to exaggerate other countries' capability and hostility, and China should pay less attention to rhetoric about the "China threat" coming out from the United States. The rationale is that as long as regional states do not take China as a clear and present danger, and China and the regional states can manage the region well, the US will be hard-pressed to forge a coalition of hard containment. This means that

9. Herbert Yee and Ian Storey, eds., *The China Threat: Perceptions, Myths and Reality* (London: Rutledge Curzon, 2002), p. 187.

the regional states are becoming more important to China, and the weight of the US in China's strategic calculus may face a reevaluation.

**China has long seen India as a regional rival and even fought a war over the disputed border in 1962.**

## CHINA AND REGIONAL STATES: FROM UNEASY COEXISTENCE TO SECURITY COMMUNITY

China's confidence in making the right moves and obtaining positive policy outcomes are generating a self-reinforcing virtuous cycle propelling China's regional strategy. Positive policy outcomes from the ARF, ASEAN and SCO have all strengthened the voice of integrationists in China, leading them to call for more active participation in regional multilateral initiatives. Likewise, the regional countries have mostly been reluctant to adopt a hard containment policy and continue improving their relationships with China; most regional states are giving China more confidence in their goodwill, and this, in turn, calls for more reassurance, self-restraint, and bolder initiatives.

One can expect that after all that China has done in the past twenty years in improving its relations with its neighbours, the "China threat" theory would have lost some of its audience in the region. That is indeed the case, and in some areas, the transformation of attitude has been remarkable. Because assurance cannot be absolute among states and it is always difficult to gauge the regional states' confidence in China's benign intentions, the question is one of how many regional states have come to appreciate that China can also be a benign power, and how much these states trust China's benign intentions. [10]

### *India*

China has long seen India as a regional rival and even fought a war over the disputed border in 1962. Despite the 2005 and 2010 visits to India by Premier Wen, in which principles were agreed to guide a final settlement,

10. Wang Gungwu, "China's Place in the Region: The Search for Allies and Friends," *The Indonesia Quarterly*, vol. 25, no. 4, Winter 1997, p. 421.

the People's Liberation Army (PLA) still looks upon India as a threat.[11]This perception was heightened after the 1998 nuclear tests, especially when there were noises from within India about them being aimed at China.[12] Economic conflict seems likely, with the world's two largest countries with the two fastest growing economies competing globally for the same resources. Some commentators argue that it will be India that will outstrip China in the long run. [13]Another bone of contention are the sea lanes of communication in the Indian Ocean and Strait of Malacca, along which 80 per cent of China's external commerce and the majority of its oil are carried. President Hu Jintao has called this China's "Malacca Dilemma," a point that was emphasised with the recent Indian deployment of a carrier group into the Malacca Strait. This has fuelled China's desire for its own carrier capability. It has also prompted China to seek naval bases in Pakistan and Myanmar that could provoke tensions in the future. The PLA has also looked on enviously as India's armed forces have modernised and worked through many of the issues that China is currently struggling with, particularly the Airborne Warning and Control System (AWACS) and refuelling aircraft, for example. India also enjoys the advantage of being able to buy Western as well as Russian equipment. As with its concerns with Japan, China is also concerned at increasing US-Indian military ties, which some in the PLA have begun to view as increasingly aimed at containment.[14]

Distrust of China persists in Asia. Whether this persisting distrust of China is due to academic inertia or simply because it is profitable to keep China off-balance is not the question; the crucial point is that this persistent doubt about Chinese intentions undercuts the psychological support for China's current benign strategy toward the region. Many inside China believe that most regional states have been so intoxicated by the "China threat" myth that is hopeless to convince them otherwise; thus, China

11. C. R. Mohan, "India and the Balance of Power," *Foreign Affairs,* vol. 85, no.4, July/August 2006, pp.21-22.
12. Shambaugh, *Modernizing China's Military* (Los Angeles: University of California Press), p. 306.
13. L. Johnson, "India will Outpace China in the Long Run," *Sunday Telegraph,* April 23, 2006.
14. Crane, et al*., Modernizing China's Military,* 2005 Published by RAND Corporation, RAND url:http//www.rand, p. 197.

should not try to appease them. Instead, these Chinese analysts argue that China should take every opportunity to take advantage while it still enjoys robust growth, because no matter what China does, the Asian states will never come to like China

This distrust is creating a new kind of "victimhood syndrome" and playing into the hands of pessimists inside China. If the regional states continue to view China through coloured lenses despite China's persistent effort to appease and assure its neighbours, the Chinese leadership may well reach the same conclusion eventually. The outside world must try to understand that too much distrust of China's benign intentions may lead to a disastrous scenario of a China running out of patience and desire for good behaviour. This disastrous scenario is something that China and the regional countries must work together to prevent.

**CONCLUSION**

Twenty years ago, many observers would have agreed that China was still searching for a coherent national identity, thus, not sure of its proper role in the region. Today, we can perhaps argue that China has largely completed its painful search for a national identity, thus, becoming more confident of its relationships and position in the region. Today, China no longer sees itself as a country facing imminent external danger or on the verge of an internal implosion. Instead, it sees itself as a country with more resources for managing its grand transformation and growing ability to shape its environment. One would expect that as long as China's optimistic assessment of external environment and its self-identity of "a responsible great power" continue to hold, China's current grand strategy and regional strategy will continue. If that is so, the world and the region can take a more relaxed posture toward this "fourth rise of China" phenomenon and behave accordingly, and this will, in turn, reinforce the domestic support for China's current grand and regional strategies.

The logic of balancing is still relevant in the post Cold War world. Balancing includes both alliance formation and the internal efforts states undertake to offset the power advantage of the dominant state. The temporary

**The Chinese are aware that India has transformed itself, over the decades, into a modernising, emerging power.**

absence of hard balancing does not necessarily imply that states have abandoned efforts to change the balance of power in their favour—they may be engaging in internal balancing or soft balancing. The behaviour of soft balancing, moreover, is not simply "policy bargaining" or "normal diplomatic frictions," as critics have argued. The key difference is that policy bargaining or diplomatic frictions do not necessarily aim to mitigate the power gap and constrain a dominant power's behaviour, which, as documented above, is often stated as objectives by Chinese strategists.

China is attempting to balance American power through both domestic and diplomatic efforts. An outright balancing coalition is too costly and risky at the moment. China will do better by concentrating on economic development and striving to maintain a peaceful international environment. Internal balancing and external soft balancing are the two pillars of China's grand strategy. China's efforts to balance American power started well before the 2003 Iraq War, and had more to do with its dissatisfaction with the US dominated system than with the Iraq War. Furthermore, hard balancing can still occur when China has substantially closed the power gap with the US or when powerful allies become available, regardless of US intentions.

With respect to India, the Chinese are aware that India has transformed itself, over the decades, into a modernising, emerging power. The greatness and sophistication of India's achievements and the worldwide recognition of it essentially stemmed from the contemporary relevance of Hindu civilisation. It's vast plurality and tradition of tolerance has particularly found compatibility with modernity and liberal democracy. That is why India gains more acceptability than China internationally. Despite all odds, India has survived as a single entity, and lived up to a level of functional democracy for over six decades. On the other hand, China is still afraid of opening up and that it has to rely on oppressive methods to survive is a glaring fact. China continues to be seated on a powder keg, with simmering tensions in Tibet, Xinjiang, inner Mongolia and host of other

minority regions which have been contesting Beijing's right to control them for decades. The recent ethnic violence in Xinjiang, which left at least 197 Han Chinese and ethnic Uighur's dead, was the worst since the end of the Cultural Revolution. And it came a year after the violence in Tibet in March 2008 had exposed China's internal vulnerabilities.

China's current grand and regional strategies do not have much of the element of pushing the US out of Asia, not only because China lacks the capacity to do so but also because China does not deem this to be in its own or the region's interest. The Chinese leaders now appreciate that some of the constructive roles played by the US in the region are indeed irreplaceable. This recognition has led China to repeatedly assure the US that China does not want to expel it from the region—rather, China seeks constructive US presence in the region. All these moves signal China's commitment to engagement. Moreover, the approach may actually gain the US more respect in the region, because, while regional states do want the US to stay engaged in the region, they do not want an unwarranted confrontation between the US and China because of an active containment policy pursued by Washington.