The five basic features of Chinese security strategy and behavior presented in the previous chapter have persisted to the present day. However, contact with industrialized nation-states, the collapse of the traditional Confucian-Legalist order, and the emergence of Chinese nationalism have brought about several major changes in the specific definition of China’s security objectives and concerns (i.e., what is understood by domestic order and well-being, threats to Chinese territory, and Chinese geopolitical preeminence) and hence the specific means by which such objectives or concerns could be addressed in the modern era. These changes generally brought about a hybrid “weak-strong” state security strategy that combined traditional “strong-state” efforts to control the strategic periphery with elements of a “weak-state” approach employing a relatively unsophisticated, territorial defense-oriented force structure and an extensive level of involvement in diplomatic balance and maneuver.

In recent decades, this strategy has undergone further changes, resulting in a modification and extension of the existing “weak-strong” state security approach of the modern era toward a highly “calculative” security strategy. The term “calculative,” in this context, does not refer to the mere presence of instrumental rationality, understood as the ability to relate means to ends in a systematic and logical fashion and which is presumably common to all entities in international politics, whether weak or strong. Rather, the notion of “calculative” strategy is defined in substantive terms as a pragmatic approach that emphasizes the primacy of internal economic growth and stability, the nurturing of amicable international relations, the
relative restraint in the use of force combined with increasing efforts to create a more modern military, and the continued search for asymmetric gains internationally. The reasons for this new strategy are ultimately rooted in the fact that China today requires high levels of undistracted growth in economic and technological terms, and hence significant geopolitical quiescence, to both ensure domestic order and well-being and to effectively protect its security interests along the periphery and beyond.

This chapter discerns the specific causes and features of China’s present-day calculative security strategy and assesses the way this strategy could adversely affect U.S. interests and the stability of the Asia-Pacific region over the near to mid term. This period, defined as extending from the present to about the period 2015–2020, merits special scrutiny because it represents the minimal timeframe during which China, despite acquiring critical economic, technological, and military capabilities, will continue to depend on the success of the present U.S.-dominated international and regional order for its security. During this period, the actions of other states will most likely be the principal precipitants of any serious confrontations or conflicts with China, as the growth in relative Chinese power, being not yet complete, will limit Beijing’s ability and willingness to pursue other, more assertive, geopolitical strategies. This chapter’s discussion of the features and security implications of China’s calculative strategy provides a basis for the analysis of the longevity of that strategy and the choices defining China’s strategic directions over the truly long term—the period after 2015–2020. These two subjects are the focus of the next chapter.

FACTORS SHAPING CHINA’S CALCULATIVE SECURITY STRATEGY

The Benefits and Challenges of Economic and Technological Reform

After a period of nearly 30 years of communist rule, the Chinese economy began an unprecedented structural transformation in the late 1970s, thanks primarily to the market reforms of Deng Xiaoping. This transformation produced revolutionary improvements in Chinese growth rates, patterns and volumes of manufacturing and trade,
personal income levels, state revenues, foreign exchange earnings, and levels of technology, all of which taken together portend a qualitative increase in national capabilities and, if continued over many decades, a shift in the regional and global balance of power.  

Thanks to the fruits of the reform program initiated in 1978, China now perceives the acquisition of "comprehensive national strength" as being within its grasp—strength, which if acquired, would enable it to both resolve its pressing internal developmental problems as well as reacquire the military capabilities and international political status it lost at the beginning of the modern era.  The importance attached to concluding the ongoing reform program successfully cannot be underestimated because Chinese security managers clearly recognize that only sustained economic success can assure (a) the successful servicing of social objectives to produce the domestic order and well-being long associated with the memories of the best Chinese states historically; (b) the restoration of the geopolitical centrality and status China enjoyed for many centuries before the modern era; (c) the desired admittance to the core structures regulating global order and governance; and (d) the obtaining of critical civilian, dual-use, and military technologies necessary for sustaining Chinese security in the evolving regional order.

At the same time, the continuation, over the long term, of China's recent economic successes will likely require far more extensive structural and procedural reforms than have taken place to date.  These include more thoroughgoing price, tax, fiscal, banking, and legal reforms; the further liberalization of foreign investment practices, trade, and currency convertibility; the reform or abandonment of many state-owned enterprises; and the implementation of more effective environmental protection measures.  Such actions, at least in the near term, could significantly reduce growth rates, aggravate ex-
isting social problems, and will almost certainly challenge deep-rooted bureaucratic and political interests. They could also significantly increase China’s dependence on foreign supplies of critical materials, consumer demand, investment, technology, and know-how. These possibilities could generate significant leadership debates over the pace and depth of future economic reforms and the structure and extent of Chinese involvement in the world economy. How China copes with these challenges holds potentially enormous implications for the future longevity and composition of China’s calculative security strategy, and if not successfully addressed, they would prevent the growth of China as a world power.

Changing Capabilities and Orientations of Periphery Powers

Although China is thus changing dramatically and for the better, at least in economic terms, during the last 20 or so years, the fact remains that the capabilities and strategic orientations of the countries along China’s strategic periphery have also changed. In fact, the changes here have arguably been more radical, as far as relative national capabilities over time are concerned and, more significantly, the processes leading up to these changes have been in motion for much longer, in fact dating back to the end of the Second World War. China’s own economic ferment has thus begun at a point when the traditionally weaker states on its periphery have already increased their national power capabilities in a manner that would have been unrecognizable to previous generations of Chinese rulers, especially those managing the nation’s fortunes at the high tide of the imperial era. Since the end of the Second World War, the sinitic states such as South Korea, Japan, Taiwan, and Vietnam, as well as

---

5For example, extensive fiscal reform and environmental protection efforts could temporarily divert resources from more productive pursuits, far-reaching state-enterprise reforms could exacerbate worker insecurity and lead to high levels of social unrest, and greater marketization and privatization efforts could provoke strong resistance at all levels of the Chinese system from profit-seeking capitalist government and party bureaucrats. See Swaine (1995b), pp. 57–80; Harding (1987), Chapter 10; and Lardy (1998).

6For a brief overview of the growth in capabilities along China’s periphery, see Rohwer (1993).

7An overview of the processes leading to the rise of the peripheral states can be found in Tellis et al. (1998).
China’s Current Security Strategy: Features and Implications

non-sinitic states such as India, have all emerged as independent, more-or-less strong, and stable political entities with significant and in some cases rapidly growing economic and military capabilities.8 Moreover, several of these states have established strong political and security links with countries other than China, especially global powers such as the United States, and are becoming increasingly integrated into the international economy, although several countries (particularly Taiwan, Japan, and South Korea) have also recently established mutually beneficial economic and/or political connections with Beijing.9 Areas along China’s northern and western periphery, such as Outer Mongolia and the Central Asian Republics of the former Soviet Union, have also emerged as independent states, and even though they are not as strong and stable as the countries on the eastern and southern periphery and generally enjoy amicable and cooperative relations with Beijing, they have for the most part developed a primarily non-Chinese strategic orientation focused toward Russia and the Middle East.10

These developments suggest that, although the Chinese state has managed to incorporate formerly peripheral areas such as Tibet, Xinjiang, Manchuria, and parts of Mongolia into its orbit of control (sometimes by force and sometimes through deliberate sinicization), China now confronts a truly formidable challenge if it seeks to replicate its traditional goal of controlling or at the very least pacifying new periphery regions beyond the expanded heartland. Indeed, the past option of direct military force now presents enormous political, economic, and military dangers to the Chinese state not only from the actions of the major external powers such as the United States and Russia (which are often tied by security linkages to the peripheral states), but also directly from many of the peripheral states themselves. There is little doubt today that countries such as Japan, Vietnam, and India, to cite but three examples of states located along the eastern and southern periphery, are powerful and stable enough politically, economically, and militarily to ward off all but the most

8A useful survey of the power and preferences of the Asian states can be found in Malik (1993).
9The patterns of economic integration of the Asia-Pacific region are detailed in World Bank (1993).
violent—meaning nuclear—threats that can be mounted by Beijing. As a result, the principal peripheral area that Beijing can continue to threaten with overwhelming force remains Taiwan—an area long regarded by China as a province. Even in this case, however, the use of force is presented as a last resort to prevent the island from becoming permanently detached from the Chinese heartland.

The newly independent republics of Central Asia are also potentially susceptible to Chinese blandishments and coercion and could probably even become subject to Beijing’s military power. But this remains a distant, merely hypothetical, possibility and one whose eventual success is by no means foreordained, especially if Russia is able to regain its traditional dominant position in this area. Beijing’s primary interests in the region revolve around securing access to its vast, though as yet unexploited, energy supplies; moderating both pan-Turkic nationalism and militant Islam to sustain effective political control in the Xinjiang region; and encouraging regional economic development to develop trade and other economic linkages—all of which would be ill-served by the application of sustained military force directed at the Central Asian states.  

Exponential Growth in the Capabilities of Industrial Powers

Although most parts of the traditional Chinese periphery have thus experienced dramatic increases in national capability since the Second World War, the economic and military capabilities of major states in the wider international system have grown even more significantly. These developments, broadly understood, implied the further consolidation of Western power (and now include the integration of a formerly quasi-peripheral state—Japan—within the orbit of Western influence), which in turn was the result of two general processes. On the one hand, the economies of the major Western states in the international system benefited enormously from their participation in the U.S.-led process of privatized manufacturing and trade that has swept across much of Europe, North America,

---

11Useful surveys of Chinese interests in Central Asia can be found in Munro; and Burles (1999).
and Asia since the 1950s. On the other hand, and partly as a result of this dynamic process of expanding privatization, the most developed industrial states, and particularly the United States, achieved major advances in technology that in turn served not only to greatly increase the lethality and effectiveness of their military capabilities but to actually increase the power differentials between the West and its many competitors.

These developments, taken together, implied that China today faces a significant disadvantage: unlike, for example, its Ming forebears in the 16th century, who could hold their own in the face of alternative centers of power such as Mughul India, Muscovy Russia, and Ottoman Turkey in the realms of technology and other national capabilities such as economic strength and military power, modern China (in both its Maoist and Dengist incarnations) has appeared on the international scene at a time when Western dominance is highly entrenched and almost self-perpetuating. Even more crucially, establishing and maintaining its capabilities as a major power in this environment require China to establish linkages with the highly successful economic system of the West, and consequently, both the preservation of security and the pursuit of power require a radically different level of global integration than was required of the Ming Dynasty four centuries earlier or of any other imperial regime. The price for the rejuvenation of Chinese power in the modern era is thus potentially high from the perspective of its traditional desire to maintain both autonomy and geopolitical centrality in Asia: Not only does the success of the U.S.-led postwar economic regime prevent Beijing from pursuing an isolated or a nonmarket approach to economic and military development (at least during the initial stages), but it also makes continued Chinese acquisition of economic and technological power hostage to the goodwill of Western regimes, markets, and suppliers. The ascent to power thus comes at the cost of limitations on Beijing’s freedom of action and although it appears that this is a price China is by and large willing to pay, at least in the near term, it only makes the question of what Beijing’s long-term directions would be—that is, the directions that can be pursued once

---

12This dynamic, together with the many changes occurring after 1971, is explored in some detail in Spero (1985), pp. 25–168.
the constraints relating to external dependency in the near term diminish—even more interesting.

**Growing Domestic Social and Political Challenges**

China certainly looks forward to the day when it can recover its rightful place in the sun—a yearning reinforced by past memories of both greatness and humiliation—but there is a clear recognition within the country’s leadership that several obstacles must be overcome before China’s claim to greatness rings palpably true within the region and world-wide. Although the external obstacles are clear and well-recognized, namely, China’s dependence on external capital, technology, and markets, there has been a growing recognition, especially over the past 20 years, that the internal social, political, and organizational obstacles erected since the advent of communist rule in 1949 are just as, if not more, significant.  

The utopian and highly disruptive policies of the Great Leap Forward and the Cultural Revolution of the 1950s and 1960s created enormous chaos and uncertainty within China. By the 1960s and 1970s, a combination of continued population pressures, the institutionalized inefficiencies of a generally autarkic development strategy, and the highly rigid, repressive, and centralized political system associated with the Maoist regime had created great impoverishment and disillusionment. Taken together, such developments not only weakened the faith of ordinary citizens and officials alike in the leadership of the Communist Party and its official statist development strategy, they also resulted, more problematically, in a corrosion of political culture, which brought about the loss of leadership and popular virtue, made manifest by the appearance of pervasive corruption and the rise of a self-serving officialdom. These developments have significantly exacerbated the challenge to maintaining domestic order and well-being that resulted from earlier modern developments (including increases in China’s population, discussed above), and place enormous pressure on the Chinese state to sustain high levels of economic growth over the long term.

---

13For a review of some of these challenges, see Harding (1994b).
Although the internal consequences of political and social corrosion are no doubt critical, insofar as they affect the prospects for national disunity, regional fissures, and social unrest, their external consequences are just as unsettling: They have given rise to a deliberate effort by the weakened and discredited organs of rule at wrapping themselves in the mantle of territorially defined notions of nationalism as they struggle to counter the corroding legitimacy of the communist state.\textsuperscript{14} The effect of this dynamic has been to restore emphasis to the irredentist cause of “national reunification” while simultaneously setting the stage for the possible emergence of new, potentially dangerous, legal and ideological justifications that “could provide \textit{lebensraum} for the Chinese people.”\textsuperscript{15} These justifications, taking the form of concepts such as \textit{haiyang guotu guan} (the concept of sea as national territory) and \textit{shengcun kongjian} (survival space),\textsuperscript{16} feed off the newfound confidence that comes with two decades of high economic growth but could nonetheless bring China closer to a costly international conflict without in any way resolving the problem of infirm structures of rule at home. Even more important, they carry within themselves the potential for undoing China’s larger calculative strategy and the geopolitical quiescence that Beijing is relying upon to complete its internal economic transformation.

\textbf{The Emergence of a More Pragmatic Program of Military Modernization}

The cost of weak government has been manifested in the material arena as well as in failures in the realm of legitimacy. This is seen most clearly when Chinese military capabilities are examined. There is little doubt today that, lack of resources apart—a problem which \textit{in itself can be traced to leadership failure}—the inability of the Chinese armed forces to modernize adequately since at least the 1950s must ultimately be traced to the major shortcomings of China’s economic system and its rigid and unimaginative bureaucracy and party

\textsuperscript{15}Kim (1997), p. 248.
structure. Most of the advances in China’s military capabilities attained in the 1950s, 1960s, and 1970s came about primarily through incremental and marginal improvements of the largely obsolete Soviet weapons designs that became available to China during the heyday of the Sino-Soviet alliance of 1950–1962. During the 1960s and 1970s, an emphasis on Maoist self-reliance generally precluded any attempt to accelerate and deepen the modernization process by acquiring foreign military technologies and systems, and efforts to professionalize and modernize military practices and organizations were blocked by intrusive Maoist political and doctrinal controls.

By the mid 1980s, however, most Chinese civilian and military leaders clearly recognized that a strong and stable military force could not be built through a continued reliance on the failed autarkic and excessively ideological policies of the past. This recognition was facilitated, over time, by the gradual passing of those leaders, such as Mao Zedong, who were sympathetic to such policies for political or ideological reasons and was greatly spurred by the major military advances attained by Western powers—advances that were subsequently labeled the “military-technical revolution” (MTR) by Soviet theorists.17 As a result of these factors, China’s past impractical and insular approach to military modernization gave way to a new effort at examining and selectively incorporating advanced foreign military technologies while attempting to “indigenize” these qualities through licensed coproduction of complete systems, the incorporation of critical subcomponents, or the domestic absorption of know-how, wherever possible.18 This effort, in turn, required the creation of a more efficient, innovative, and productive defense industry establishment and the application of more purely professional criteria to military training and personnel selection. All of these requirements imply a much greater level of involvement with and dependence upon foreign, and especially Western, defense-related resources and know-how. They also demand the resolution of major,

17The key Soviet proponent of the MTR was Marshal N. V. Ogarkov. See Ogarkov (1982)—his seminal paper on the subject.
long-standing organizational and conceptual problems plaguing China’s defense establishment.  

All in all, this shift in emphasis in military modernization from complete autarky to some more modest forms of dependence on external resources and know-how only reinforced the larger trend identified earlier: the growing reliance on outside powers for critical capabilities that can underwrite Beijing’s rise to power and, by implication, the acceptance of certain constraints by China’s security managers on its freedom of action as the price for the acquisition of those capabilities that are seen to advance its march to “comprehensive national strength” over the long term. At the same time, the ability of the Chinese state eventually to reduce its level of dependence on the outside and increase its freedom of action will depend to a great extent on its ability to carry out the more extensive economic reforms and overcome the kinds of structural and conceptual obstacles noted above.

The Rise of More Institutionalized, Pragmatic Forms of Authority and Governance

Although the problematic legacy of the past has greatly stimulated China’s willingness to move in the new directions visible since 1978, other, more subtle, internal political changes have also coalesced to make the latest twist in Beijing’s hybrid “weak-strong” state security strategy possible. These factors often go unrecognized because China’s strong dependence on the external environment for continued economic success usually obscures the effect of internal transformations on Beijing’s newest shift in strategy. Perhaps the most important internal change is the rise of more institutionalized forms of authority and governance. The gradual demise of charismatic authority in recent years, combined with the widespread repudiation of extremist ideological development strategies, has resulted in a more pragmatic, risk-averse brand of politics in comparison to the political and policy risks that could be taken by strong, militant, and charis-

---

19Such problems include (a) excessive adherence to self-reliance as a guiding principle; (b) lack of horizontal integration; (c) separation from the civilian commercial sector; (d) lack of skilled experts, managers, and labor; (e) poor infrastructure; and (f) technology absorption problems. Swaine (1996b).
matic leaders such as Mao in the heyday of the revolutionary era. In contrast to a previous generation of charismatic leaders who ruled by both force and popular acclamation, China’s current leaders, lacking similar charisma and experience, have been forced to rule by creating a minimal policy consensus which involves, among other things, an “exchange of considerations”\textsuperscript{20} both among leading party and government figures as well as the bureaucratic organs of state.\textsuperscript{21} Survival in such an environment is contingent on success at the level of policy outcomes and, consequently, rash and imprudent external policies that could imperil the fortunes of the current leadership are likely to be avoided if for no other reason than because the individuals involved lack the awe-inspiring charisma that would insulate them against the worst political consequences of any serious failure.\textsuperscript{22}

The gradually developing administrative institutions (including more institutionalized norms for leadership selection and removal), the increasing specialization among elites by expertise in various issue-areas, and the progressive replacement of violence by intra-elite bargaining as the primary means of capturing and sharing power have only reinforced the marked tendency toward policy pragmatism witnessed in the post-1978 era.\textsuperscript{23} This development by no means implies the absence of strong contending views within the leadership or the elimination of traditional patterns of domestic leadership debate, discussed in the previous chapter. In particular, increasing, and unprecedented, levels of involvement with the outside could arguably heighten long-standing and deep-rooted Chinese sensitivities to cultural contamination and foreign manipulation and subversion. Arguments in favor of lessening Chinese dependence on the outside and increasing Chinese political and diplomatic autonomy could

\textsuperscript{20}Following Chester Bernard, Waltz (1979), p. 113, uses this concept to describe relations between coordinate units. Although the relations among China’s top leaders are not always coordinate relations, the mutual adjustment and accommodation that increasingly take place among various personalities and groups justifies the use of the phrase even in an environment that has room for nominal hierarchies.


\textsuperscript{22}Wang (1995), pp. 103–119.

\textsuperscript{23}Pei (1998) and the discussion below of the prospects for long-term democratic change, for a detailed review of some of these developments.
gain greater currency if economic growth falters seriously or if Chinese involvement in international regimes or treaties are seen to obstruct the attainment of specific nationalist objectives, such as national reunification. Those who support China’s greater involvement in world affairs, for whatever reason, would likely resist strenuously such arguments, thus creating the basis for significant leadership conflict. However, at present, and barring any major economic or social crises, such contention is not strong enough to abridge the evolving “rules of the game” pertaining to the peaceful, pragmatic pursuit and distribution of power, especially at the highest levels of the government and party. Also significant is the fact that there still exists a small though nontrivial threat of military intervention in the event of prolonged economic decline or elite strife.24 This possibility, in turn, suggests that the majority coalitions currently behind China’s pragmatic reform era policies have an even greater interest in ensuring, first, that a pacific external environment is created to the maximum extent possible (at least as far as China’s own policies are concerned) and, second, that this environment actually yields visible dividends as far as Chinese economic growth and technological improvement are concerned.

Barring any catastrophic changes occurring outside of Chinese control, the net effect of these domestic transformations will be to reinforce the policy of pragmatism still further—a condition that can be expected to hold at least until China’s power-political resurgence is complete, at which point there may arise new elites who seek to use the country’s newfound power in more assertive ways to advance either their own particular interests or the national interest at large. Such elites could attain influence by combining nationalist pride in China’s economic successes, Chinese great power aspirations, and elite and popular fears of foreign subversion to argue, for example, in favor of a more autonomous, strong state security strategy. Until that point is reached, however, the domestic leadership changes currently occurring in China appear to reinforce Beijing’s appreciation of its dependence on the existing international system for continued growth and prosperity.25

25For further details on these and other facets of China’s leadership, see Chapter Five and Swaine (1995b), pp. 3–39, 95–104.
Lowered External Threats

China’s willingness to recognize the price of dependence is certainly a significant facet of its present security strategy, but the larger and more consequential changes in its strategic environment that made this attitude possible must not go unnoticed. The gradual diminution in the levels of threat faced by the Chinese state since the 1970s created an environment where increased Chinese security-related interactions with other states became possible. This diminution occurred in part because the United States initiated a process of détente as a means of involving China in resolving its own problems with both Vietnam and the Soviet Union. When U.S. problems in Southeast Asia were resolved by the mid to late 1970s, the U.S. engagement of China as part of its larger strategy toward the Soviet Union only grew in intensity. Moreover, Beijing’s freedom of maneuver compared to that of the Soviet Union actually increased (despite its own conspicuous inferiority) after the restoration of full Sino-U.S. diplomatic relations in 1979, thanks both to the positive externalities of U.S. nuclear deterrence and because the Soviets were more concerned with events in such far-off regions as Southwest Asia than with nearby competitors such as China. As a consequence of this gradual deepening of Sino-U.S. political relations, Washington drastically reduced its level of military assistance to Taiwan, dropped prohibitions on the sale of certain weapons and the transfer of many critical military and civilian technologies to China, and generally permitted a wide range of beneficial commercial dealings with the PRC.26

This turnaround in Sino-U.S. relations, along with initial signs of a decline in Soviet power, eventually spurred an improvement in China’s relations with the Soviet Union, which ultimately produced a drastic reduction in military tensions between the two Eurasian powers, marked by high-level leadership visits and consultations, confidence-building measures along the Sino-Soviet border, and greatly increased economic and cultural contacts. Such an unprecedented reduction in the level of foreign threat posed to the Chinese

26For details, see Harding (1992), and Pollack (1999).
state in the modern era thus occurred at a time when the most important entity in the international system—the United States—appeared to be more supportive of China whereas its most consequential and proximate adversary—the Soviet Union—was progressively decaying in power-political capacity. This radical diminution in the range of traditional threats visible since the early years of the Cold War provided China with a substantial measure of political cover under which it could pursue the internal economic reforms—finally embarked upon in 1978 and accelerated in the mid to late 1980s—without excessive risk.

The general pacificity of its external environment allowed Beijing the luxury of downgrading military modernization to the last of the “four modernizations” (identified as agriculture, industry, science and technology, and national defense) in terms of relative priority and enabled China to undertake its market reform program for two decades continuously without any disproportionate diversion of its fruits into wasteful security competition. The wisdom of this choice was only buttressed by the end of the Cold War, brought about by the final demise of the Soviet Union in 1992. This event provoked Jiang Zemin’s authoritative assessment of China’s strategic environment as “never having been more satisfactory since the founding of the Republic.” The relatively pacific external environment thus contributed to the emergence of a Chinese security policy that could focus on the long-overdue modernization of Chinese agriculture, industry, and science and technology. This focus enabled Beijing to lay the foundations for acquiring comprehensive national strength as opposed to embarking on a “quick and dirty” program of accelerated military modernization which, however much it increased China’s coercive power in the short run, would eventually undercut its ability to become a true great power and reestablish the geopolitical centrality and respect it believes to be its due.

---

27 Chen (1990).
THE MAJOR GUIDING TENETS AND POLICIES OF CHINA’S CALCULATIVE SECURITY STRATEGY

Given this backdrop, it is no surprise that Chinese grand strategy since the end of the Cold War has sought to maintain the orientation visible since 1978: the acquisition of comprehensive national power deriving from a continued reform of the economy without the impediments and distractions of security competition. The traditional objectives that the Chinese state has pursued over the centuries still remain and they even now constitute the ends to which all the efforts relating to economic growth and internal transformation are directed. These objectives include assuring domestic order and social well-being; maintaining an adequate defense against threats to the heartland; increasing the level of influence and control over the periphery with an eye to warding off threats that may eventually menace the political regime; and restoring China to regional preeminence while attaining the respect of its peers as a true great power marked by high levels of economic and technological development, political stability, military prowess, and manifest uprightness. Such objectives, however, cannot be pursued today through the assertive and sometimes militaristic solutions associated with the “strong-state” strategy of the past, in large measure because China presently finds itself “between the times”: Although it may be a rising power, it is not yet sufficiently strong, at least relative to some of the key states on its periphery, if not beyond. Consequently, it is in many ways still a “consumer,” rather than an entirely self-sufficient “producer,” of security and its present grand strategy accordingly reflects the fact that its domestic and external environments constrain its preferred outcomes much more easily than its resources can produce them.

Not surprisingly, then, as has occurred at times in the past, China’s grand strategy today is neither “assertive” nor “cooperative” in the most straightforward sense of those terms. Instead, in this instance, it displays a “calculative” streak which, though determined to prevent certain critical losses at all costs, is nonetheless characterized by an outward-oriented pragmatism designed to rapidly improve its domestic social conditions, increase the legitimacy of its governing regime, enhance its national economic and technological capabilities, and thereby ultimately strengthen its military prowess and improve its standing and influence in the international political order.
The logic underlying this “calculative” strategy is therefore simply one of *constrained maximization*, with China seeking to increase its power in a variety of issue-areas in as non-provocative a fashion as possible to avoid precipitating those regional or global responses that would seek to retard the growth of that power for all the time honored reasons associated with the “quest for equilibrium”\(^{29}\) and “the creation of balances of power.”\(^ {30}\) If successfully executed, the “calculative” strategy offers Beijing dual benefits, whether intended or not: On the one hand, it would desensitize China’s political and economic partners to the debilitating problems of relative gains in Chinese capabilities and thus encourage continued foreign collaboration in the underwriting of China’s rise to power.\(^ {31}\) On the other hand, it would, by accentuating China’s desire for cooperation, provide Beijing with sufficient breathing space from external threats to uninterruptedly achieve its goal of increased national power.\(^ {32}\)

Given these considerations, the “calculative” strategy that achieved dominance in the 1980s can be summarized by its three guiding elements:

- First, overall, a highly pragmatic, non-ideological policy approach keyed to market-led economic growth and the maintenance of amicable international political relations with all states, and especially with the major powers.

- Second, a general restraint in the use of force, whether toward the periphery or against other more distant powers, combined with efforts to modernize and streamline the Chinese military, albeit at a relatively modest pace.

- Third, an expanded involvement in regional and global interstate politics and various international, multilateral fora, with an

\(^{29}\)Liska (1977).

\(^{30}\)Waltz (1979), p. 118.

\(^{31}\)The problem of relative gains and its effect on cooperation is discussed in Grieco (1988).

\(^{32}\)As Jiang Zemin candidly admitted, Beijing cannot afford to be aggressive because “China needs a long-lasting peaceful international environment for its development.” Jiang Zemin (1995).
Interpreting China’s Grand Strategy: Past, Present, and Future

emphasized, through such interactions, on attaining asymmetric gains whenever possible.33

Together, these elements amount to a highly modified version of China’s traditional “weak-state” strategy, designed to create the foundations for a stronger, more modern Chinese state.

How this strategy has concretely manifested itself will now be examined in the context of the policies China appears to be pursuing in four separate issue-areas (a) policies toward the United States and other powers, (b) policies toward military modernization, (c) policies toward territorial claims and the recourse to force, and (d) policies toward international regimes.

Policies Toward the United States and Other Major Powers

Given China’s accurate appreciation of its status as a “still weak, but rising” power, the thrust of Beijing’s security-related policies toward the United States as the preeminent power in the international system can be characterized as a two-sided effort focusing on “cooptation” on the one hand and “prevention” on the other. The effort at cooptation focuses essentially on developing and maintaining cordial relations with the United States to encourage it to consistently underwrite the continuing growth in Chinese power, whereas the effort at prevention seeks to hinder any U.S. efforts that may be directed toward frustrating the expansion in Chinese capability, status, and influence. This two-pronged strategy is grounded in the Chinese leadership’s recognition that the United States subsists “in economic terms as an important trading partner and major investor” in China, while simultaneously remaining “in nationalistic terms as a major rival in a competition for ‘comprehensive national strength.’”34

The efforts at both cooptation and prevention are manifested in direct and indirect forms. At the direct level, both are oriented first to

33This feature is also described as a “mini/maxi” code of conduct keyed to the maximization of security and other benefits through free rides or noncommittal strategies and the minimization of costs to capabilities, status, or influence. Kim (1999).
convincing the United States to accept the rise of China as a stabilizing event both at the level of international politics and in the regional context of East Asia. Convincing the United States about the inevitability—in fact, the desirability—of the growth in Chinese power is essential to prevent any attempts at containment on the part of either the United States and its allies or other powers in Asia. It is also essential to forestall a heightened U.S. defensive counterresponse toward a rising China, especially one that—if it leads to greater military acquisitions, increased forward deployments, more robust operational tempos, and accelerated military R&D—would increase the gap in power capabilities between the United States and China still further. Such a reaction would thus force China to run a longer race to become a major power and also would provide Beijing’s regional competitors with the political cover under which they could challenge Chinese interests more effectively. Both cooptation and prevention are therefore fundamentally oriented, as one scholar succinctly phrased it, toward legitimizing “a kind of ‘hegemonic stability theory’ with Chinese characteristics.”

To this end, China has attempted to maintain a variety of high-level interactions with the United States, at both the political and military levels. In all these exchanges, Chinese leaders have sought to secure U.S. support for the political, economic, and social transitions and transformations currently under way in China (including seeking a political imprimatur that can be used to fend off political opponents of cordial Sino-U.S. relations back home), while simultaneously attempting to weaken the level of support perceived to be offered by the United States to China’s current or potential future adversaries, primarily the Republic of China, and in a different way to Japan as well. In the case of the former, Chinese efforts have been directed at encouraging a steady diminution of U.S. political and military support to the ROC, especially in the context of the latter’s apparent efforts at achieving independence. Because U.S. support for the ROC is seen both as a direct challenge to China’s sovereignty and as evidence of “an American mentality of ‘not wanting to see the rise of a too powerful China,’” Beijing has frequently exerted strenuous ef-

forts to weaken U.S.-ROC political ties. Chinese objectives with respect to Japan are more complex in that Beijing recognizes that the U.S.-Japan Mutual Defense Treaty is a double-edged sword: Although it serves to restrain Japanese remilitarization in the near term, it could over time become the nucleus of a containment effort directed against China. Consequently, Beijing’s effort at prevention here takes the form of a guarded disapproval of any deepening of the U.S.-Japan security relationship in the hope of encouraging the latter to atrophy naturally.

Besides these political dimensions of cooptation and prevention, there is an economic dimension as well. Here, the principal objective of cooptation consists of being able to ensure continued access to U.S. markets which today constitute the wellspring of Chinese economic growth and prosperity. Consequently, assuring permanent “most favored nation” status has become the most important legal objective of direct cooptation at the economic level because it ensures that China’s export-led growth strategy would find fulfillment in terms of ready access to the richest and most valuable market in the world for its consumer goods and light industrial products. Although China already has most favored nation status from the United States, this status requires annual renewal and is covered by a 1979 bilateral agreement between China and the United States rather than through membership in the General Agreement on Tariffs and Trade’s (GATT) successor, the World Trade Organization (WTO). The recurrent renewal of this status, which is mandated by law, however, subjects the process of extension to a variety of political pressures, many of which have little to do with trade per se. Consequently, China’s abiding interest consists of convincing Washington to sup-

---

37 Weakening the U.S.-ROC relationship has proved much more difficult than Beijing originally anticipated, in part because it is connected to U.S. domestic politics and the strong linkages between Taiwan and influential members of the U.S. Congress. China has repeatedly sought to increase its leverage over the United States concerning this issue, at times by offering to reduce or eliminate its exports of weapons of mass destruction and their associated delivery systems to some South Asian and Middle Eastern states in return for reductions in U.S. military assistance to Taiwan.


39 A good discussion of China’s interest in most favored nation status and in GATT more generally can be found in Power (1994); and Pearson (1999).
port its admittance into the WTO as a full member, *but on what amounts to preferential terms as a developing country*. Admittance to the WTO is important to the success of Beijing’s export-led growth strategy in that it allows China access to *multiple* international markets on uniformly preferential terms; further, such access is ensured through a multilateral institution not fully under the control of the United States, thereby offering China opportunities to pursue commercial and political interests (including those relating to Taiwan) outside of the restraints that may be episodically imposed within the framework of the Sino-U.S. bilateral relationship. Finally, it provides China with better cover against the protectionist policies of other developing countries while simultaneously accelerating Beijing’s integration into the global economy.\(^{40}\)

In addition to these direct *political and economic* efforts, there are other indirect efforts at cooptation as well. These include exploiting U.S. pluralist society to undercut any adverse political objectives that may be pursued by the U.S. government. In this context, corporate America, with its significant economic interests deriving from large investments in China, becomes a powerful instrument conditioning the shape of U.S. strategic policy toward China. And Beijing has not hesitated to use its sovereign powers of preferential access and large commercial orders to encourage U.S. business groups to lobby the U.S. government for consequential changes in its strategic policies as the price for continued, profitable, interactions with China.\(^{41}\) These changes were usually sought in the issue-areas of human rights, the rules governing technology transfers, and nonproliferation. To be sure, the incentives for such lobbying exist even in the absence of any direct Chinese governmental intervention, but that implies only that the indirect mechanisms of prevention are even more profitable if China can secure a variety of advantageous political outcomes with little or no effort on its own part.

---

\(^{40}\)Because Beijing seeks membership as a developing country, the United States has in the past blocked Chinese membership on the grounds that such status would allow China to continue a variety of restrictive trading practices even as it enjoys the fruits of preferential access to the markets of many developed countries. The rationale for China’s wish to enter the WTO as a developing country is explicated in Wong (1996); and in Pearson (1999), pp. 176–177.

Although the method of coopting U.S. policy through its domestic politics is perhaps the most visible element of China’s indirect efforts, these efforts also occur in the realm of prevention as well, particularly at the international level. The best known attempts at influencing U.S. policy here consist of the various efforts made by Beijing over the years to orchestrate Asian sentiment against growing Japanese power, especially where manifestation of that power outside the home islands is concerned. A similar logic underlies the occasional Chinese efforts to encourage an “Asia for Asians” sentiment: Here, the effort seems focused on convincing the United States, as well as other Asian states, that the “Asian way” remains a distinctive alternative to the Anglo-American modes of ordering social relations and that the Asia-Pacific region writ large can manage its affairs—whether in the arena of human rights or security—without outside assistance. A more recent effort at indirect prevention consists of the increasingly energetic espousal by Beijing of a new multilateral mutual security structure for Asia—the so-called New Security Concept. Although some controversy exists over the meaning and intention of this concept, many observers believe that it is intended to replace the current U.S.-led bilateral security alliance structure of the Asia-Pacific region. Irrespective of the details, the general orientation of such indirect efforts seems to focus on communicating to the United States that its present military and, to some extent, political, presence in East Asia, including its system of security alliances, is a waning vestige of the Cold War and hence should be muted considerably; nurturing a wedge between the United States and its formal and informal allies in Asia; and, finally, preparing the ground for an insular Asian theater where Chinese relative capabilities will not be eclipsed by the presence of larger extraregional political and military forces.

The United States is certainly the most important actor in Chinese strategic calculations, but it is by no means the only one. Conse-
quently, it is not surprising that Beijing’s efforts at cooptation and prevention are not restricted to the United States alone but rather extend to all other great powers in the international system. The objectives of these efforts are broadly comparable to those pursued against the United States and they revolve, for the most part, around lowering bilateral tensions and encouraging the major powers to assist China in its efforts at modernization. Thus, for example, relations with Russia are oriented primarily toward reducing the chances of political and military conflict between the two former antagonists and acquiring critical military technologies that cannot be obtained either from the United States or the West more generally. Although this essentially arms procurement relationship has now been baptized as a “strategic partnership,” it is so only in name.45 The economic meltdown in Russia after the demise of the Soviet Union has resulted in Russian defense industries scrambling for customers simply to survive. China’s high growth rates and its increasing concern with maritime, rather than continental, issues (including the threat of Taiwanese independence) make Beijing the perfect customer and, not surprisingly, the Russian military-industrial complex—with the hesitant acquiescence of the Russian leadership—has responded by providing a variety of weapon systems or technologies, some of which will be license-produced in China itself.46

Where military products from Great Britain, France, and Israel are concerned, Chinese interests revolve more around specific subsystems rather than finished platforms or weapons systems, but China’s primary strategic interest in developing relations with these states, and with the Europeans more generally, consists of being able to ensure access to diversified sources of civilian and dual-use technologies and, more broadly, to preserve positive political and economic relations that contribute to China’s overall development.47 Where relations with China’s immediate East Asian neighbors such as Korea, Japan, and even Taiwan are concerned, the main objective of

45“Can a Bear Love a Dragon?” (1997); and Anderson (1997). The notion that the Sino-Russian relationship constitutes “the beginning of a new quadrilateral alignment in East Asia in which a continental Russo-Chinese bloc balances a ‘maritime’ American-Japanese bloc” (Garver, 1998, Chapter Five) is at the very least extremely premature.

46Blank (1996). At the same time, Russia’s leadership apparently disagrees over the appropriate level and composition of Russian arms sales to China.

cooption seems to be an effort to encourage greater direct and portfolio investments in and trade with the Mainland. In the specific case of Taiwan, this interest is in large part motivated by China’s strong desire to increase Taiwan’s overall level of involvement in and dependence upon the Mainland, as a way to increase Chinese political leverage over Taiwan. The benefits in terms of capital transfers, increased employment, and domestic wealth generation are deemed to be critical enough to encourage deeper economic participation on the part of these countries, even if their longer-term political interests may diverge substantially from China’s. In any event, the general principle underlying these relationships seems to be the same: to use China’s growing market and economic wealth to secure those resources that cannot be procured from the United States while simultaneously using these transactions to provide its non-U.S. partners with an economic stake in China’s continued growth.

Deepened relations with China’s non-U.S. partners also has other advantages. Where significant arms-producing states such as Great Britain, France, and Israel (and other European states as well) are concerned, China seeks to manipulate access to its commercial market to prevent these states from providing arms and military technologies to Taiwan.48 Such transfers, it is feared, could reinforce the Taiwanese desire for independence while simultaneously vitiating the deterrence China seeks to impose through the application of its older and relatively more obsolescent weaponry. Apart from the specific benefits in relation to Taiwan, deepened relations with other powers also provide benefits in relation to the United States. At the very least, deepened relations constitute a “diversification strategy,”49 which gives Beijing some political and economic instruments that can be used to prevent the creation of a strong U.S.-led anti-Chinese coalition in those issue areas where U.S. and non-U.S. interests may not fully coincide. Thus, these relationships give Beijing improved leverage in dealings with the United States and they could become in extremis the routes by which China circumvents any future U.S. efforts at restraining either its policies or its growth in capabilities more generally. As one scholar summarized it, “to Chinese leaders, [political] diversification offers obvious bargaining ad-

Policies Toward Military Modernization

As part of its current “calculative” strategy, China has sought to develop a range of military capabilities to sustain an expanded level of political and operational objectives. These objectives include (a) securing the defense of Chinese sovereignty and national territory against threats or attacks from all manner of opponents, including highly sophisticated military forces; (b) acquiring the ability to counter or neutralize a range of potential short-, medium-, and long-term security threats along China’s entire periphery, but especially in maritime areas; (c) acquiring the ability to use military power as a more potent and versatile instrument of armed diplomacy and statecraft in support of a complex set of regional and global policies; and (d) eventually developing the power-projection and extended territorial defense capabilities commensurate with the true great power status expected in the 21st century. These complex objectives may be summarized, at least over the near term, as an effort to reduce China’s existing vulnerabilities while increasing the utility of its military forces to secure diplomatic and political leverage.51

The efforts at reducing vulnerability have materialized at two different, though related, levels. The first level consists of a slow but determined effort at nuclear modernization. As indicated previously, the range of Chinese nuclear capabilities today are modest, at least relative to the capabilities of the superpowers during the Cold War. Despite the presence of much larger arsenals in the Soviet Union and the United States, the Chinese historically seemed disinclined to increase the size of their nuclear inventory presumably because, first, they were satisfied that the mutual deterrence relations between the United States and the Soviet Union generated sufficient positive externalities that precluded the need for a significant expansion of capabilities—specifically, such relations meant that only a small

---

51A good summary of the multidimensional facets of China’s military modernization can be found in Shambaugh and Yang (1997).
strategic force capable of conducting a credible retaliatory strike against either Soviet or U.S. cities and major U.S. military bases in Asia was deemed sufficient to deter both states from attacking China; and, second, their modest but not insignificant capabilities already allowed them to support some primitive kinds of selective nuclear operations, well before they either developed the accompanying doctrine that justified such operations or were given credit for such capabilities in the West. The ability to execute such selective operations derived more from the diversity of their nuclear holdings, which included small numbers of land- and sea-based ballistic missiles, manned bombers and, more important, tactical nuclear weapons, and the locational uncertainty of many of these force elements than from a deterrence architecture that emphasized the possession of a large "hyper-protected force for intra-war deterrence, with long endurance and excellent communications and control." Given these calculations, the Chinese are believed to have developed a diversified arsenal of about 450 warheads—an inventory similar in size to that maintained by Great Britain and France; for such medium powers, a strategy of limited deterrence was deemed to be sufficient in the face of the complex nuclear deterrence regime maintained by the United States and the Soviet Union during the Cold War. Despite the many limitations of this arsenal, it is obvious that the Chinese value their nuclear weapons both for the status they bestow on them in the international system and because they remain the only effective deterrent in all situations where Chinese conventional military power may be found wanting.

---

52 For an analysis of the evolving doctrinal justifications of China’s nuclear modernization effort, see Johnston (1995/96).
53 China’s development of tactical nuclear weapons, principally in the form of artillery warheads, atomic demolition munitions, and shells for multiple rocket systems, apparently began in the 1970s in response to increasing military tensions with the former Soviet Union. It has continued since, however, despite the collapse of the USSR and the improvement of political relations with all significant military powers along China’s borders. These capabilities have never been acknowledged by China but observations of People’s Liberation Army (PLA) training exercises and underground nuclear tests have led many observers to conclude that such capabilities exist. See Caldwell and Lennon (1995), pp. 29–30.
Given these considerations, China’s efforts at nuclear modernization have not focused on increasing the size of the nuclear inventory per se but rather on reducing its vulnerability to preemptive strikes by the more sophisticated forces of the industrialized powers. The efforts here have been directed primarily toward improving “the survivability of [its] strategic forces, develop[ing] less vulnerable basing modes, and mak[ing] general improvements in the accuracy, range, guidance, and control”\(^56\) of its missile forces. Consistent with these goals, China appears to have focused primarily on developing new land-based, solid-fueled, road-mobile missiles such as the DF-21, DF-31, and DF-41 to replace older liquid-fueled missiles such as the DF-5A as well as producing a new class of warheads thought to be either miniaturized or of smaller yield and weight to increase targeting flexibility and launcher mobility.\(^57\) Other developments include developing a new second-generation replacement sea-launched ballistic missile, the solid-fueled JL-2, and possibly a small fleet of four to six more advanced ballistic missile submarines, as well as a new bomber, the FB-7, as a replacement for its antiquated H-5 and H-6 fleet. There is also some speculation that China’s nuclear modernization includes improving its tactical nuclear capabilities as well as developing new nuclear warheads for its short-range ballistic missiles such as the DF-11 (M-11). Almost all available evidence relating to these programs suggests that the pace of development and acquisition is generally slow. This is usually taken to imply that China does not view these systems as very much more than an evolutionary progression of its already existing capabilities—a progression required both for prudential reasons relating to the new demands of operating in a unipolar environment (in which the United States could conceivably target more nuclear weapons on China) and for technical reasons relating to combating obsolescence.\(^58\)


\(^{57}\)On Chinese warhead R&D objectives, see Garrett and Glazer (1995/96).

\(^{58}\)One caveat to this general statement could exist, however. Some observers of China’s nuclear weapons modernization program believe that Beijing has recently decided to enhance significantly its theater nuclear weapons capability as its only effective means of deterring the threat or use by the United States of highly effective long-range precision-guided, and stealthy conventional weaponry. Such weapons were used by the United States with virtual impunity during the Kosovo conflict of 1996.
The second level of efforts aimed at reducing vulnerability occurs in the conventional realm. China’s labors in this area are much more concerted and its achievement much more significant. The priority attached to conventional modernization derives from a variety of factors. First, it reflects an appreciation that Chinese conventional forces and weaponry are more useable instruments of power than its nuclear capabilities.59 Second, given China’s evolving threat environment, Beijing believes it may be faced with “limited theater” contingencies that require the use of its conventional forces in the near to mid-term and, consequently, must prepare diligently for their use in a variety of situations where even modest differences in relative capability could radically affect the kinds of outcomes obtained.60 Third, the economic reforms conducted since 1978 have produced dramatic changes in China’s strategic geography, in that its most valuable economic and social resources now lie along its weakly defended eastern and southeastern territorial periphery as opposed to the secure interior of the heartland as was the case during the Cold War. This development, in turn, has put a premium on the development of new kinds of conventional forces—primarily air and naval—and new concepts of operations that are quite alien to the traditional continental orientation of the Chinese military.61 Fourth, the nature of China’s potential adversaries is seen to have changed: The solution of a “peoples’ war,” which might have sufficed against land powers such as the Soviet Union, is now viewed to be irrelevant in the context of future maritime adversaries such as Taiwan, Japan, and the United States, where “limited wars under high-tech conditions” would increasingly require material and ideational resources of the sort that China does not currently possess.62 Fifth, and finally, China appears to have been greatly impressed by the experience of the Gulf War where the technologically superior coalition forces provided a sharp and pointed preview of the devastating punishment

60Munro (1994); and Godwin (1997).
that could be inflicted on any adversary possessing an obsolete force structure, doctrine, and capabilities.\textsuperscript{63}

These five considerations, taken together, have forced a reevaluation of China’s ability to execute effective border defense aimed specifically—\textit{at least in the near term}—at preventing the loss of possessed and claimed territories, both contiguous and offshore. Because China’s contiguous land borders, however, are relatively secure at this time, thanks both to Chinese diplomacy and China’s potential neighboring adversaries’ current unwillingness to press their claims (each for their own reasons), the most visible dimensions of the conventional modernization have involved air and naval forces. This is not to imply that land force modernization has been overlooked. China is engaged in ongoing efforts to reduce the overall size and streamline the structure of the PLA to improve its qualitative capabilities.\textsuperscript{64} The mobility, firepower, logistics, and communications assets of PLA ground forces are being improved as a prudential measure should they be required for combat operations in some land border areas as well as for internal pacification. Yet despite these initiatives, air and naval modernization has overshadowed all else because improvements in air power are now viewed as critical for the success of all military operations, and modernized naval capabilities are seen as indispensable for the defense of offshore claims, especially those relating to Taiwan and the South China Sea, and for the defense of China’s increasingly important strategic assets along the coast.

Contingencies involving Taiwan in particular have provided a sharp focus for China’s conventional modernization efforts in recent years. This includes developing both interdiction (including morale-breaking) capabilities against Taiwan as well as denial capabilities against Taiwan’s potential defenders, primarily the United States. The requirements pertaining to the interdiction of Taiwan have resulted in a substantial effort to strengthen China’s missile order of battle, primarily short-range ballistic missiles such as the M-9 and M-11. These missiles are viewed by the Chinese as uniquely capable

\textsuperscript{63}See Frolov (1998) for a review of China’s modernization initiatives precipitated by the lessons of the Gulf War.

\textsuperscript{64}Godwin (1992).
of sowing mass panic on Taiwan or destroying Taiwanese military installations with little advance warning. Contingencies involving Taiwan have also resulted in consequential efforts to improve Chinese air battle management capabilities over the Taiwan Strait and allow China to use its recent or imminent arms acquisitions from Russia—advanced air superiority aircraft such as the Su-27, advanced air defense systems such as the SA-10 and SA-15, and new surface and subsurface capabilities in the form of Soveremenny destroyers and Kilo submarines—with consequential effect. Although each of these Russian-built weapons systems addresses critical deficiencies in China’s basic force structure and was almost certainly acquired as part of Beijing’s overall modernization effort, each system also has a particular operational relevance in the Taiwan theater.

Because combat operations directed at Taiwan may require that China contend with the forward-deployed naval capabilities of the United States, Beijing has also embarked on a serious effort to acquire capabilities that could increase the risks accruing to any U.S. attempts at armed diplomacy or outright intervention. These efforts have focused principally on improving China’s ability to detect, track, and target U.S. carrier battle groups by multiple means as far away as possible from the Mainland. This includes developing air- and ground-launched cruise missile systems for standoff attack, sea denial capabilities centered on subsurface platforms as well as antisurface attack and mine warfare systems, and information attack capabilities centered on antisatellite warfare, electronic warfare, and deception and denial operations. Although many Chinese capabilities in this area are modest at present, improving these capabilities will remain a critical priority over the long term.65

This is true a fortiori because the objectives of China’s conventional modernization effort are not near-term goals alone. Rather, Beijing’s search for increased diplomatic and political leverage—consistent with its growing status and in response to the changing security environment of the modern era—will presumably require that it eventually be able to operate independently throughout most of the Asian

65A good summary of Chinese efforts in this regard can be found in Khalilzad et al. (1999) and Stokes (1999).
China’s current conventional military modernization programs are thus designed to serve pressing near- and medium-term needs, while still allowing for the possibility of an evolutionary expansion over the long term as Chinese economic capabilities increase in size and importance. It is important to recognize, however, that the long-range strategic objectives associated with China’s potential long-term economic capabilities and great power aspirations such as the acquisition of extended sea control over maritime areas extending far into the Pacific Ocean—especially those regions described by Chinese naval strategists and leaders as the “first and second island chains”—do not determine current Chinese weapons acquisitions and modernization programs in any direct, immediate, and straightforward fashion. Rather, the role of broad strategic concepts, such as the control over the first and second island chains, is more regulative than constraining: That is, these concepts provide general benchmarks for the future, they identify certain desired capabilities that Chinese force planners likely aspire to incorporate into their

68For an excellent analysis of this concept, see Huang (1994).
force structure over the long term, and they no doubt justify the PLA Navy’s modernization agenda in competition with the other armed services. But they do not provide programmatic guidance for near-term military acquisitions. These acquisitions are still determined primarily by the PLA’s focus on deterring or defeating attacks on Chinese territory, both actual and claimed, both continental and maritime, through the acquisition of limited air, sea, and information-denial capabilities. The larger strategic concepts then simply serve to ensure that these near-term military acquisitions are not fundamentally inconsistent with China’s likely long-range aspirations of attaining some level of extended control over or at the very least presence within distant operational areas that will become relevant to its security interests as its overall national power increases.

In their effort to achieve these objectives—developing a force capability that resolves near-term challenges while simultaneously being capable of supporting longer-term aspirations—Chinese security managers have recognized that the military modernization efforts of the state must be built on a prior foundation of indigenous scientific, technological, and economic capabilities. Hence, the level of resources devoted to military modernization has increased at a pace that is intended neither to undermine the attainment of essential civilian development priorities nor to unduly alarm both the peripheral states and the major powers and thus erode the generally benign threat environment facing China today. This is, in essence, the clearest manifestation of the “calculative” strategy. And, although the advantages of the current approach, which focuses on slowly developing indigenous capabilities (as opposed to embarking on a rapid, highly costly, and difficult acceleration of foreign acquisitions), are clear to Beijing, it is important to recognize that the success of this strategy, other things being equal, could nonetheless erode the relative power capabilities of China’s major regional competitors, including the United States, so long as the pace of economic growth in China continues to exceed that of its competitors. Superior economic growth rates are therefore critical because they represent, in principle, fungible resources that can be garnered by the state and applied to the acquisition of some specific capabilities—military or technological—that one’s competitors may have. To that degree, even an inward-focused modernization that greatly increases
China’s economic capabilities relative to other major powers will, more than any other, likely contribute to a change in the overall relative balance of power in Asia and beyond over the long term.

Policies Toward Territorial Claims and the Recourse to Force

China’s approach to territorial claims remains a subset of its general strategic approach toward the peripheral states under the calculative strategy. This strategy in effect has resulted in China pursuing a generalized good-neighbor policy that has focused on strengthening its existing ties in Northeast and Southeast Asia, mending ties wherever possible in south and west Asia, and exploring new relationships in Central Asia.69 This omnidirectional effort at developing good regional relations is centered on a sharp recognition of many critical geopolitical realities. First, the peripheral areas will continue to remain highly important for Chinese security, just as they did historically, even as they continue to host new sources from which many consequential challenges to Chinese power may emerge over time. Second, China today remains incapable of altering the structure of relations with many of its peripheral states through force or the threat of force, and although Beijing may even prefer to reinstate some of the traditional patterns of control and deference it has enjoyed in the past, it is impossible to do so without further increases in relative Chinese power. Third, renewed contentions with key peripheral states could obliterate the prospects for a peaceful regional environment and, by implication, frustrate China’s desire for “comprehensive national strength.” It is in this context that recent Chinese initiatives at defusing old territorial disputes ought to be considered.

China certainly has territorial disputes with many important states on its periphery, including Russia, Japan, Vietnam, and India. Most of these disputes derive from the colonial era when national boundaries were often adjusted idiosyncratically in accordance with the local balances of power present at the time. As a result, China often “lost” marginal portions of border or peripheral territory, as for example when the British annexed the northern tip of Burma in 1886.

---

The actual nature of these losses is difficult to discern because the character of Chinese control in these relatively small areas was often weak, occasionally nonexistent, and sometimes merely a function of the suzerain relationships enjoyed by Chinese rulers with the local rulers of these territories. Many of these disputes remained unresolved because China and its Asian competitors were relatively weak for most of the postwar period, and because the Cold War, which dominated the bulk of this era, enforced a “pacification” of these disputes, even when the power-political capabilities to resolve these contentions may have existed in some cases.

Aside from these marginal losses, however, Chinese security managers often refer to the much larger deprivation and humiliation suffered by China over the centuries. If all the territories claimed, occupied, or directly controlled by China since its unification in the third century B.C. were matched against its current physical holdings, the presently disputed marginal territories would fade into insignificance. For example, during the early Han Dynasty, Chinese control extended beyond its current boundaries to portions of present day Central Asia and northern Vietnam. During the early Tang, even larger portions of Central Asia came under Chinese rule. Similarly, during the Ming Dynasty, China controlled or occupied parts of Vietnam, and under the early Qing, China controlled Mongolia and large portions of the Russian Far East (see the maps in Chapter Three). In fact, even if only the more recent territorial losses suffered during the “century of national humiliation” (lasting from roughly 1840–1940) were iterated, the previous conclusion would still hold. Despite occasional references to these losses suffered historically, the Chinese state appears to have by and large accepted the borders it inherited in 1949, preferring instead to pursue mostly marginal claims as opposed to seeking renewed control over the larger expanses of territory it may have controlled or occupied at one point or another in its history. The absence of these larger claims serves to underscore China’s present conservatism where territorial revisionism is concerned. For the extent of its greater losses is

70For a clear statement of current Chinese conservatism regarding territorial issues, see Mao (1996). This work makes no reference to the possibility that China might in future lay claim to former Chinese lands now under the undisputed control of other states.
nonetheless worth noting if for no other reason than it serves as a marker identifying territorial interests that in some cases might be pursued in more concerted form if favorable changes take place in the future regional balance of power.

For the moment, however, Chinese territorial interests are focused mainly on disputes involving Russia, along the Ussuri River and along the Sino-Russian border west of Mongolia; India, principally in Aksai Chin and in the Indian northeast with respect to the McMahon line and the status of the Indian state of Arunachal Pradesh; the South China Sea, where China and several Southeast Asian states have claims on the Spratly Islands; Japan, over the Senkakus; and, finally, Taiwan, which remains a complex dispute over both the political status of the island and the right to rule.

Beijing’s “calculative” strategy has resulted in a two-pronged approach aimed at securing Chinese interests with respect to these territorial disputes. First, if the dispute in question is both intrinsically trivial and marginal to China’s larger interests, Beijing has sought to resolve it amicably to pursue its larger goals. The border disputes with Russia, for example, are evidence of this approach where China’s overarching interest in improving its political relationship with Moscow and securing access to Russian military technology has resulted in quick, it is hoped permanent, solutions to the Ussuri River dispute.\footnote{See “Agreement Between the Government of the Union of Soviet Socialist Republics and the Government of the People’s Republic of China on the Guidelines of Mutual Reduction of Forces and Confidence Building in the Military Field in the Area of the Soviet-Chinese Border” (1990); and the later treaty, “Agreement Between the Russian Federation, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan and the People’s Republic of China on Confidence Building in the Military Field in the Border Area” (1996).}

Another similar example pertains to the speedy resolution of the border disputes with Kazakhstan and Kyrgyzstan: Given Chinese interests both in preventing external support to the separatist movements in Chinese Central Asia and in ensuring access to the energy reserves of the trans-Caucasus, Beijing moved quickly to amicably delimit its border with both these newly independent states.\footnote{“Agreement Between the Russian Federation, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan and the People’s Republic of China on Confidence Building in the Military Field in the Border Area” (1996).}
Second, if the dispute in question is significant but cannot be resolved rapidly to China’s advantage by peaceful means, Beijing has advocated an indefinite postponement of the basic issue. This tactic has been adopted, for example, in the case of the territorial disputes with India, Japan, and several of the Association of Southeast Asian Nations (ASEAN) states. The basic logic underlying this approach has been to steadfastly avoid conceding any Chinese claims with respect to the dispute, while simultaneously seeking to prevent the dispute from vitiating the pacific environment that China needs to complete its internal transformation successfully. Such an approach has at least several advantages: It positions China as a conciliatory state seeking to resolve all outstanding disputes peacefully. It does not increase the demands on China’s military forces at a time when the PLA is relatively weak and when the Chinese economy needs all the breathing room it can get. It prevents balancing coalitions from arising against China in the event Beijing pursued more coercive strategies. And, it delays the resolution of these disputes at least until the balance of power changes substantially in favor of China. At that time, both simple usurpation and coercive bargaining *might* become more attractive, although it is unclear today whether the Chinese leadership would actually conclude that the benefits of such actions easily exceed the costs.

Under the “calculative” strategy, therefore, China has sought to avoid further losses of territory at all costs (except when the losses are deemed to be truly insignificant relative to the benefits of some other competing goals). Whenever intrinsically valuable territory is at issue, however, China has sought to preserve the status quo—not giving up its sovereign claims, but preferring to avoid any application of force, so long as the other parties to the dispute do not attempt to change the status quo ante either. This logic has applied even to the dispute over Taiwan, where China would prefer to freeze the island’s presently ambiguous status. It would prefer not to employ force to resolve the issue but may nonetheless be compelled to do so because the principle of avoiding significant territorial loss—particularly of an area possessing enormous nationalistic significance as a Chinese province—would demand a military reaction, no matter how costly, if the Taiwanese sought to change the status quo unilaterally. In general, therefore, the reluctance to employ force to resolve the outstanding territorial disputes remains a good example of the
“calculative” strategy at work. Although it represents a sensitivity to the logic of relative material capabilities that has been evident in Chinese strategic behavior since the imperial era, including a straightforward recognition that the PLA may simply not have the capacity to prevail in some force-on-force encounters that may occur, a more important aspect is Beijing’s likely perception that most of these disputes can be resolved down the line to China’s advantage by any means of its own choosing if its national capabilities are allowed to grow rapidly and undisturbed in the interim.

Although China’s reluctance to seek recourse to force or the threat of force at present is intimately bound up with the demands of the calculative strategy, especially as it applies to the issue of territorial disputes, it is important to recognize that there is no reason why this should be true either in principle or over the long term. That is, China could use force for reasons that have little to do with its territorial disputes, e.g., as a consequence of deteriorating political relations with other powers or simply because of dramatic increases in China’s military strength. This is unlikely today, especially given the imperatives of the calculative strategy, but it may become relevant as Chinese power grows over time. It may also become relevant in the context of a larger irredentist agenda, especially one emerging from a chauvinistic nationalist desire to reopen the territorial questions arising out of a century of national humiliation. Although this will remain a concern for all of China’s neighbors confronted by its steadily growing capability, at least in the policy-relevant future most Chinese applications of force will probably be intimately bound up with attempts to stave off threatened territorial losses, as opposed to the pursuit of some other autonomous power-political goals.

**Policies Toward International Regimes**

The calculative strategy currently pursued by Beijing has resulted in China adopting an “instrumental” attitude toward international regimes. This implies that China possesses neither an intrinsic commitment nor an intrinsic antipathy to the existing international norms and organizations but approaches these simply in terms of a pragmatic calculation centered on the benefits and losses of participation and nonparticipation. Consequently, it has pursued a wide range of strategies with respect to both existing and evolving interna-
nitional regimes which, depending on the issue-areas in question, can range from full participation in search of asymmetric gains, through contingent cooperation in pursuit of reciprocal benefits, to outright–overt or covert–defection. The manifestation of such a wide range of behaviors is by no means unique to China: It is in fact typical of most states, since consistently simple and straightforward behaviors—either in the direction of cooperation or of defection—are usually manifested only by those few states that either disproportionately benefit from the regime or are disproportionately penalized by it. The established great powers usually fall into the first category, and the manifestly revisionist states usually fall into the second. All other states that occupy the middle ground, that is, those that are both favored and disadvantaged by prevailing regimes in varying degrees, would adopt behaviors similar to China’s. Since Beijing encounters a variety of international regimes in the areas of economic development, trade, technology transfer, arms control, and the environment, this fundamental calculus is often reflected in different ways.

First, China either participates or has sought to actively participate in all regimes that promise asymmetric gains where accretion of new power or maintenance of existing power is concerned. In this category lie all the regimes connected with the international economy, global trade, the diffusion of technology, and international governance. Participating in these regimes enables China to connect more effectively to the global market system that today, more than any other, has been responsible for the meteoric growth witnessed since 1978. Not surprisingly, China has expressed great interest and has engaged in arduous negotiations in an effort to join organizations such as the WTO, which could assure it uniform access to the markets of both advanced industrialized countries and developing economies alike. Toward that end, it has made various efforts to reform its domestic legal and patent system to ensure the protection of intellectual and material property rights to secure continued access to the technology and know-how brought by multinational corporations to China. It has striven valiantly, however, to enter the WTO on preferential terms as a developing country, since entry on such terms provides it access to multiple international markets but would not require that it eliminate, either immediately upon entrance or soon thereafter, many of the domestic regulations that impose barriers to
free trade within China. Because of this quest for asymmetric gains, the United States had for several years prevented China from securing membership in the organization, and although the Chinese leadership has often declared that membership as a developed country is “absolutely unacceptable,” given the growing domestic concerns about the adverse social consequences (e.g., unemployment and labor unrest) that might result from China’s deeper integration with the global economy following WTO entrance, it seems that, on balance, the search for “WTO membership is still high on China’s trade diplomacy agenda.” The issue of WTO membership represents the clearest example of the search for asymmetric gains, but China’s continued linkages with other international organizations—economic and political—provide examples of its efforts to sustain existing power and privileges. China has profitably interacted with the International Monetary Fund (IMF), the IBRD, and other financial institutions that promise preferential access to capital, technical know-how, and resources. Where international governance is concerned, China has continued to participate fully in the United Nations (UN) for reasons connected with both status and interests: Its acknowledged standing as a permanent member of the Security Council distinguishes it from powers of lesser standing and enables it to shape global and regional policies—especially in a unipolar environment—that may affect Chinese interests or those of its allies. As Samuel Kim has shown, China has sought to use a wide variety of UN institutions and fora to maximize political, economic, financial, and image benefits while minimizing any losses or risks.

Second, China has sought to participate in all international organizations and regimes where consequential policies adverse to China’s interests might be engineered as a result of Beijing’s absence. In this category lie all those regional regimes that China initially resented.

---

73 For an excellent summary of the issues involved in China’s quest to join the WTO, see Rosen (1997).
74 For a discussion of such concerns, which derive from China’s primary security objective of maintaining domestic order and well-being, see Pearson (1999), pp. 182–183.
76 For instance, see speech by then PRC Foreign Minister Qian Qichen (1994).
but was eventually constrained to participate in, mainly to ward off future losses that may have accrued in its absence. The best examples here remain China’s participation in the ASEAN Regional Forum and the ASEAN Post-Ministerial Conference.\(^78\) China’s early disinterest in these bodies was rooted in an effort to avoid being “cornered” by enmeshing multilateral arrangements where China’s greater bargaining power—visible in the purely bilateral relationships it enjoys with its smaller neighbors—would be neutralized by participation in a large forum that brought together all its many potential competitors simultaneously. Once these fora acquired a life of their own, however, Beijing realized that its lack of participation could result in these institutions adopting policies that might not be in China’s best interests. To forestall this possibility, China became a late entrant to these bodies. Its initial participation was the result of a constrained choice, but China has realized that these institutions may offer future benefits and consequently its desire to continue participating may be motivated as much by the hope of future gains as it is conditioned by the current desire to avoid immediate losses.\(^79\)

Third, China has sought to undercut—through participation—those regimes that threaten the political interests of its communist government. The best examples of these are in the issue-areas of human rights, personal liberties, and political freedoms. All international regimes in these arenas that seek to fundamentally change the balance of power between individuals and the state are perceived to threaten China’s governing regime which, though in evolution, still affirms the primacy of the party and the state. Not surprisingly, China’s political leadership, and occasionally sections of its elite as well, have viewed universalist declarations pertaining to human rights and political freedoms either as an interference in China’s domestic affairs or, more significantly, as an insidious effort to undermine the stability of the Chinese state with a view to preventing its rise in power or replacing it entirely with a democratic regime.\(^80\) The Chinese discomfort with such regimes, however, has usually elicited cooptational responses when the necessity of assuaging interna-

\(^{78}\)Foot (1998).

\(^{79}\)Klintworth (1997); Vatikiotis (1997); Wanandi (1996); and Bert (1993).

\(^{80}\)Nathan (1999); and Nathan (1994).
tional public opinion is deemed to be critical. Thus, for example, China supported the Universal Declaration of Human Rights in part because support for such resolutions bestows benefits in the realm of international public opinion, because the declaration itself is unenforceable, and because the language in the statement is loose enough to lend itself comfortably to a variety of political systems and practices. Consistent with the objective of shaping international opinion, China has in fact attempted to offer alternative visions of what good politics entails, one of which emphasizes the communitarian requirements of order over individual preferences of freedom and is supposed to represent an “Asian way” that allegedly comports more appropriately with regional traditions and values. In attempting to offer such an alternative vision, which implicitly legitimizes the existing power relations within China, Beijing has managed to secure a considerable degree of support from other authoritarian countries in Asia, all of which view the contemporary concern about human rights, personal liberties, and political freedoms as merely another particularist, Western view of political arrangements rather than as universal norms—a view that allegedly either intentionally or unintentionally is used by Western powers to beat up on the Asian states to perpetuate their own dominant influence.

Fourth, China has sought to overtly or covertly undercut or defect from those regimes that threaten its political and strategic interests and generally to adhere to those regimes that advance such interests. A well-known example of such Chinese behavior can be found in the issue-area of proliferation of weapons of mass destruction. Chinese policy has evolved greatly in this area. From an early posture that condemned Western and Soviet-U.S. arms control efforts as a form of “sham disarmament” designed to perpetuate superpower dominance (thus leading to calls for widespread proliferation as a means of defeating such “superpower hegemony”), China has now reached the conclusion that “high entropy” proliferation—meaning a highly proliferated world with few “rules of the nuclear road”—would be

82 For one example of a defense of the “Asian way,” see Zakaria (1994).
prejudicial to its interests in principle. Thus, over the years, it has progressively joined international regimes such as the Biological Weapons Convention (BWC) (1985), the Non-Proliferation Treaty (NPT) (1992), the Chemical Weapons Convention (CWC) (1993), and the Comprehensive Test Ban Treaty (CTBT) (1996) (and has agreed to abide by the guidelines of the Missile Technology Control Regime—MTCR (1991)), though often with great reluctance and not without several attempts to water down the level of commitments imposed by such regimes. Although Beijing has now accepted its legal obligations under these regimes, its record at compliance, however, has in some instances been less than reassuring. In practice, it has assisted the WMD programs of some countries along or near its periphery such as Iran and Pakistan. In effect, those countries deemed vital for the success of Chinese regional security policies have at times been partly “exempted” from the universal obligations Beijing has undertaken with respect to proliferation. Some Chinese assistance in this regard has been simply a product of poor domestic control over its military-industrial complex, but it has in other more egregious instances been a deliberate consequence of state sanctioned policy. This behavior led one analyst to conclude that Chinese proliferation behavior exemplifies a perfect case of “different rules for different exports,” suggesting that in general Chinese behavior in the arena of export controls “does not demonstrate a clear pattern of either compliance or violation.”

Fifth, China has gone along with those international regimes that notionally provide joint gains, if the initial private costs of participation can either be extorted, shifted, or written off. The best example of such behavior is found in the issue-area of the environment, where the efforts to control greenhouse gases, restrict carbon dioxide

---

84 For a review of early Chinese attitudes, see Pillsbury (1975). A good discussion on current Chinese attitudes to high-entropy proliferation can be found in Garrett and Glaser (1995/96), pp. 50–53.

85 A good survey of the Chinese record with respect to participation and compliance can be found in Swaine and Johnston (1999); and Frieman (1996). See also Garrett and Glaser (1995/96); and Johnston (1996a).

86 For details, see U.S. Senate (1998), pp. 3–16.


emissions, and reduce the level of pollutants more generally have been supported by China only after several attempts to shift the costs of such compliance asymmetrically on to other states. More specifically, China’s reluctant accommodation of regime interests in instances such as the Montreal Protocol has been clearly a function of its ability to extort resources from the developed states as the price for its participation in such regimes. As Samuel Kim succinctly concluded, “China’s ‘principled stand’ on the global campaign to protect the ozone layer was issued in the form of thinly disguised blackmail: China refused to sign the 1987 Montreal Protocol without the promise of big cash and greater ‘flexibility’ on the use and production of chlorofluorocarbons (CFCs).”89 On this matter, as in many others, China’s eventual participation in this and other international regimes was conditioned by multiple considerations.90 To begin with, Beijing has perceived that Chinese interests eventually would be advanced, even if only marginally, by the regime in question; hence, it has complied only after attempts at resistance, defection, or free riding were perceived to fail.91 Further, its participation in many instances becomes contingent on the success of institutionalized cost shifting, that is, on China’s ability to exploit its relative importance to get other participants to bear a portion of Beijing’s costs as the price of Chinese participation in the regime. In the issue-area of environmental protection, for example, Elizabeth Economy notes that “fully 80 percent of China’s environmental protection budget is derived from abroad. Overall, China is the largest recipient of total environmental aid from the World Bank and has received extensive support from the Global Environmental Facility, the Asian Development Bank, the United Nations Development Program, and bilateral sources.”92 Finally, the decision to participate usually represents a shrewd appreciation of the relative power of stronger states involved in the issue-area in question, especially the United States and its other OECD partners, as well as an attempt to play “quid pro quo,” in that the benefits of Chinese participation and support are offered in

---

90Sims (1996).
91Such behavior is also evident in the arms-control arena, as suggested by Swaine and Johnston (1999).
the expectation that the goodwill gained could be cashed in in other issue-areas where the gains sought by China would presumably be higher.93 For all such reasons, China has participated in international regimes such as the Montreal Protocol where the costs of participation though initially high could be borne through external assistance and possible future exploitation.

Sixth, China has also participated in regimes where the costs of unilateral defection were very high. The best example here remains China’s willingness to participate in the CTBT. Given the relatively modest capabilities of China’s nuclear arsenal, all early indications suggested that China would either abstain from participation or exploit the opposition to the CTBT emerging from other states, such as India, to avoid signing the treaty.94 Over time, however, it became clear that the United States had staked an inordinate amount of diplomatic and political resources to have the treaty signed by all the major nuclear-capable powers in the international system. The sheer pressure applied by the United States and the implications of a Chinese refusal to participate—perhaps affecting technology transfers, membership in the WTO, and MFN status—finally resulted in a Chinese accession to the treaty, but only after Beijing concluded a final series of underground nuclear tests. To be sure, other considerations also intervened: the declining utility of nuclear weapons, the absence of any need to expand China’s present nuclear capabilities in radically new directions, the recognition that China’s growing power capabilities would always allow for a future breakout from the treaty at relatively low cost in force majeure situations, and the not inconsequential image concerns associated with China’s desire to be seen as a responsible great power and as a just and principled state. All these factors combined with a sensitivity to the high political costs of being a nonsignatory finally ensured China’s successful participation in the CTBT, even though, other things being equal, it might have preferred to unilaterally “defect” on this, more than any other, issue.95

93 This calculus is of course also evident in other policy areas, including bilateral diplomatic, economic, and security relations with the United States.
95 For a good discussion, see Johnston (1996b).
BENEFITS AND RISKS

Pursuit of the calculative strategy, as manifested in the four issue-areas analyzed above, has resulted in significant security gains for the Chinese state during the past decade. First, it has greatly strengthened domestic order and well-being by producing sustained, high rates of economic growth and major increases in the living standards of many Chinese. Second, it has greatly increased China’s international leverage, especially along its periphery, and raised its overall regional and global status and prestige. Third, it has resulted in an expansion in its foreign economic presence and an increase in its political involvement and influence in Asia and beyond. Fourth, it has also generated a huge foreign currency reserve as well as provided the Chinese state with the financial wherewithal to purchase advanced weaponry and critical technologies from foreign states, thus compensating, in part, for the significant continued shortcomings in its military capabilities. Fifth, in perhaps the greatest achievement of all, it has contributed—despite the numerous unresolved disputes between China and its neighbors—to the maintenance of a relatively benign external environment that enables Beijing to make the processes of internal economic growth more self-replicating than ever before.

All told, therefore, the calculative strategy has paid off handsomely for China: It has put it along a path that, if sustained, could make China the largest economy in the world sometime in the first half of the 21st century. Even more significantly, it has allowed such growth to occur as a result of an export-led strategy that increasingly employs significant proportions of imported technology and inputs—an amazing fact signifying that China has been able to rely upon both the markets and, increasingly, the resources of its partners to create the kind of growth that might eventually pose major concerns to its economic partners, all without greatly unnerving those partners in the interim. This does not imply that China’s partners in Asia and elsewhere are unconcerned about the implications of China’s growth in power. It implies only that such concerns have not resulted, thus

---

96For example, Chinese purchases of advanced weapons from Russia are to a significant extent a testimony to the failure of China’s defense industry to indigenously produce many such critical systems.
far, in efforts to constrain China’s growth because the desire for absolute gains on the part of all (including China) has outweighed the corrosive concerns brought about by the problem of relative gains. This represents the true success of the calculative strategy. By being explicitly premised on a refusal to provoke fear and uncertainty as a result of provocative Chinese actions, Beijing has succeeded, whether intentionally or not, not only in desensitizing its trading partners to the problems of relative gains but it has also, by rhetoric and actions aimed at exploiting all sides’ desire for absolute gains, created the bases for the kind of continued collaboration that inevitably results in further increases in Chinese power and capabilities. Carried to its natural conclusion, the Chinese transition to true great-power status could occur in large part because of its partners’ desire for trade and commercial intercourse so long as Beijing is careful enough not to let any security competition short-circuit the process in the interim.

The desire to avoid such competition is certainly China’s intention, especially given its continued weakness in certain critical measures of economic and military power relative to the United States and key peripheral states such as Japan, Russia, and India. This being so, it is most likely that Chinese state-initiated revisionism of the international arena will be minimal in the years ahead and especially before, say, the period 2015–2020, which by most indicators is the earliest date when relative power capabilities would begin to be transformed to Beijing’s advantage. That fact notwithstanding, the very successes of the calculative strategy, insofar as they precipitate unintended external and internal developments, could produce new security problems, for both China and the Asia-Pacific region at large, that might worsen before 2015.

First, the significant, albeit incremental, advances in China’s military capabilities, combined with the emergence in the late 1980s and early 1990s of tensions over territorial issues such as Taiwan and the Spratly Islands, have raised anxieties among both the peripheral states and the Western powers over whether, and to what extent, China will seek to use its steadily growing military capabilities to resolve local security competition and more generally to establish a dominant strategic position in East Asia over the long term. The lack of clear-cut answers to these questions, as a result of both Beijing’s ambiguity and its own ignorance about its future security environ-
ment in the long term, as well as simple systemic uncertainty (meaning, the fear of an unknown future), have given rise to a variety of regional counterresponses. A few of the more capable regional states have initiated a variety of military modernization programs that are at least partly motivated by long-range concerns over China’s increasing capabilities and the uncertainty about the future U.S. regional presence, and several of the weaker states have begun exploring new diplomatic and political forms of reassurance. If these counterresponses continue to gather steam, Beijing might be faced with a gradually deteriorating regional environment wherein more and more energetic military acquisitions and counter-acquisitions as well as competitive efforts at alliance formation begin to displace all the positive benefits of the calculative strategy over time. The net result of such a dynamic would be the return to a more adversarial regional environment. Such an outcome may not by itself arrest China’s relative growth, but it would nonetheless degrade the enthusiasm with which the regional states participate in China’s economic renewal—with all the implications that has for technology transfers, direct and portfolio investments, market access, and global economic growth more generally—while simultaneously increasing the premium placed on military as opposed to other less-lethal instruments of interstate relations.

Second, China’s rapidly expanding involvement in foreign trade, technology transfer, and investment activities, combined with its growing participation in various international fora, has generated tensions with many of the advanced industrial states over issues of reciprocity, fair access, and responsibility. In part, this has been a direct result of the calculative strategy which, by positioning China in a

---

97A good survey of these regional developments, together with the role played by the interaction of external fears (including local rivalries) with internal growth, domestic business interests, and the search for regional prestige, can be found in Ball (1993/94). Beijing has attempted to reassure the international community about its intentions through the issuance of a defense White Paper in July 1998, but the lack of authentic information about budget expenditures and numbers and the likely disposition and purpose of forces makes it a less-than-complete document.

98The current Asian financial crisis could significantly reduce the pace of such a development because it has constrained the ability and willingness of many Asian countries to expand their military arsenals in response to increasing Chinese capabilities. For a broad survey of these developments, see Simon (1998).

99Friedberg (1993/94) concludes that such an outcome is in fact likely.
generally “exploitative” mode, has made it less sensitive to the external costs of maintaining high growth rates. Not surprisingly, China today is viewed by some Western observers, in some instances, as an unfair economic partner and multilateral regime participant that often chooses to free ride or defect from international and bilateral agreements or understandings and generally resists opening up many of its markets unless forced to do so. If such a sentiment gathers steam, there would be an increase in economic and political retaliation directed against China. Although such actions may be intended merely to secure reciprocal “good behavior” in the economic realm, it could have unintended consequences in other areas. Given the strong suspicion in Beijing about emerging Western, and in particular, U.S., efforts at containing China, even purely economic retaliation may be read as part of a larger more concerted effort to bring China to heel. This perception, in turn, could lead to Chinese recalcitrance and obstructionism in other issue-areas such as proliferation, attitudes toward the U.S. presence in Asia, and the like, and before long could result in a tit-for-tat game that clouds more aspects of Chinese relations with the West than were initially at issue.

Third, China’s increasing dependence on foreign markets, maritime trade routes, and energy supplies has contributed to a growing sense of strategic vulnerability in Beijing to external economic factors, and this could result in increased pressures for expanding China’s ability to control events beyond its borders. These pressures are reinforced by the fact that the concentration of China’s major economic centers along the eastern and southern coastline, combined with the dramatic advances occurring in military technology, has increased Chinese vulnerability to a crippling military attack executed from standoff distances well outside the traditional defensive perimeter sought to be maintained by the Chinese state. Chinese responses to issues of resource and market dependence thus far have been both restrained and marginal, at least in military terms. For example, for energy dependence, China has sought to rely increasingly on the international market (and hence, from a security perspective, continues to depend on the U.S. interest in defending the oil-rich Arab states); develop stable, long-term energy supplies from key Central

100 Sanger (1997).
101 Shambaugh (1996a).
Asian energy producers; increase internal efficiency in the extraction of domestic resources and in manufacturing processes in general; and maintain good relations with the Gulf states, in part through the supply of lethal military and in some instances WMD technologies. Thus far, China has not responded to this problem by seeking unilateral solutions built around the development of power-projection forces able to operate at great distances from the Chinese Mainland. The problems of increased vulnerability to threats against existing or claimed Chinese territories, however, have apparently resulted in programmatic decisions initially aimed at acquiring military instruments capable of maritime barrier operations (such as the creation and maintenance of naval exclusion zones) and eventually securing and maintaining nearby offshore zones of influence through at least defensive sea control operations (such as the establishment of a sustained naval presence able to repel armed incursions into its area of operation). These solutions, although conservative today, have the potential to develop into more powerful capabilities, including those required for offensive sea control in the form of forward operations throughout much of Asia-Pacific and the Indian Ocean areas. Most emerging great powers in the past naturally developed such capabilities as their own perceptions of vulnerability increased. If China proves an exception to this past pattern (either by choice or because of a failure to develop the requisite economic and military capabilities), it could face a combined regional and extraregional response that makes the need for such capabilities even more imperative over time.

Fourth, the end of the U.S.-Soviet strategic rivalry as a result of the collapse of the Soviet Union, and the emergence of the United States

102 The judgment that China’s modernization of its naval and air assets includes elements of an explicit battlespace control (as opposed to mere denial) capability is based on both the diverse types of weapons platforms and support systems the Chinese are acquiring or attempting to acquire (e.g., long-range surface and subsurface combatants, more capable early warning and precision-strike assets, space-based surveillance capabilities, and possibly one or more aircraft carriers), and the inherent logic of geopolitics, technology, and operational considerations. Such factors suggest that the maintenance of a robust sea-denial capability over time will eventually require increasingly more effective sea-control capabilities, especially if China wants to maintain the security of maritime regions for hundreds of miles beyond its coastline, as is implied by the “islands chain” concept.

103 The technologies required to sustain such operations are assessed in Tellis (1995).
as the sole global superpower have served to reduce Washington’s strategic rationale for maintaining amicable security relations with the Chinese state. This factor, combined with the images of brutality and totalitarian repression resulting from the forcible suppression of large numbers of peaceful Chinese demonstrators in June 1989, the often-acrimonious Sino-U.S. disputes over economic and human rights issues, and a growing confrontation between Washington and Beijing over Taiwan, has significantly raised the Chinese sense of threat from the United States in the 1990s. Indeed, in recent years, U.S. policies toward China have been increasingly viewed as directly threatening core Chinese national security interests. The notion of “peaceful evolution,” for example, threatens the Chinese state’s conceptions of domestic order and well-being, continuing American support for Taiwan (including the political and military assistance that makes its supposed drive toward formal independence possible) threatens the Chinese vision of territorial integrity and unity, and the widespread discussions within the United States of the possible utility of containing or “constraining” China threatens the Chinese desire to recover its status and reestablish a position of geopolitical centrality in Asia. All in all, then, the demise of the Soviet Union created a situation in which Chinese grand strategic interests and those of the United States do not automatically cohere. This creates an opportunity for the growth of new irritants in the bilateral relationship. If such irritants are not managed successfully, they could eventually increase to a point where they radically undermine the success of any calculative strategy pursued by Beijing.

Fifth, the emergence of autonomous factors in the regional environment that affect Chinese core interests but which Beijing may be unable to control could bring about an escalation of tensions with other powers even before the calculative strategy runs its natural course. Among the most critical such issues are the future of Taiwan and the

---

104 This term is used by many Chinese elites to describe a U.S. strategy to weaken and eventually destroy the existing Chinese political system from within, through the promotion of Western political and social values and structures in China. As Betts notes, “the liberal solution for pacifying international relations—liberal ideology—is precisely what present Chinese leaders perceive as a direct security threat to their regime.” Betts (1993/94), p. 55.
The democratization of the political process on Taiwan that has taken place since the 1980s has led to a steady shift in political power, away from pro-reunification forces associated with the Mainlander-dominated Nationalist Party to independence-minded forces associated with the native Taiwanese-dominated Democratic Progressive Party. Moreover, continued high growth rates, expanding levels of foreign trade and investment across the region, and the accumulation of enormous foreign exchange reserves have given Taiwan new avenues for asserting its influence in the regional and global arenas. These political and economic trends lay behind Taiwan’s determined effort, begun in the early 1990s, to increase its international stature and influence as a sovereign state through an avowed strategy of “pragmatic diplomacy.” Such behavior, combined with Beijing’s increasing reliance on territorially defined notions of nationalism, noted above, and its growing fear that Washington is directly or indirectly supportive of Taiwan’s efforts, have served to strengthen China’s sense of concern over Taiwan and increase its willingness to use coercive diplomacy, if not outright force, to prevent the island from achieving permanent independence. Hence, future attempts by Taiwan to strengthen its status as a sovereign entity through, for example, the attainment of a seat in the United Nations, as well as Chinese perceptions of growing Western (and especially U.S.) support for such behavior, could provoke Beijing to undertake aggressive political and military actions (including, perhaps, a direct attack on Taiwan) that would likely precipitate a confrontation with the United States, greatly alarm China’s Asian neighbors, and generally destroy the incentives for continued restraint and caution basic to the calculative strategy.

A similar outcome could conceivably occur as a result of developments in the South China Sea. Despite episodic altercations with Vietnam and the Philippines, China has thus far generally exercised considerable restraint in the pursuit of its claims to the Spratly

---

105 The future of the Korean peninsula would also be an issue directly affecting China even though no sovereignty claims are at stake here.
106 Friedman (1994), especially Chapter 8; and Tien and Chu (1996).
107 Yue (1997).
108 For a good summary of these issues see Cheung (1996).
Islands, agreeing to shelve the sovereignty dispute with other claimants and pursue joint exploitation of any possible resources located in the area. However, such restraint could diminish significantly in the future if other states were to become more aggressive in advancing their claims to the area, or if large viable oil or natural gas deposits were discovered beneath the islands or seabed of the region. The attraction of plentiful nearby energy resources to an increasingly energy-import-dependent China could prompt Beijing to undertake efforts to seize control of all or some of the Spratlys or restrict naval transit of the area and thereby precipitate dangerous military confrontations with other claimants and possibly the United States. Such a development, in turn, would almost certainly erode China’s ability or willingness to pursue its current calculative strategy.109

Sixth, the increasing wealth and the general liberalization of society that have resulted from the reforms have generated a variety of social ills and economic dislocations which together have contributed to growing fears of domestic disorder within China. These ills, which include endemic corruption, rising crime rates, significant pockets of unemployment, growing regional income disparities, overcrowding in cities, and increased strikes and demonstrations, have given rise to a perception both within China and abroad of a growing “public order crisis.”110 These developments, combined with China’s increasing dependence on external resources, markets, and investment capital and growing fears over the increasing acceptance by many Chinese of “decadent and corrupting” Western cultural products, have led some Chinese elites and ordinary citizens to espouse a modern version of the traditional argument favoring greater developmental autonomy, limited foreign contacts, a more centralized, coercive state apparatus, and accelerated efforts to develop the capabilities necessary to control the periphery.111 Such arguments might over time provide renewed power to those more isolationist-oriented conservatives in the Communist Party and the military who, though currently out of favor, nonetheless could gain greater popular and elite support for their views if China’s domestic and

109 An excellent discussion of China’s strategic calculus with respect to the use of force in the South China Sea can be found in Austin (1998), pp. 297–326.
international environment were to deteriorate rapidly, even before 2015–2020. The core of this potential internal crisis, such as it is, derives in part from the increasing hollowing-out of the Communist Party from below. As a result, the struggle for domestic order becomes simultaneously a struggle for national discipline and political survival. In such circumstances, the increasing importance of the PLA as the guarantor of domestic security coupled with the rising attractiveness of an authoritarian ideology of “order-first” could combine to create domestic transformations that would make China more fearsome in appearance and, thereby, undercut the trustworthiness required for the success of its calculative strategy.

Any of these six developments occurring either independently or in combination could result in enormous pressures to expand and rapidly accelerate improvements in China’s military and economic capabilities as well as increase its external influence to simultaneously establish political and economic dominance over the periphery, ensure continued high rates of domestic economic growth, and provide leverage against future great power pressure. Although these objectives remain in some sense the distant goals to which the present calculative strategy is arguably directed, the pursuit of these aims will become much more fervid and may be undertaken by more coercive means in the near to mid term if a breakdown in the calculative strategy occurs. In fact, many observers have noted that, by the early 1990s, the Chinese state had already apparently moved some distance in developing a military “fallback” solution in the event of a conspicuous failure of the calculative strategy. This solution has entailed an increased level of defense spending and the progressive implementation of a new defense doctrine keyed to the acquisition of capabilities to undertake offensive, preemptive, conventional attacks beyond its borders, coupled with enhanced efforts to create a more survivable and flexible nuclear deterrent capability.112

Whether these developments materialize in “strong” form still remains to be seen, but at any rate they raise two critical questions that demand scrutiny and, if possible, an explanation. First, assuming

---

that no mishaps occur in the interim, how long can the calculative strategy be expected to last? Second, what, if any, posture can be expected to replace the calculative strategy after the latter has successfully run its course? The next chapter attempts to provide tentative answers to both these questions.