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**CHINA'S FOREIGN
POLICY FROM
1989 TO 1996**

AISHA GALAL MARZOUK

1997

thesis
1997

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The American University in Cairo
School of Humanities and Social Sciences
Department of Political Science

China's Foreign Policy from 1989 to 1996

Aisha Galal Marzouk

A Thesis Submitted
In Partial Fulfillment of the Requirements for
The Degree of Masters of Arts in
Political Science

January 1997

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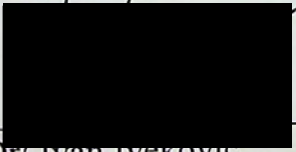
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*To My Father and My Mother,
Mr. and Mrs. Marzouk
and
Galal Marzouk Jr.*

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** Names are listed in alphabetical order*

Abbreviations

AAM	air-to-air missile
ABM	anti-ballistic missile
ICBM	intercontinental ballistic missile
MBT	main battle tank
MIRV	multiple independently-targetable re-entry vehicle
SAM	surface-to-air missile
SLBM	submarine-launched ballistic missile
SSB	ballistic missile submarine
SSBN	nuclear-fuelled SSB
SSM	surface-to-surface missile
SSN	nuclear-fuelled submarine

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Introduction

The end of the Cold War has changed China's basic perception of world politics and its conception of national security. During the Cold War era, Chinese leaders viewed national security from the perspective of the global balance of power and China's strategic relations with the two superpowers. Beijing's security interest was to maintain a comfortable position in a strategic triangular relationship with the Soviet Union and the United States. With the collapse of the Communist system in the Soviet Union and Eastern Europe, the structure of the international system changed. As a result, the Chinese leadership found themselves facing a new world order in which China needed "to reorient and redefine its security strategy on a new strategic axis" (Hu, 117). Beijing's security strategy after the end of the Cold War is characterized mainly by four elements: domestic priorities, growing economy, the new security environment in Asia, and concerns over territorial disputes. Thus, China's national security policies are diverse and complex.

Some scholars argue that with the end of the bipolar system, the international system is in transition to a multipolar order with the rise of many regional powers such as China. They believe that China's aim is to be a major power in this new international order. As a result, not only Asian states but the international community are watching cautiously the rise of China. Many analysts believe that China will be more aggressive in asserting its rights and in trying to achieve its objectives. It is in the context of these issues that this thesis will examine China's foreign policy in the post-Cold War period, focusing on the years 1989 to 1996.

As a result of a prolonged and sustained military build-up China now has the ability to project power beyond its borders. Thus, will China's heightened capabilities dictate that it uses force to achieve its aims?

In an attempt to explain China's foreign policy and to answer the above question, I will begin by analyzing the changing environment that surrounds China and examine its effect on its foreign policy. Also, one of the key elements that should be taken into consideration while dealing with China's foreign policy is the importance of the defense industry. Thus, I will analyze the development and the transformation of China's military capabilities including its nuclear weapons and observe its impact on China's decisions. In order to answer the question whether China is likely to use military force to secure its interests, I will examine two case studies. The first involves the complicated relationship between the People's Republic of China and the Republic of China, or Taiwan. The second case study is the Spratly islands dispute. Taiwan and the Spratly islands entail major economic, military, strategic and political interests for China. Conflict over them represents a legitimate justification in Chinese eyes for China's military build-up.

Another key element that plays a crucial role in forming China's foreign policy is the internal or domestic factor. There is no doubt that China's Asia-Pacific strategy is linked to its domestic policy especially that for the last twenty years. China has been reforming its economic system and has pursuing an open door policy. As a result, China has made a remarkable progress in its economic growth. China is in a period of change and uncertainty, faced with many social and political problems, such as, "regional disparities, social and economic inequality, widespread corruption, inflation, and unemployment, rural discontent, economic crime, challenges from ethnic groups in Tibet and Xinjiang, crisis of confidence among intellectuals, and declining authority of the Chinese Communist Party" (Li, 341). The significance of these domestic factors lie in the fact that they have an effect directly or indirectly on China's economic development which in turn influences Beijing's foreign policy.

Although the internal problems are considered to be one of the key elements shaping China's foreign policy, the thesis will focus solely on factors

on the external front. Nonetheless, this does not imply that domestic factors will not have any influence on China's security policy in the post-Cold War era. I have, however, chosen to deal only with the external environment that surrounds China for two reasons. First, in order to analyze China's internal politics and policy we need specific information, materials, and sources which are not fully available in the American University in Cairo library. Second, the perspective I chose for my thesis is dealing with the changing external environment that surrounds China, using two case studies, Taiwan and the Spratly Islands. The two case studies are crucial in and of themselves in affecting Beijing's security. Their importance is clearly demonstrated without the needing to examine the influence of domestic politics or relying on the internal factors to understand China's behavior.

This thesis will contain four substantive chapters. The first will examine the changing environment that surrounds China, which in turn plays a role in redefining its national security objectives. Chapter one will deal with the historical relationship between China and the Soviet Union and the United States. The aim of this section is to present the importance of the triangular diplomacy in the Sino-Soviet-US relationship and how it has impacted on China's foreign policy, and the effect the end of the Cold War had on China's overall strategy. In addition to the relaxation of tension that occurred after the break-up of the Soviet Union, China's economy is growing very fast. Thus, chapter one will also examine economic modernization and its impact on the military.

Chapter Two is an examination of China's military development, including its nuclear weapons. This chapter will analyze China's military forces and defense strategy, beginning with Mao Tse-tung "people's war" strategy and continuing to the present. The aim of this chapter is to show the growth and development of China's military forces and nuclear capabilities and what it signifies for its foreign policy. This chapter will deal first with China's defense

strategy, the development of its military and nuclear capabilities, and China's nuclear weapons strategy.

Chapter Three will focus on the dispute with and over Taiwan. First, I will present the Taiwan question and explain its importance to China's foreign policy. The aim of the chapter is to show the importance of Taiwan to China and how the latter would not allow Taipei to win its independence or to get international recognition. While dealing with the Taiwan issue it is important to examine the role of the United States in dealing with this question which in turn affects China's behavior toward the Formosa straits.

Chapter Four contains a discussion of the second case study, the dispute over Spratly Islands. This is a very complicated dispute because it is a conflict between six claimants: China, Taiwan, Vietnam, Malaysia, the Philippines and Brunei. In this chapter, I will deal first with the reasons behind the reemergence of the importance of the islands to China. Second, the chapter will examine the claim of the countries involved in this dispute and finally discuss China's behavior and consider whether China will use force to settle this dispute. Also, the chapter will explain the significance of the development of the United Nations Convention on the Law of the Sea and China's views regarding the norms contained in this convention.

Finally, it seems that the changes that occurred in the post-Cold War era have an impact on China's environment which in turn have an effect on its foreign policy. In addition to the new environments that surrounds China, its economic growth and the increase in its military capabilities play a significant role in determining its foreign policy. As a result of its changing environment, China has responded by adopting a "dual strategy" of building up its military strength and at the same time improving diplomatic relations with most countries in the world, particularly its Asian neighbors (Li, 339). China's action is obviously a reflection of its desire to secure a stable and peaceful international environment in order to concentrate on economic development. It

also indicates that China may be willing to use force, whenever it is able to do so, to defend its territorial integrity and national interests.

Chapter One

The Changing Environment that Surrounds China

China's security environment has changed in the last two decades in several ways. First, there has been a relaxation of tension between China, the United States and the ex-Soviet Union. Second, because of the economic reforms and economic modernization, China is likely to become one of the major global economic powers during the early years of the next century. Third, as a result of this economic growth, China has been able to build up its military capabilities, including nuclear weapons. In addition, the PLA (People's Liberation Army) has come to play a more significant role in China's foreign policy today especially after the Tianamen massacre of 1989, where the PLA was considered by the Communist Party elite to have been the saviour of the system. The aim of this chapter is to present the changes that occurred in China's security environment in order that readers may better understand China's foreign policy.

IP Since its establishment on October 1, 1949, the People's Republic of China has had an independent foreign policy. In order to understand its foreign policy better, and analyze the changing environments that surrounds China, the development of its foreign policy should be divided into four phases. The first phase, which should be characterized as a period of uneasy alliance between China and the USSR lies between 1949 to the mid-1950s. The second phase of Chinese foreign policy corresponds to the period of its international isolation, whereby it confronted with both the United States and the Soviet Union. The third phase started with Nixon's visit to China in 1972, after which American-Chinese relations gradually normalized. However, Sino-Soviet tensions continued until Gorbachev's visit to China in 1989, after which normalization between China and the USSR started. The fourth and final phase started with the collapse of the Soviet Union and the emergence of the post Cold War era. This chapter will deal first with China's relationship with both superpowers. Then it

will deal with China's economic modernization and its impact on military expenditures.

China's relations with the United States and the ex-Soviet Union:

Historical background:

In order to understand the relaxation of tension that occurred in China's foreign policy in respect to the United States and the Soviet Union, it is important to analyze the shifts that occurred in their relationship.

The relations between the Chinese Communist Party (CPC) under Mao Tse-tung's leadership and the Communist Party of the Soviet Union (CPSU) and the Comintern under Stalin's direction was strained before the establishment of the People's Republic of China. Soviet as well as Comintern envoys insisted that backward China was not ready for a socialist revolution and forced the CPC into an uneasy alliance with the Kuomintang (KMT-the Nationalists) on two occasions (the two united fronts). The first united front started in 1922, when Sun Yat-sen decided to ally with the Soviet Union and began to accept advisers, arms and money from the Communist International in Moscow. [Also, he decided to allow members of the small but politically significant Chinese Communist Party to join the KMT, provided they obeyed the orders of the latter. According to Sun's own account, the KMT had suffered defeat after defeat because, although the Nationalists had built a revolutionary party, they had no revolutionary army. Thus, Sun's previous efforts to unify China had depended on an uneasy alliance of warlord armies over which the KMT had little control (China, 268). From 1923 to 1927, the Kuomintang accepted the aid and counsel of a Soviet mission invited to China to help the country to "achieve unification and attain full national independence" (China, 75). The relationship between the CPC and KMT worsened especially after the death of Sun Yat-sen in 1925.

After the Kuomintang-Communist split, dissident Communist army commanders, including Mao Tse-tung led thousands of soldiers into Southern China. The Communist armies dominated extensive areas there from 1928 until

Chiang Kai-shek finally liberated them in October 1934. In the famous 368-day Long March, which lasted from October 1935 to October 1936, the escaping Communists made their way to establish a new stronghold of power in the North Western province of Shaanxi. By January 1935, Mao had been elected chairman of the Politburo (China, 77).

The war with Japan, which dragged on from 1937 until 1945, united China's two dominant political blocs, (the Communist Party under Mao and the Kuomintang under Chiang Kai-shek) in an uneasy alliance against the common enemy. This was the second united front. However, the defeat of Japan by the allied forces on August 14, 1945 immediately "plunged China back into open civil war between the two indigenous forces for control of the country" (China, 3).

As the defeat of Chiang Kai-shek's nationalist forces by the Communists in 1949 -- who fled to Taiwan -- became a foregone conclusion, the United States and most other Western powers adopted a pragmatic, somewhat "equivocal wait and see policy toward the emerging government of mainland China" (China, 3). Despite its earlier support for the Nationalists, the United States government in a "white paper" issued in the summer of 1949, placed the blame for Chiang's downfall on the corruption of the Nationalists. US president Truman announced that the United States did not have any intention to use force or to interfere in the present situation and would not provide military aid to the Nationalists. The Communists, expecting Soviet support, began massing a force to invade Taiwan (China, 3).

Communist North Korea's invasion of South Korea in June 1950 caused the United States to reverse its China policy and support Chiang's regime. President Truman stated, on June 27 of that year, that "in view of North Korea's action, 'the occupation of Formosa (Taiwan) by Communist forces would be a direct threat to the security of the Pacific area and to the United States forces'" (China, 3). Additionally, large scale intervention of Chinese Communist forces

in Korea cemented American support of the Nationalist regime. It also led to a resolution from the United Nations General Assembly declaring Beijing guilty of aggression. This declaration marked a turning point in the policy of the United States toward admitting Communist China to the United Nations (China, 3).

The beginning of Communist rule took place under the direction of Mao Tse-tung, the chairman of the Communist party, in 1949. Military and economic aid from the Soviet Union helped support the new government. After 1949, the new government firmly established its control over China and promoted the recovery of the nation's economy. During this period, the Communist party made great strides towards bringing the country through three critical transitions: "from economic prostration to economic growth, from political disintegration to political strength and from military rule to civilian rule" (Lieberthal 1991, 143).

The Sino-Soviet Split:

The period of 1949 to 1952, was characterized by changes in Soviet influence in China. This influence was clearly illustrated in a visit by Mao to Moscow from Mid-December 1949, where they signed a Treaty of Friendship, Alliance, and Mutual Assistance, in February 14, 1950 (Lieberthal 1991, 144). The Chinese entered the Korean War against the United Nations forces led by the United States in October 1950. To the Chinese, the US military intervention in Korea was a direct threat to their vital industrial area of South Manchou bordering on the Democratic People's Republic of Korea. It was also widely feared in China to be the preliminary move to an invasion of China itself (Fitzgerald, 201). Years later, the Chinese stated that they thought Moscow had failed to give Beijing adequate support under the 1950 Treaty, and had abandoned the Chinese to face the UN forces alone in Korea. As a result, steps were taken to reduce direct Soviet control in China including reaching an agreement on the final withdrawal of Soviet troops from Port Arthur by mid 1955 (Lieberthal 1991, 143-4).

Following the Korean conflict and the protracted negotiations over a truce, which was eventually signed on July 27, 1953, American support of the Nationalist regime remained strong. Later, in 1954, Washington signed a mutual defense treaty with Chiang Kai-shek, setting up a large program of economic and military aid (China, 3). Early in 1955, the United States and mainland China stood on the verge of a military showdown over the tiny islands of Quemoy and Matsu lying in the Taiwan strait a few miles off the Chinese mainland. President Eisenhower requested the use of American forces to defend these islands occupied by the Nationalist forces, but as China Premier Chou En-lai said "the Chinese people do not want to have a war with the United States of America" and expressed a willingness to negotiate this issue (China, 3). In the middle of the Quemoy-Matsu crisis, the American Senate ratified the mutual defense treaty with the Nationalist government by which the US pledged to defend Taiwan against any attack from China. During that time, the US regarded China as the "aggressor trying to impose international communism in Asia" (China, 3).

In its early years, the People's Republic of China depended heavily on Soviet technical assistance to develop its own army, industry, communications networks, and power supplies. However, after the death of Stalin in 1953 and the heavy Chinese losses in the Korean War, China required an intensified Soviet involvement in building up China's army, navy and air force (Spence, 584). Therefore, the Chinese accepted the fact that the Russians, for the time being, were their only shield against the threat of possible nuclear attack by the United States, "a point that became especially important in 1957 when the United States announced that it would deploy missiles in Taiwan" (Spence, 584). Nonetheless, Khrushchev refused to provide a nuclear umbrella to China. At the same time, Mao was determined to advance China's development of an atomic bomb in order to reduce what might become a "dangerous over-reliance on the Soviet Union" (Spence, 584).

Furthermore, the Chinese began to act on the basis of several important lessons gained during the Korean struggle, one of which was to reduce Beijing's militant and isolationist attitudes in international affairs. Beijing recognized that the great costs of the war, the questionable reliability of Soviet military backing, and the danger of direct United States retaliation against China had come close to threatening its very existence. Another lesson was that the neutralist states in Asia and Africa were not Western puppets, and it was politically profitable to promote friendly relations with them. This led China to take a conciliatory role in the Geneva Conference on Indochina in 1954 and to try to normalize its foreign relations (Lieberthal 1991, 146). Chou En-lai's slogan in the conference was "unity with all". His government was fully prepared to achieve normal relations with all countries, including the United States. As a result of his initiatives, talks at the ambassadorial level between China and the United States were launched in Warsaw (Lieberthal 1991, 146).

The relationship between the Soviet Union and China became worse in 1956. This is due to the fact that at the 20th Congress of the Soviet Communist Party, Party Secretary Nikita Khrushchev announced a destalinization policy. Khrushchev's speeches mark what is now seen as the beginning of the Sino-Soviet split. In order to establish his own independent position within Russia, Khrushchev's attack on Stalin not only caused problems to China but also to the other communist states. This development angered Mao Tse-tung for two reasons. He thought that it would undermine Soviet prestige with potentially dangerous consequences in Eastern Europe, and he chafed at Khrushchev's warning to other Communist parties not to let a leader have his way unchecked. In fact, Khrushchev's attack on Stalin posed problems for all the other Communist states. Because Moscow was still seen as the leader of the Communist world, the speech seemed to "represent a Soviet attack on one-man, police-states, totalitarian rule in other communist countries" (China, 158). In China, Mao and other Chinese leaders saw it as an attack on Mao himself. At the

same time, the attack on Stalin also seemed to represent an attack on the Stalinist policy of supporting satellite states in their own confrontations with the anti-Communist world. These fears were soon confirmed in Khrushchev's second speech to the congress, when he called for an end to confrontations with the West and the beginning of an effort to achieve "peaceful coexistence". To the Chinese leadership of that day, such notions were unthinkable. Since 1950, the United States' intention was to surround China, alienate it from the world, and try to replace the communist regime with the government of Chiang Kai-shek in Taiwan. "There were US troops all around China: on Taiwan, in Japan, in the Philippines and in South Korea" (China, 158). Therefore, the Soviet Union was China's only opening to the outside world, and Moscow's atomic weapons were China's only protection against the imperialist West.

"Faced with Khrushchev's actions, and with the failure of their attempts at liberalization, the Chinese declared that Moscow's new attitude was wrong, that peaceful coexistence with the capitalist-imperialist West was impossible, and that Khrushchev had violated the basic tenets of Leninist orthodoxy" (China, 158). China was more angry with Khrushchev's peaceful coexistence initiative because it occurred at the same time China was facing US-sponsored Taiwanese threat on Matsu and Quemoy. Thus, a new situation in Sino-Soviet relations began to emerge in which "antagonisms based on different national traditions, and revolutionary experiences that had previously been glossed over broke through the surface" (Lieberthal 1991, 146). Nevertheless, by the end of 1957, the Soviet Union agreed to provide China with the technical assistance needed to make an atomic bomb and in 1958, the Soviet Union increased its level of aid to China. However, "the spiral deterioration in Sino-Soviet relations proved impossible to reverse" (Lieberthal 1991, 146).

In 1957, the government permitted, in the "Hundred Flowers" movement, open criticism of its methods. The Hundred Flowers movement was almost contemporary with the first phase of the Sino-Soviet dispute, which grew over

the years until the two countries became completely antagonistic. The original disagreement over ideology developed into a dispute more concerned with national interests, especially after the USSR withdrew its technical aid and experts from China in 1960. After a series of border clashes in 1969, negotiations for a settlement of Sino-Soviet differences concerning the border regions opened in Beijing in October 1969. Subsequent relations between the two countries long remained under strain. "The fear of a possible Soviet attack, either using conventional or nuclear weapons, had a strong influence on China's military and diplomatic planning" (Fitzgerald, 201).

Moreover, the issue of Tibet and the clash with India acted as a catalyst in precipitating the Sino-Soviet split. Until today the Chinese government has continued to assert rights of sovereignty over Tibet. In March 1959, there was an unsuccessful armed conflict by Tibetans opposed to Chinese rule. In 1962, the establishment of Chinese forces on the Indian border with Tibet led to disputes about the position of the undefined boundary. The tension escalated into a border war which resulted in a Chinese victory. On the other hand, relations deteriorated with the Soviet Union when they chose to support the Indian claim (Fitzgerald, 201). Consequently, "Albania and Yugoslavia, oddly, became central to the polemic" (Spence, 588), since China supported the Albanians in their demand for independence from Moscow. The Soviets criticized Albania, not China, as "adventurist" and "infantile" for its insistence on direct confrontation with the West. The Chinese attacked Yugoslavia, not Moscow, calling it "revisionist" for its efforts to seek "coexistence" with the West (China, 158). As Spence commented, the Chinese responded by "denouncing Yugoslavia, but choosing issues and attitudes that made it clear that they were really attacking the Soviet Union" (Spence, 588).

The year 1965 is best remembered for the onset of the Cultural Revolution. During the Cultural Revolution, China chose the policy of "Exclusion -- a policy of revolutionary isolationism" (Yahuda, 207). Also, in

1965, when the United States first bombed North Vietnam and then introduced combat troops in the South, Mao decided that China would not join in united action with the USSR to help North Vietnam, but that it would continue to aid North Vietnam independently (Yahuda, 207). Moreover, by 1966, China had calculated that the United States would neither invade North Vietnam nor bomb China. The underlying view was that the USA was the "main enemy and that the Soviet Union sought to collude with it at the expense of China.." (Yahuda, 207). The Soviet Union was seen as a potential threat also because of its invasion of Czechoslovakia in August 1969. The military tensions with the Soviet Union as a result led to clashes on the Ussuri river border in 1969. For much of the 1970s, China sought to build an anti-Soviet coalition against what it regarded as the major expansionist power in the world. During this time, "the closer relations that the Chinese forged with the USA were tempered by concern that, in the era of détente, the USA was insufficiently vigilant in confronting the alleged Soviet threat" (Yahuda, 207).

✕ □ It seems that the combination of the invasion of Czechoslovakia and the 1969 border clashes forced the Chinese to undertake a complete overhaul of their foreign policy. On one hand, they dropped the previous notion of a world dominated by the struggle between the imperialists and the Communists, and adopted the "theory of the Three Worlds", which stated that "Communists, too could be imperialists, and China's true friends were not necessarily Communists, but included all nations oppressed by either of the two superpowers: the Soviet Union and the United States" (China, 159).

✕ At this point the Chinese began to work with any country that could be perceived as an ally -- real or potential -- against the Soviet Union. The Chinese were reinforced in their decision when, in addition to the border confrontations, China and the USSR fought "proxy wars" in 1971 and again in 1978. The first, which broke out in December 1971, saw Pakistan, a Chinese ally, at war with India, supported by Moscow. In 1978, Vietnam supported by the Russians,

invaded Cambodia in order to force out the Pol Pot regime which was backed by Beijing. Direct confrontations between the Asian giants threatened again in early 1970. The Chinese retaliated with their "punitive" invasion of Vietnam, and the Soviet invasion in late 1979 of Afghanistan -- which borders China -- drew China and the United States even closer together against the Russian threat to the balance of power (China, 159).

China-United States relations in the 1970s:

There were several steps toward the opening of a US-China relationship. The decade of the 1970s was an important period because many changes, on the domestic level as well as on the international one, spurred a dramatic shift in the Chinese-American relationship and which eventually led to the official American recognition of the People's Republic of China.

From 1954 to 1972, despite the obvious hostility between the US and China, the two countries did maintain a link which allowed officials of the two governments to talk face to face. Begun in 1954 at the consular level and raised to the ambassadorial level in 1955, meetings were held between the US and Chinese ambassadors in Switzerland and, after, 1958, in Poland. This was the only point of contact between Beijing and Washington for 17 years (China, 149). According to Kissinger, "the main point of the previous 134 meetings had been our relationship to Taiwan, no solution was conceivable so long as US-Chinese hostility persisted, and the hostility would not end so long as the Taiwan issue was unsettled" (Kissinger 684). In all, 139 meetings were held, there was only one agreement in 1955 which was soon broken. "But this is not an accurate measure of the importance of the meetings, which were designed to avoid problems, not necessarily to solve them" (China, 149). The talks made a crucial contribution to the easing of tensions between the two countries especially during the second and third Taiwan crisis in 1958 and 1962. Also, from 1965 to 1967, President Johnson used the talks to clarify the American military position

in South Vietnam in order to avoid any type of misunderstanding from the Chinese side and to prevent Chinese intervention as it had occurred in the Korean War (China, 149).

Additionally, the Warsaw talks were used to discuss other issues such as the Laos crisis of 1962, nuclear disarmament, and the nuclear test ban treaty. Although the results of the talks were not impressive, they were used by both sides to explain their actions to one another in "an atmosphere of calm and secrecy far removed from the hostility and belligerence of their public announcements" (China, 199).

However, a dramatic change occurred at the beginning of the 1970s as China became more interested in its relationship with the United States. As President Carter pointed out in his memoirs, "its alliance with the Soviet Union had deteriorated. In 1969, the two communist states had ended in armed conflict along their borders. The Chinese, interested in ending their isolation, made overtures to the United States" (Carter, 187). According to Professor Harold Hinton, Beijing had three motives for its approach to détente with the United States. The first was to reduce the likelihood of a Soviet attack on the People's Republic of China (Hinton, 31). As Kissinger commented, "I remained convinced that China's cautious overtures to us were caused by the rapid and relentless Soviet military build up in the Far East" (Kissinger, 693). The second major Chinese motive in normalizing a better relationship with the United States "has been progress toward the liberation of Taiwan" (Hinton, 32). The importance of this point during that early stage of rapprochement was due to domestic reasons in China. The leaders in China had to give legitimate reasons to the radicals in Beijing in order to normalize relations with the United States. "This was an important matter, if for no other reason than because the radicals in Peking objected fundamentally to the opening to the United States and could probably not have been persuaded to acquiesce to it -- Soviet threat or no Soviet threat -- if they had not become convinced, or been told authoritatively by the

chairman, that it promised gains on the Taiwan question" (Hinton, 32). The last major consideration was probably trade and technological contact with the United States (Hinton, 32). According to Kissinger, "the Chinese will probably still wish to continue to develop contact with us as a counterweight to the Soviets. There also seems to be some interest in their part in opening up trade with us" (Kissinger, 694).

The Nixon administration was convinced that establishing a relationship with one quarter of humanity could restore peace in the world (Kissinger, 685). Also, Nixon tended to believe that opening up a relationship with China would "squeeze the Soviet Union into short-term help on Vietnam" (Kissinger, 164). Kissinger was more concerned with the policy's impact on the structure of international relations. "But these differences rested on the same fundamental judgment: that if relations could be developed with both the Soviet Union and China the triangular relationship would give us a great strategic opportunity for peace" (Kissinger, 164). In an important article in Foreign Affairs in October 1967 Nixon had written:

"Taking the long view, we simply can not afford to leave China forever outside the family of nations, there to nurture its fantasies, cherish its hates and threaten its neighbors. There is no place on this small planet for a billion of its potentially most able people to live in an angry isolation.....

For the short run, then, this means a policy of firm restraint, of no reward, of a creative counter pressure designed to persuade Peking that its interests can be served only by accepting the basic rules of international civility. For the long run, it means pulling China back into the world community -- but as a great and progressing nation, not as the epicenter of world revolution" (Kissinger, 164).

In addition to the advantages of triangular diplomacy, there were other reasons behind US rapprochement to Beijing, one of which was Vietnam. An opening to China might help the Americans end the Vietnam war (Kissinger, 194). "The drama of ending estrangement with this great people, in human terms and for what it meant to the global prospects of peace, would be a breath of

fresh air, a reminder of what America could accomplish as a world leader" (Kissinger, 194). Thus, to open up with such a hostile country in the middle of a divisive war would restore America's image and credibility not only on the domestic level but also on the international one. As Nixon stated to the Congress, "clearly, we could not have continued the inherited policy on Vietnam. Just as clearly, the way in which we set about to resolve this problem has a major impact on our credibility abroad and our cohesion at home" (Hsueh, 81). Therefore, Nixon was convinced that rapprochement with China and détente with Russia, North Vietnam's biggest allies, would diminish the communist morale, control their behavior and achieve a peace settlement in Indochina (Hsueh, 81).

In April 1971, the Chinese suddenly invited the US table-tennis team, which was competing at the time in Japan, to visit China on a good-will mission (Spence, 628). "The invitation to the young Americans symbolized China's commitment to improved relations with the United States; on a deeper level it reassured -- more than any diplomatic communication through any channel -- that the emissary who would now surely be invited would step to the White House that our initiatives had been noted" (Kissinger, 710). Within days, the era of "Ping-Pong diplomacy" was declared. Kissinger traveled to China in July 1971 to meet privately with Chou En-lai and plan Nixon's visit (Spence, 629). According to Kissinger, "in many ways, the weeks following the Ping-Pong diplomacy were the most maddening of the entire tortuous process.....Only the president and I understood the full implications of Chou En-lai's move because we alone were aware of all the communications between Peking and Washington. We knew that something big was about to happen (Kissinger, 711).

A new development in Sino-American relations occurred on July 15, 1971 when Nixon announced that he would visit Beijing in early 1972 to "seek normalization of relations between the two countries" (China, 10). He also

described the event as a "major development in American efforts to build peace in the world, he also stressed that his visit would not be at the expense of our old friends" (China, 10). On the other hand, the Chinese feared that the American's would play the "China Card", an attempt to play off China against the Soviet Union. But as Kissinger noted, "the China card was not ours to play" (Kissinger, 763). He pointed out how the Chinese at the beginning were afraid of this new triangular diplomacy, and how Mao had warned them against "standing on China's shoulders to reach Moscow" (Kissinger, 763). So, the Americans become very careful in their relations with China and with the Soviet Union because any effort to manipulate Beijing might lead China to seek isolation again and perhaps to reexamine its alternatives with the Soviet Union. On the other hand, if the United States decided to play the "China Card", this might strengthened the Soviet Union and give them a chance to attack China. Thus, "equilibrium" was the name of the game (Kissinger, 764).

During that time, Nixon and Kissinger were facing one of the most important obstacles in Sino-American rapprochement. This was China's demand to join the United Nations and to expel Taiwan. For two decades, the United States had opposed the admission of the People's Republic to the General Assembly and to China's seat in the Security Council (China, 10). The first indication that the United States would switch its stand opposing the admission of communist China to the United Nations came on June 4, 1971. The president at that time announced that "a significant change has taken place among the members of the United Nations on the issue of admission of mainland China", and the United States was analyzing the situation (China, 12). However, the US Secretary of State William Rogers announced that the United States would oppose any efforts to "expel the Republic of China or otherwise deprive it of representation in the UN" (China, 12). Thus, the Nixon administration submitted two resolutions on the seating of one Chinese delegation in the UN. One text asked the General Assembly to agree that any move to oust Taiwan from its

membership be considered an "important question" requiring the approval of two-thirds of the assembly's members. The other text recommended that Beijing be admitted as a Security Council member but noted that Taiwan had a continued right of representation in the General Assembly. Thus, the United States initially tried to present a new proposal to the UN which is "dual representation" whereby both Chinese governments will be represented in the UN. The United Nations General Assembly voted against the US proposal. China maintained the same position that Beijing would not join the UN unless Taiwan were excluded. The United Nations General Assembly on October 25, 1971, voted to admit Beijing and to expel the delegates of Taiwan. The vote was 76-35 with 17 abstentions (China, 120). The United States, despite supporting the seating of Communist China, thus lost in its effort to keep Taiwan in the UN.

The dramatic thaw in US-China relations took a new turn on July 15, 1971 when president Nixon announced he would visit Beijing in early 1972 to "seek normalization of relations between the two countries". The president described the event as a "major development in our efforts to build a lasting peace in the world. He also stressed that this move would not be "at the expense of old friends". This was interpreted primarily as reassurance for Nationalist China (China, 10). February 21, 1972, marks the dramatic progress in Sino-American relations, as president Nixon visited China. According to Kissinger, the meetings were characterized as being "frank and serious". They said that, "we and they had a common interest in preventing the Soviet Union from upsetting the global balance of power by any means including an attack on China" (Kissinger, 1076).

In addition, February 27, 1972, marks the date of the joint US-China communiqué issued at Shanghai, at the conclusion of president Nixon's trip to the People's Republic of China. [The complete text of the Shanghai Communiqué is in Appendix I]. This document summarized both the American and Chinese points of view on global politics without attempting to reconcile

them. The US side reaffirmed the American opinion that the role of the United States in the Vietnam war did not constitute "outside intervention in the affairs of Vietnam" (Spence, 632). The United States also pledged continued support for South Korea. The Chinese side declared that "wherever there is oppression, there is resistance, and that all foreign troops should be withdrawn to their own countries (Spence, 632).

Concerning Taiwan, the Shanghai Communiqué concluded that there were obvious differences of opinion rooted in different "social systems and foreign policies" of China and the United States, and complete agreement was not possible. As the Chinese phased their side of the argument;

"The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; The Government of the People's Republic of China is the sole legal government of China;...The Chinese government firmly opposes any activities which aim at the creation of "one China, one Taiwan", "one China, two governments" (Spence, 632).

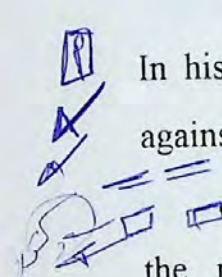
The United States wrote its own interpretation into the Communiqué;

"The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves" (Spence, 632).

For China, the 1971-74 period seemed to confirm the wisdom of their decision to side with the United States in opposing the Soviet Union. In December 1971 India, fortified by a new friendship treaty with Moscow, invaded Pakistan, a Chinese ally. Then, in 1972, the Soviets had further increased their troop build up along China's border. On the other hand, when the last American soldiers were withdrawn from Vietnam in 1973, "China's southern flank was at last cleared of foreign troops. Thus, in 1974, Beijing promulgated the theoretical basis of its new foreign policy, the so called Theory of Three Worlds" (China, 14).

On April 10, 1974, Vice Premier Deng Xiaoping, speaking before the UN General Assembly, announced the new policy (China, 14). According to Deng,

"As a result of the emergence of social-imperialism, the socialist camp which existed for a time after World War II is no longer in existence. Owing to the law of the uneven development of capitalism, the Western imperialist bloc, too, is disintegrating. Judging from the changes in international relations, the world today actually consists of three parts, or three worlds, that are both interconnected and in contradiction to one another. The United States and the Soviet Union make up the First world. The developing countries in Asia, Africa, Latin America and other regions make up the Third world. The developed countries between the two make up the Second world" (China, 326).



In his speech, Deng made it clear that China would be a leader of the third world against exploitation and aggression by the other two superpowers.

After 1974, a number of major developments occurred that complicated the process of normalization. The main reason for the slow down of the normalization was the Taiwan issue. When the US and China started to open up their relations and signed the Shanghai Communiqué, this was possible because they had laid the Taiwan problem temporally aside: they agreed to make some compromises but not to solve the fundamental questions. However, the international environment in East Asia underwent drastic changes. In 1975, the rapid break up of the non-communist regimes in Vietnam and Cambodia created an atmosphere of instability and uncertainty (China, 14).

In 1977, Jimmy Carter's administration began exploratory talks with the Chinese on the normalization issue during an August 1977 trip to Beijing. Consequently, Sino-American relations entered a new phase. Carter knew that the most important obstacle in United States relations with China was the question of the Taiwan, especially after the US-Soviet détente, and their agreement on Strategic Arms Limitation Talks which had increased the feeling of insecurity among the Chinese leaders. The idea was illustrated in Carter's diary as he wrote, in July, 1977, "the basic question still remains how to establish diplomatic relations with the People's Republic of China and preserve the

guarantee of peaceful life for the Chinese on Taiwan" (Carter, 186). Thus, the new administration focused its agenda on moving the normalization process forward. They reaffirmed five points as a "pledge" to the Chinese. These five points, mentioned by Zbigniew Brzezinski, National Security Adviser, are:

- "1. We would acknowledge the Chinese position that there is one China and that Taiwan is part of it.
2. We will not support a Taiwan independence movement.
3. As we leave Taiwan, we will ensure that the Japanese do not come in to replace us.
4. We will support any peaceful solution to the Taiwan situation, we will not support Taiwan in any military action against the People Republic of China.
5. We will seek normalization and try to achieve it" (Brzezinski, 198).

Carter accepted these as "matters of principle" especially since this meant that he would still be able to sell some defensive weapons to Taiwan and maintain economic relations on an unofficial basis (Brzezinski, 191). The reason behind Carter's reaction to the PRC was that he saw that a better relationship with China would help the Americans in their negotiations with the Soviet Union concerning SALT II, as well as enhance the stability of Asia which in turn would contribute to the American well-being and their national interest. Their main goal was to achieve peace particularly with the increase in Soviet nuclear power. According to Kissinger, "The Soviet Union had 250 operational ICBMs (intercontinental ballistic missile) in mid-1966; 570 in mid-1967; 900 in September 1968; and over took us with 1,060 in September 1969. By the end of the 1970 they were expected to have close to 1,300 ICBMs. Soviet Submarine-launched missiles were expected to increase from 45 in September 1968 to over 900 by 1975. At the same time the expansion and modernization of Soviet conventional forces in both Europe and the Far East were proceeding rapidly" (Kissinger, 537). On the other hand, the Chinese goal was to reduce the Soviet

threat. So both sides had mainly the same aim, that is, to contain the Soviets. For that reason, Carter insisted on overcoming the problem of Taiwan.

On December 15th, 1978, Carter announced his unexpected "bombshell." In a joint communiqué with Beijing, the PRC and the US would formally recognize each other. As a result, an exchange of ambassadors would occur on March first, and on December 31, 1979, the United States would abrogate the mutual defense treaty with Taiwan (China, 14). The breakthrough was made possibly by the willingness of both sides to make concessions on disputed issues that had been at the heart of US-China relations for nearly 30 years. For its part, the United States agreed to three conditions the Chinese had long insisted to be met:

- "1. Ending recognition of the Republic of China on Taiwan.
2. Termination of the United States-Taiwan mutual defense treaty.
3. Withdrawal of the remaining United States troops on Taiwan" (China, 14).

The Chinese also made three major concessions. They:

- "1. Tacitly agreed not to oppose continued American sales of arms to Taiwan.
2. Agreed that the United States could terminate its defense treaty with Taiwan within a year's notice, rather than immediately.
3. Agreed not to object to an American declaration of continued interest in the future of Taiwan" (China, 14).

Therefore, Carter assured that the United States would continue to deal with the Taiwan issue peacefully and that they would continue to sell arms to the Taiwanese, a policy that was not opposed by the Chinese government. Furthermore, Carter confirmed to the Soviet Union that this recognition would not cause any harm to their interests. As pointed out, "we have no desire whatsoever to use our relationship with China to the disadvantages of the Soviets or anyone else" (China, 15). However, the Soviets were insecure and persisted with their verbal attacks on China especially after the Chinese invasion of Vietnam in 1979.

The next step in the normalization process was done by Deng Xiaoping who visited the US on January 1, 1979. The aim of this visit was to reduce the fears of the congress with regards to the new agreement. At the end of the visit, Deng and Carter signed agreements for Science and Technology and Cultural exchanges, as well as trade and other agreements (China, 16).

However, the two countries were on the edge of a new Vietnam war. Vietnam invaded Cambodia and toppled the despotic regime backed by China. In retaliation, China invaded Vietnam, saying that it wanted to punish its neighbor (China, 16). This action by China was sharply criticized by Carter and by the United Nations. Some critics argued that, even with diplomatic recognition, the war showed that the United States would have little influence over China. However, the Chinese troops withdrew back across the border after they were defeated.

Finally, what makes this relationship a unique one is the different attitudes that characterize their relations. For example, in favorable situations China shows a flexible attitude towards the United States. In unfavorable situations, China became harsh and aggressive. As Hsueh explained, "China's relations with the United States are both corporate and critical, as dictated by their tactic of the combination of alliance and struggle" (Hsueh, 97).

Chinese relations with the US and the USSR in the 1980s and the 1990s:

Since embarking upon the policies of reform and opening-up in 1978, economic considerations have become an increasingly important component of China's foreign relations. China's goal has been to create a peaceful and stable environment in which to achieve these domestic goals (Lieberthal 1991, 154). Except for its disagreement with Vietnam over that country's invasion of Cambodia in 1978, China has by large avoided disputes and encouraged the peaceful evolution of events in Asia (Lieberthal 1991, 154).

China's problems with the USSR were "epitomized by the reiterated demands that the USSR must eliminate the so-called 'three obstacles': withdraw from Afghanistan, reduce the military threat from the north and withdraw the support from Vietnam that enabled it to occupy Cambodia" (Yahuda, 208). Following the accession of Mikhail Gorbachev, the USSR developed new approaches to foreign policy that met Chinese demands and paved the way for a summit meeting between Gorbachev and Deng Xiaoping in May 1989 (Yahuda, 208). However, the meeting was overshadowed by the student-led demonstration in Beijing in June 1989 and the government's attempt to suppress it, better known as the Tiananmen Massacre. Such hopes that the two reforming communist powers might build new relations were dashed in part because of the collapse of communism in Eastern Europe, for which the Chinese leadership privately held Gorbachev considerably responsible (Yahuda, 208). As a result of the collapse of USSR, China moved rapidly to establish relations with the successor states, including those of Central Asia, as it feared that these new states could pose a threat to its national security.

Despite all of China's concerns about the Soviet Union's disintegration, the fact remains that the fundamental potential threat to Chinese security began to crumble. It can be argued that the real gains for Chinese security were made before August 1991: the USSR had ceased to be an imminent threat in the 1980s, relations were normalized in May 1989, troop reductions had begun in the 1980s, and arms control talks were well underway. "Thus, the major gain for Chinese security *predated* the death of the Soviet Union" (Segal 1992, 855). However, when the Soviet Union collapsed at the end of 1991, new factors emerged and caused a great deal of insecurity to China. First, Russia succeeded the Soviet role in the Far East with little tangible difference being noted. Second, China worried about the long-term risk of the rise of Russian nationalism (Segal 1992, 855). Furthermore, it is obvious, that after the collapse of the Soviet Union, Asia faced the problem of who is going to fill the vacuum. Many Asian

countries looked to China as the emerging power in Asia especially with the growth of its economic and military power. Moreover, as Segal commented, the demise of the USSR and its ideology continues to have a profound impact on Asia. "The glue that held non-communist East Asians together had begun to melt, although the melting process has been limited by the fact that many East Asians see the United States as the only power able to fill a strategic vacuum that might otherwise be filled by local ones" (Segal 1992, 858). Having said that does not mean that China's role in Asia decreased. However, with the demise of the Soviet Union some aspects of Chinese influence in Washington diminished, while others increased as China emerged as a major player in many aspects of the post Cold War agenda (Segal 1992, 868).

Concerning the Chinese-American relationship after the collapse of the Soviet Union, some argue that the end of the Cold War has reduced the importance of US-China relations (Levine, 241). It has not. However, it adds more complexity to their relationship. A possible misconception derives from a narrow, 1970s-era American view of China as primarily an anti-Soviet partner in the so called strategic triangle. "A more accurate view of relations is that the dispersal of the strategic illusions that gripped the United States and China during the Cold War has presented the two countries -- and every one else -- with a new set of far tougher challenges concerning international security, environmental protection, trade development and human and political rights" (Levine, 241). Moreover, China and the United States continue to face the dilemma of Taiwan, which creates more obstacles in their relationship especially since the US president, Bill Clinton, invited the Taiwanese president to visit Cornell University in June 1995. "This event, more than any other, served to convince Beijing that Washington might collude with separatist forces in Taipei to detach the island once and for all from China" (Freeman, 6). As a result, Chinese president Jiang Zemin initially fashioned a relatively mild response, consisting of the postponement of US-China talks on the production of fissile

material and on missile technology control (Lieberthal 1995, 39). Also, the Chinese leader recalled the Chinese ambassador to Washington for consultation, demanded that Washington reject all future visas for Lee, and proceeded to conduct missile tests and other military exercises in the Taiwan strait (Lieberthal 1995, 40). In effect, their relationship is still controlled by the so called strategic triangle, yet it is guided by new rules which are still unclear.

In essence, China's leaders recognize the importance of the West as a supplier of technology and capital for China's modernization. On the other hand, they fear the possibility of Westernization and the erosion of the Chinese Communist system. Therefore, the Chinese are able to manoeuvre within the so called strategic triangle involving both the United States and Russia (Yahuda, 208).

Also, in September 1984, the Chinese and British governments reached an agreement over Hong Kong, by which whereby it would undergo a transitional period until the territory's reversion to Chinese sovereignty on 1 July 1997 as a Special Administrative Region with considerable autonomy, so as to maintain its current economic system for a further 50 years. This unique arrangement of "one country, two systems" is regarded in China as a "master-stroke by Deng Xiaoping that could form the model for the eventual reunion of Taiwan with the mainland" (Yahuda, 208). According to Overholt, the prospects for China to keep its agreements over Hong Kong rest on three foundations. First, China has an excellent record in "honoring past agreements. Given the great importance of Hong Kong (and the high risks to China if Hong Kong somehow goes wrong), given the ambiguity of the agreement, and given that Hong Kong is predominately a domestic issue for China, this pillar might be regarded as weak if taken alone" (Overholt 1991, 33). Second, China has frequently stated its determination to use the success of the "one country, two systems" formula as a basis for eventual unity with Taiwan (Overholt 1991, 34). Thus, if China's formula fails in Hong Kong it will question its credibility concerning the Taiwan

question, especially since China would like to use Hong Kong as a precedent to unite with Taiwan. Third, and most important, China's vital economic self-interest is at stake. "Two-thirds (65.7 percent) of foreign investment in China between 1978 and 1987 came from Hong Kong. Today, some 25 to 30 percent of all Chinese foreign exchange earnings come through Hong Kong, and most of China's technology purchases and managerial advice come through Hong Kong" (Overholt 1991, 40).

Moreover, by trying to normalize their relationship with the Soviet Union again, China is able to use Russia as a counter weight to the US. If successful, this would enable China to pursue, in principle, a more independent foreign policy that would otherwise be impossible. China won favor within the USA because of its economic reforms and its open door policies. Its poor record on human rights proved to be no obstacle because of its economic importance; it is considered to be a great market for foreign investment. This is clearly illustrated in the debate over whether the US should renew the Most Favored Nation Status (MFN) to China or not. According to Wang, Congressman Solarz, who had strongly advocated the revocation of MFN status after Tiananmen, commented in mid-1991:

"The issue of MFN and China involves a particularly complex set of questions. How can the United States best promote human rights and democratization in China, as well as a range of strategic and political interests? Where specifically does MFN fit into that calculus? Do we have a better chance of promoting our multiple interests by revoking MFN, by renewing it, or by imposing some sort of conditionally" (Wang 1993, 443).

President Bush said in a commencement address at Yale University: "the most compelling reason to renew MFN and remain engaged in China is not economic, it's not strategic, but moral. It is right to export the ideas of freedom and democracy to China. It is wrong to isolate China if we hope to influence China" (Wang 1993, 443).

Thus, we can conclude that, with the end of the Cold War the People's Republic of China is no longer subject to military threats from a superpower. Consequently, the requirements of economic modernization have become even more important in the country's foreign policy (Yahuda, 208). Therefore, China will try to keep this policy of strategic triangle in order to pursue its own interests and assert its power beyond its borders. Additionally, the American policy makers will continue to engage the Chinese in both bilateral and multilateral forums, searching for solutions to problems that for the 'remainder of this century and beyond will test all countries' capacities for international cooperation" (Levine, 241).

China's policy is not only affected by external factors such as its relations with Russia and the United States, but also by internal factors such as economic modernization. A major part of the polity of economic modernization is the policy of modernizing and improving the technological capabilities of China's military.

Economic Modernization and its impact on the Military:

On a speech in February 26, 1978, Chinese Premier Hua Guofeng to the Fifth National People's Congress stated:

"In order to make China a modern, powerful socialist country by the end of the century, we must work and fight hard in the political, economic, cultural, military and diplomatic spheres, but in the final analysis what is of decisive importance is the rapid development of our socialist economy" (China, 332).

In late 1978, two years after Mao's death, Deng Xiaoping inaugurated a decade of economic reform. Deng's theory of 'socialism with Chinese characteristics' is being developed to try to justify "the continuing combination of economic reform and the Party's monopoly of power" (Howe, 209). According to Howe, the two key elements in the Deng theory of the Socialist economy are "its emphasis on the dominance of public ownership, which is combined with

recognition of the importance of small-scale sector and non-public forms of ownership. Two further points are the importance of 'intellectuals' and his emphasis on 'openness' to the outside world in economic and technological matters" (Howe, 210). This phase of reform ended in September 1988. Currently, the economy is coming out of a "phase of stabilization, and growth is being renewed under a strategy of combining economic reform with political conservatism" (Howe, 209). Many scholars argue that the economic reform during the 1980s had brought visible improvements in the economy, in foreign trade and in living standards (Howe, 209). According to Overholt, "during the 1980s, China was the world's fastest-growing economy. After a brief late 1980s period of disinflation, it rebounded in 1992 to become once again the world's fastest-growing economy" (Overholt 1993, 27). [see Table 1&2]

Table 1: China's Economic Growth

	Average Annual Growth Rate %	
	1980-1990	1990-1994
Gross Domestic Product	10.2	12.9
Exports of goods and non factor services	11.5	16.0
Gross Domestic investment	11.0	15.4

Source: World Development Report 1996. Published by the World Bank Oxford University Press, 1996: p. 208

Table 2: Basic Indicators of China's Economic Growth

	Dollars	Dollars	Dollars	Average Annual Growth Rate %
	1986	1993	1994	1985-1994
GNP	300	490	530	7.9

Source: World Development Report 1988 (p. 212), 1995 (p. 162), 1996 (p. 188), Published by the World Bank Oxford University Press.

Beijing recognizes the importance of expanding its economic links with the rest of the world. According to Lieberthal, "since 1978, the per capita GDP of more than one-fifth of the globe's population had roughly quadrupled. China's foreign trade grew more than 16 percent per year from 1978 to 1994, with imports exceeding exports for all but six of those years" (Lieberthal 1995, 35). Moreover, in 1992, Beijing set 8-9 percent annual growth as the goal for the next five years (Overholt 1993, 30). Overholt remarks that the country's economic success has not been confined to raw materials growth. "By 1992, foreign trade had risen to \$166 billion, signifying that China had moved from autarky to becoming one of the world's major trading powers. Exports climbed from a mere \$14.8 billion in 1979 to \$85 billion in 1992" (Overholt 1993, 31). Not only did exports rise, but they also became more sophisticated: "in 1985 manufactured goods comprised only half of China's exports, whereas by 1991 they comprised more than three quarters of all exports" (Overholt 1993, 31). As a result, of this growth in export, China has recently achieved huge trade surpluses (Overholt 1993, 31).

Also, China attracted more than \$20 billion in foreign investment, far more than any other Third World country. Overholt stated that, for comparison, from 1985 to 1989, Brazil, the only Third World country of comparable size in attracting foreign investment, attracted \$6.1 billion, while China attracted \$9.1 billion. In 1992 alone, foreign investors poured \$11.2 billion into China and signed agreements for \$57.5 billion of future investments (Overholt 1993, 31).

This huge growing economy not only has an effect on China's foreign policy but also it has a tremendous impact on its military power, especially that Beijing uses this capital in building up its military capabilities. Eiland explained that Beijing has two fundamental objectives in its economic planning: "first, to maintain an adequate level of food and clothing for the growing population; and second to develop a modern industrial base that, while small, will be capable of supporting a strong military force" (Eiland, 1145).

The importance of modernizing China's military capabilities was clearly illustrated in an article by the theoretical group of a mechanized artillery company of a PLA regiment, titled "It Is Imperative to Modernize Our National Defense." They state that:

"Since war goes on continuously, weapons and equipment must be improved continuously. If one should hold that we do not need to strengthen our weapons and equipment anymore...one either has something up his sleeve or is ignorant.... Accelerating development of the Socialist economy and modernization of national defense is a great call issued by chairman Mao and a fighting task set by premier Chou. It is required by the struggle and the situation and is where the vital interests of the revolutionary people lie" (Einland, 1144).

China spends perhaps as much as nine percent of its GNP on defense -- its military bill is much larger than West Germany's and several times larger than Japan's -- which is a great deal for a backward society determined to quickly improve its standard living (Terrill, 925). China has not forgotten its century of humiliation by foreign assault. Thus, Beijing is determined to build up and modernize its military capabilities in order to restore its image and preserve its power.

As is clear, the environment that surrounds China has changed since the break up of the Soviet Union and the end of the Cold War. The tension that used to exist between China-US and ex-Soviet Union has been reduced, China's economy is the world's fastest growing economy and Beijing is determined to increase its military capabilities. Thus, China now has the means as well as the suitable environment to achieve its objectives and assert its power beyond its borders.

Chapter Two

China's Military and Nuclear Development

China's foreign policy is not only a function of its shifting alliances with the superpowers, but of internal developments, such as economic modernization as well. Having examined the impact of China's reaction policy to its external environment, it is now important to examine the prospering military industry, which resulted from economic growth, and what this signifies for the future of Chinese foreign policy.

The rise of the People's Republic of China is one of the most important developments which impacted on the international system after the end of the Cold War and the collapse of the Soviet Union. According to Nicholas Kristof, "China is the fastest growing economy in the world, with what may be the fastest growing military budget. It has nuclear weapons, border disputes with most of its neighbors, and a rapidly improving army that may -- within a decade or so -- be able to resolve old quarrels in its own favor" (Kristof, 59). China is a powerful country with unique geographical characteristics, and a permanent member of the U.N. Security Council, and nuclear power. When analyzing China's foreign policy we can not ignore the fact that the evolution of China's military and the increase in its nuclear capabilities have had a tremendous impact on determining its policy and achieving its goals. In order to understand the effect of military modernization on China's foreign policy, it is important to analyze the development of its military power and its nuclear capabilities.

Before analyzing the transformation of China's military power and its nuclear capabilities, it is essential to mention the pre-Communist historical legacy and strategy on the use and control of the military. Apart from Mao Tse-tung's works in the military field, Sun Tzu is the Chinese strategist who has had the greatest impact on traditional Chinese military thinking. Also, his famous book 'The Art of War' had an appreciable impact on Mao. The intellectual

basis for Sun Tzu's importance derives from the philosophical approaches of both Lao Zi and Zhuang Zi, considered the founders of the psychological element in China's military thought. According to Segal, "this common conceptual nucleus rests on three principles: 1) mind is superior to matter; 2) thought is more powerful than weapons; 3) doctrine overcomes (bare) strength" (Segal 1984, 4). Such considerations serve to explain why, from Sun Tzu to Mao, there is one important cultural trait of the Chinese in their military conflicts: "a stress on the importance of man over machine" (Segal 1984, 4). During Sun Tzu's time the military had a lower social standing, especially in peacetime. This is due to the fact that war was viewed as abnormal and even Sun Tzu stressed non-violent means and preferred peace over force (Segal 1981, 450).

On the other hand, the Maoist strategy stresses that military operations must be based on broad popular support -- as fish in the sea -- rather than on a rigidly organized and highly visible conventional military force" (Segal 1981, 453). Mao believed that the best way to defeat an invader was to resort to the strategy of 'People's war' (De Lee, 115). According to Segal, "a common assumption tends to summarize People's war as a defensive military strategy relying on mass mobilization, 'trading space for time' and 'luring the enemy deep', then 'drowning him in a sea of people" (Segal 1984, 6). If such a strategy were employed, as invading forces advanced into China, PLA regular forces would withdraw to wage a protracted war. As a result, the enemy would be briefly attacked in order to draw him in, so that his forces could be "lured deep" into difficult terrain (De Lee, 115).

However, since the Korean War, the PLA has relied less on Maoist military thought than before. The Chinese military adopted professional strategies that had less to do with guerrilla war and more with the Soviet model. Spence commented that the PLA performed bravely in the Korean war, but took a "terrible mauling" (Spence, 557). "Chinese casualties were calculated

between 700,000 and 900,000. Medical services had been inadequate, food in short supply, and even clothing unfit for the Korean winter. Almost 90 percent of Chinese troops were reported to have suffered from winter" (Spence, 557). As a result of the Korean War, the Chinese commanders discovered that they lacked the room for maneuver and support from the rural population that had guaranteed survival and success in China. Consequently, the Chinese relied heavily on the Soviet Union for weapons, equipment, training, organization and doctrine (De Lee, 112). During that time, China's weapons had been mostly assembled from the American, Japanese, Russian and Germans. Only in 1951, as the Soviet Union made MiG fighters available, did the Chinese get any parity in the air. Also, the Chinese never had any effective naval forces to counteract the power of the United States. Even before the 1953 truce, China began a new phase whereby it started to develop a massive military organization in order to develop a professional army that could compete with other powers in the modern technological world (Spence, 557).

Peng Dehuai, Chinese Minister of Defense in 1950s, believed that the best hope for rebuilding the PLA lay in following the Soviet model rather than relying on Mao's guerrilla strategies in the 1930s and 1940s. This decision was widely accepted among the Chinese leadership, and in 1953 Mao called for "a tidal wave of learning from the Soviet Union on a nation wide scale" (Spence, 558). One of the hidden objectives behind the Chinese decision was to prepare itself to face the United States power. According to Mao:

The American army is politically a reactionary military organization of the imperialists, and basically is a 'paper tiger'. But it is an army with modernized equipment and fighting power. Its training and equipment are very different from that of the reactionary nationalists (i.e., Guomindang) troops. To destroy thoroughly such enemy troops, it is necessary to build up a strong modernized national defense army, and responsible officers should give an all-out and correct understanding of the American army to every soldier of the PLA" (Spence, 558).

The Soviet Union, with caution, began making large numbers of MiG-15 jet fighters available to China in 1951, along with a small number of light jet bombers. However, the Soviet Union did not provide China with any medium or heavy long range jet bombers that might have been able to strike more distant targets. This is due to the fact that the Soviets were avoiding giving China any chance to escalate the war (Spence, 560). From 1954 onward, China focused on building up a network of airfields along the coast near Taiwan, and it seemed clear that the purpose was to speed up the recapture of the island under its rule and to defend itself against any attack. On the other hand, China's navy was not given a lot of attention. It focused its energies only on "acquiring and manning fast coastal patrol vessels, the main goals presumably being to interdict commands squads from Taiwan that were still active on China's eastern coast, or to prevent the smuggling and the illegal escape of defectors" (Spence, 561).

Soviet influence persisted, with the PLA adopting many of the characteristics of a conventional army, until the Sino-Soviet relationship began to deteriorate in the late 1950s. At that time, Mao and his followers prepared for the 'great leap forward'. They decided to purge the PLA in order to make it an instrument of radical political change (De Lee, 112). The PLA remained an effective military force and proved itself by suppressing a revolt in Tibet in 1959, and going into a series of border clashes with India in 1962. Thus, the PLA continued to consolidate its political position in the 1960s.

In 1969, the PLA engaged in a number of serious border clashes with Soviet forces, particularly along the frontier of Sinkiang and along the Ussuri river (Dee Lee, 112). It was not until 1971 that the political position of the PLA was seriously undermined by the mysterious death of Lin Piao, Mao's apparent political heir. After 1971, the PLA gradually lost ground for a few years (De Lee, 112). However, in 1976, the PLA began a political resurgence. This was clearly illustrated when the army supported Hua Kuo-fing who had been appointed Mao's deputy in May during the internal turmoil and the rise of the

Gang of Four who attempted to seize power. The PLA suppressed disorders in Shanghai and rural areas in the South by radical sympathizers. In 1977, the PLA under Deng Xiaoping was prepared to modernize and to acquire weapons and armaments plants from foreign sources to improve firepower and mobility (De Lee, 112-113).

Washington's decision to pursue rapprochement with the People's Republic of China was not motivated by a desire to restore some balance to the global distribution of military power and to contain the Soviet Union. Defense strategists were convinced that the military assets of the PRC would contribute significantly to the deterrent posture of the West. According to Gregor, "those who advocated US-PRC rapprochement in the 1970s held out the assurance that such a connection would improve the strategic position of the anti-Soviet powers" (Gregor, 19). As a result, efforts were made to increase the flow of weapon systems and dual-purpose (i.e. military/civilian) technology. "As early as July 1978, Washington made available \$28 million worth of underwater survey equipment that had potential military application in the detection of submarines" (Gregor, 19). The US intention to enter into a military relationship with Communist China was clearly illustrated in 1980, when Secretary of

Defense [Harold Brown visited Beijing. At that time, the US announced its decision to sell the PRC [non-lethal military support equipment (transport aircraft, helicopters, Communications and radar gear)" (Gregor, 19). In response to these clear overtures, Beijing increased its demand for military-related and dual-purpose technology. Between 1982 and 1984 China's demand for dual-use items rose from 2,355 to 8,869; "the dual purpose, high technology items sold to the PRC rose in value from \$350 million in 1982 to about \$3 billion in 1984" (Gregor, 20). Also, the US offered to train PRC fighter pilots at US installations in the use of the new electronic aids. Moreover, PRC and US naval vessels engaged in a "passing exercise" off Hong Kong in early 1986 (Gregor, 20). By the mid-1980s, the political leadership of the United States

had accepted the argument that the PRC was a critical security asset: not only to restore the balance of power but also because it might become a major factor in containing Soviet initiatives and expansionism in the region (Gregor, 20). [Example of arms transfer to China in 1989 is in table 3].

Table 3: Arms Transfer to China in 1989

Supplier	No. ordered	Weapon Description	Year Delivered	No. Delivered
Canada	2	Trpt aircraft	1988-89	2
France	8	Helicopter	1988-89	8
	96	Anti Tank Missile	1988-89	96
USA	6	Helicopter	Deliveries suspended in June 1989	
	4	Tracking Radar	1988	2

Source: SIPRI Year book 1990: World Armaments and Disarmament (Stockholm International Peace Research Institute) Oxford University Press, 1990: p. 257

Because of this strategic triangular diplomacy [China was able to build up and modernize its weapons and army which in turn helped the PRC to achieve its goals and its objectives. As the Chinese military grew in strength, and Beijing abandoned its acute anti-Sovietism, China may well begin to open up a new, more balanced phase in its efforts to deal with the two superpower and with its neighbors in the region. It was also clear that Sino-American relations were no longer as crucial as they were to a calculation of Chinese defense policy. Moreover, the improvement in Sino-Soviet relations has helped in reducing the focus on the United States. "With the reduction in Chinese concern over the Soviet threat, and a more balanced view of the continuing United States threat, new possibilities have opened up for Chinese foreign policy. This new flexibility derives in part from more realistic threat

assessments, and in part from a real sense that China's military power has increased" (Segal 1984, XX).

China's military inventory, in 1986-1987, can be summarized as follow:

"The PLA includes all Communist Chinese arms and services-strategic, ground, naval, and air defense. In sheer numbers, it is the largest military organization in the world. It has the world's largest infantry force, the world's third-largest air and naval forces, and perhaps the world's third-largest nuclear strategic capability. Some 3 million men are currently under arms, distributed over seven military regions in air, naval, and both Main force and Local Force ground units" (Gregor, 21).

In addition, the naval and nuclear forces have made impressive gains lately. "The navy has been concentrating upon modern electronic war and with an increasingly maritime capability. The nuclear forces are moving into modern intercontinental ballistic missile (ICBM) technology including an apparent multiple independence re-entry vehicle (MIRV) capability, and the testing of a submarine launched ballistic missile (SLBM) portends a more modern and secure second strike force" (Segal 1984, XVI). It is obvious that spending in these two areas is likely to continue and both suggest an increasingly global role for the Chinese military.

According to *The Military Balance* 1993/1994, China's military is growing fast. It reports that, "The navy has commissioned its sixth improved *Ming*-class submarine, its first *Luhu*-class destroyer, the second *Jiangwei*-class GW frigate which also embarks a helicopter.....There is no doubt that China is planning to buy both weapons and weapons-technology from Russia. Reports include: procurement of a total of 72 SU-27 fighters; the manufacture under licence of 300 MiG-31 interceptors; and orders for -10 SAM for which an anti ballistic missile capability is claimed. There have been numerous allusions to Chinese ambitions to acquire an aircraft carrier: the *Varyag* still under construction in the Ukraine is often mentioned....." (*The Military Balance* 1993/94, 148).

Furthermore, citing *The Military Balance* 1995/1996, "the Chinese Navy has commissioned over more *Ming*-class and its first *Kilo*-class submarines; a second *Kilo* is due to be delivered by the end of 1995....The fourth *Jiangwei*-class frigate, three more *Houxin*-class missile craft and two more *Yukan*-class....China has bought 15 *Ilyshin* 76M transport aircraft from Uzbekistan, and China and Pakistan are jointly developing the FC-1 Combat aircraft which is planned to have a capability similar to the US F-16. There is growing evidence that the Chinese Navy is now its paramount service" (*The Military Balance* 1995/1996, 171). [See Table 4 for update figures]

Table 4: China's Military and Nuclear Weapons Development

	1991/92	1992/93	1993/94	1994/95	1995/96
ICBM	8	8	14	14	17
Submarine	1	1	1	1	1
Army	2,300,000	2,300,000	2,300,000	2,200,000	2,200,000
MBT	7,500-8,000	7,500-8000	7,500-8,000	7,500-8,000	7,500-8,000
Navy					
Submarine	94	46	47	50	52
Combat Vessels	N/A	N/A	N/A	975	N/A
Air Force	470,000	470,000	470,000	470,000	470,000

Source: *The Military Balance* 1991/92 (p. 150), 1992/93 (p. 145), 1993/1994 (p. 152), 1994/1995 (p. 170), 1995/1996 (p. 176). Published by Oxford University Press for the International Institute for Strategic Studies.

It is obvious that China is not on a military par with the superpowers, nor is it likely to catch up in even the medium term especially since the superpowers will not wait until China is able to close the gap. But "the PLA does seem to be at least second rate in military power and this power is increasing more steadily than many had previously thought" (Segal 1984, XVI).

We can not analyze the transformation of China's military power and its nuclear capabilities without discussing China's nuclear weapons strategy and its perspective on deterrence. There is an often quoted Chinese officer, Senior Colonel Pan Zhenqiang, who described what we may call the "ant Hill" theory of Chinese defense doctrine. This Chinese officer said that the Americans could best understand China and its security posture through "the analogy of a big, busy ant colony. The colony is somewhat isolated, tribal, mistrusting of outsiders, and keeps to itself. The colony sends out a few workers to get what it can from the outside, but, left to its own devices, the colony stays essentially isolated. He argued that it is only when other countries venture near to or kick the ant hill that they are in trouble" (Wortzel, 160). It is obvious that, this simplistic description of the Chinese security posture is basically in accord with the thesis suggesting that China is not expansionist or aggressive but is only very conscious of maintaining clear buffer zones in order to secure its interests. The best example that illustrates this point is China's entrance into the Korean War. One of the hidden reasons was to keep Korea as a buffer zone against hostile states who would attack China. Thus, "China's goal is often not so much dominance or conquest but freedom of action and influence through coercive presence in its foreign relations" (Wortzel, 160).

In order to understand China's nuclear weapons strategy, it is important to analyze its nuclear weapons development. According to Lin, China's nuclear weapons development consists of three periods. The first period is the Maoist predetonation period from 1949 to 1964. The second period is the Maoist post detonation period from 1964 to 1976, and the third is the post Mao period from 1976 to the present. Each period may be distinguished by the varying source and degree of foreign threat in each one and by particular features of China's nuclear weapons developments (Lin, 37). In the Maoist predetonation period, China perceived the United States as the enemy that threatened nuclear attacks during the Korea war, 1950-1953, and the second Taiwan Straits crisis in 1958.

Therefore, China entered the Korean war in order to secure itself. Domestically, China was unstable as it faced war against Japan (1937-1945), the Civil war (1945-1949), Korean war was largely followed by the Great Leap Forward (1958-1959). Meanwhile, the Soviet Union become a major ally, providing Beijing with economic and technological assistance that helped to initiate China's "embryonic" nuclear weapons industry (Lin, 40). On May 26, 1956, the Party's Central Military Commission created a missile research and development organization, the Defense Ministry's Fifth Academy. The Chinese leadership understood that only long-range ballistic missiles could strike targets within the United States, Beijing's enemy and a nation that had repeatedly threatened China with nuclear attack. As a result, the commission assigned the academy the task of building these missiles. Having little knowledge about missile technology, the Chinese turned to the Soviets for help (Lewis, 7). However, in June 1959, Moscow began withdrawing its aid, and by August 1960s all Soviet scientific and technological personnel had been called back. Meanwhile, China proceeded in nuclear weapons research under dire conditions. Five years later, on October 16, 1964, China detonated its first nuclear device (Lin, 40).

The second period, the Maoist post detonation period from 1964 to 1976 continued with a series of nuclear weapons breakthroughs, including the 1966 medium-range ballistic missile (MRBM), and the 1967 hydrogen bomb test. During that period of time, there was a shift in China's foreign policy toward the Soviet Union and the United States. China started to decrease its dependence on the Soviet Union as it felt that the Soviet Union did not support China under the 1950 treaty and had left the Chinese to face the UN forces alone in Korea. Also, in 1969, there was a clash between the Soviet Union and the Chinese over border issues. Domestically, China at that time faced the disastrous impact of the Cultural Revolution. Thus, after a 1969, Sino-Soviet border clash, Mao and his colleagues looked to the United States as a potential

strategic counterweight against the Soviet Union and initiated the slow Sino-American rapprochement (Lin, 40).

The post-Mao period, from 1976 to 1989-90, has seen China engaged in modernization, the open door policy, and diversification of nuclear weapons. Also, domestic stability and growth have accompanied an active and outgoing foreign policy. During this period, China sided more closely with the United States, while perceiving the Soviet Union as the major threat. Concerning its nuclear weapons development, China has made steady and speedy progress especially regarding the diversification and expansion of the force spectrum, such as the 1980 ICBM (Intercontinental ballistic missile) test, and the 1982 SLBM (Submarine launched ballistic missile) test (Lin, 40). During that period, China used its economic modernization to further develop its nuclear weapons capabilities in order to secure itself from any threat. Moreover, China started to develop its naval power too. In 1981, China had the world's third largest navy. Its capabilities at that time, however, were relatively low. Today, China's navy still ranks the third in the world in overall size; "its basic capabilities have improved significantly as its destroyers are equipped with reasonably sophisticated and effective surface to surface missiles (SSMs). In addition, the Chinese have managed to reverse engineer the French Exocet missiles and have equipped both submarines and surface combatants to fire them. More importantly, Chinese frigates and destroyers are now equipped with surface to air missiles (SAMs), giving them protection against air and missile attacks at sea" (Wortzel, 163).

It is obvious that China is shifting its nuclear policy from coastal defense to active defense, which signifies that China no longer defending itself within its borders, but it is ready to use its naval power to defend itself from without. Why has this shift in China's nuclear strategy occurred? It is argued that this shift relates to the build-up of Soviet naval power in Asia, and also relates to Chinese concerns over the expansion of Japan's naval power capabilities. This

shift of strategy indicates that there is a change in thinking that reflects China's move to become a maritime power. "In its post Mao emergence into the world, China increasingly believes it is longer possesses a central strategic position (continental) but, instead, sees its interests as more global (maritime)" (Wortzel, 160). This change is clearly illustrated by China's moves in the South China Sea where it has many conflicts with its neighbors over the control of the Paracel and the Spratly's islands. Also, trade plays a crucial role in such a changing of interests. According to Wortzel, "a maritime state is one whose interests center on overseas trade, with major economic interests centered on the import or export of goods through Oceanic routes" (Wortzel, 159). China began to alter its strategy from continental to maritime since the late 1970s when it opened up for a major trade relationship with the United States. Therefore, we can not ignore the fact that China's capabilities and potential as a maritime power is to protect trade routes, lines of communication and interests in a multidimensional sense. Also, as stated before, China is concerned about Japan's naval power and the potential for further expansion by Japan in the event of an American withdrawal from the region. Furthermore, China is keeping an eye on India, that has already pushed its fleet into the South China Sea, that can cause a potential threat to China's ability to trade (Wortzel, 159-162). Therefore, China's nuclear development is changing in accordance with the rise of any potential threat to its security and its economic modernization.

The history of China's ballistic missile programs demonstrates its potential and its determination to be a global power. In the Chinese psyche, these programs are linked both to independence and defense and to the ability to enter the international system as an equal power. In such matters, Mao Tse-tung always spoke about their inherent contradictions, their "potential for destruction and construction", as he put it. "The Chinese have spoken out for construction on terms to be negotiated, not imposed" (Lewis, 40). That, in the final analysis, is "the message of their profound commitment to high

technology for both defense and civilian modernization" (Lewis, 40). Part of China's nuclear weapons development, is the ability to build tactical ballistic missiles (TBMs). Despite its early ability to build TBMs, The People's Republic of China did not seriously consider doing so until the mid 1980s. The major strategic objective was to deter the two nuclear superpowers, principally the United States and the Soviet Union. Also, according to Lewis, "conventional TBMs were not judged cost-effective for battle field use. It was not until 1984, when the Chinese became aware of the potential market in the Third world, that they began developing TBMs for export. At the same time, the high command raised its assessment of battlefield TBMs as a supplement to the PLA's in adequate strike aircraft" (Lewis, 6).

With the increased build-up in nuclear capabilities, what motivates China's nuclear weapons strategy? It has long been observed that Beijing has been deliberately ambiguous about the precise objectives of its nuclear weapons. From China's perspective, they declare that their motives are: self-defense, total disarmament, and breaking the superpowers' nuclear weapons monopoly (Lin, 105). In other words, in China's public stance regarding nuclear weapons, according to Lin, three core tenets have persisted over two decades. The first is a no first-use pledge. After its first nuclear detonation China stated that it will never at any time and under any circumstances be the first to use nuclear weapons. This "no first-use pledge" would appear repeatedly in Beijing's official statements through at least the mid-1980s. The second tenet for acquiring nuclear weapons is for defensive purposes, also essentially unchanged for over two decades. China states that the development of nuclear weapons is purely for the purpose of self-defense. Self-defense is defined as "protecting the Chinese people from any attack by any foreign country" (Lin, 41). The third tenet is that in developing nuclear weapons, China's goal is "to completely ban and thoroughly destroy nuclear weapons by breaking the

nuclear monopoly of the prior nuclear powers in order to achieve total disarmament" (Lin, 41).

Prior to 1985, Chinese leaders promoted such popular slogans as "be prepared against war, be prepared for an early strike, a major strike and a nuclear strike", which shaped the fundamental policies that affected political, economic, social and even personal life in China" (Chu, 177). However, in 1985, Chinese leaders abandoned the perception of an imminent world war and adopted a new strategic outlook that was spelled out in the report, "Strategic Changes to the Guiding Thoughts on National Defense Construction and Army Building", given by CMC (Center Military Committee), chaired by Deng Xiaoping at the England Conference of the CMC in May/June 1985. This conference set a totally new strategic outlook for China's security planning. Although Chinese leaders abandoned the 'inevitable and imminent world war perception', they have never stated that a war is totally outside the realm of possibility. "Indeed, their steady view of the rapidly changing international system is rather pessimistic compared with that of other state leaders. While welcoming the end of the Cold War, the Chinese leaders do not interpret this development to mean that the world will become more peaceful. Iraq's invasion of Kuwait and the Gulf War are cited as evidence supporting this belief. In fact the leadership believes that the post Mao cold war period may be even less stable than the preceding era" (Chu, 178).

The end of the Cold War has undoubtedly been beneficial to China's national security. For the first time in the history of the People's Republic of China, Beijing does not face an identifiable and pressuring external threat. According to David Shambaugh, Chinese analysts recognize that China's global strategic importance has been substantially reduced by the collapse of the strategic triangle and frictions in Sino-American relations (Shambaugh, 48). However, despite China's growing confidence and more peaceful regional environment, defense planners see potential conflicts with Japan, Taiwan, the

ASEAN states (Association of South East Asian Nations), and India. As it was mentioned above, China looks warily at Japanese military capabilities, especially naval projection, and the fact that the United States forces may withdraw completely from the area of threat. China also keeps an eye on Taiwan. It remains most concerned about the island's potential to claim independence, and has devised contingencies to blockade the island in such an event. China has threatened several times that it will attack Taiwan if it claims independence from the motherland or continues to seek international recognition (Shambaugh, 48).

Potential conflict with the ASEAN states also exists over the disputed Paracel and Spratly islands in the South China Sea. As for its South western neighbor India, the possibility of the rekindling of hostilities remains imminent. Despite a thaw in diplomatic relations, the two nations continue to have territorial disputes and there exists a deep legacy of mistrust between them. China also perceives an Indian drive for regional dominance in South Asia and naval dominance of the Indian Ocean. In an attempt eventually to counter this, "Chinese engineers are upgrading several Burmese naval bases on the Bay of Bengal and Andaman Sea, which will presumably provide their aspirant blue water navy with basing and landing rights" (Shambaugh, 49). According to Kristof, "one of China's most puzzling forays abroad is its apparent deal with Burma to develop two islands in the Indian Ocean as observation posts -- and perhaps eventually as some kind of naval base. China has traditional interests in the Indian Ocean, but in 1985 it sent the navy on a cruise through the area, with port calls in Pakistan, Sri Lanka and Bangladesh. If China really is trying to acquire a naval base in Burma, it would be a major stride toward a blue water navy, and a significant concern for other countries in the region" (Kristof, 67).

From the above discussion, we can conclude that China's nuclear threat assessment is regularly changing in response to the changing nature of the international system. China has reason to be concerned with three potential

nuclear threats. The first is from the Soviet Union in the past, or Russia today. Russia poses the most varied types of threat, ranging from a direct clash along their border, to an indirect confrontation, perhaps involving such Soviet allies as Vietnam (Segal 1984, 98). Indeed the relationship between China and Russia since the breakup of the Soviet Union has been rather close. There are economic, diplomatic, and more importantly, military ties between these two former rivals in the Asia-Pacific region. However, in the long run, some Chinese analysts point out that Russia could become very influential, and an economically and militarily powerful Russia could once again pose a threat to China's national security (Li, 335). Moreover, the new uncertainties in Central Asia and East Asia give cause for concern in Beijing. One of the implications of the collapse of the Soviet Union is that China found itself with three new bordering states in Central Asia and had to improvise a new policy. This is important because the geographic area occupied by the former Soviet Union is viewed by Beijing to be the most uncertain and potentially unstable region in the world (Glaser, 254). Moreover, the Chinese are increasingly concerned about the potential nuclear capabilities of certain Islamic states in Central Asia such as Kazakhstan (Glaser, 255).

The other superpower, namely the United States, poses less direct, but no less important potential threats to Chinese interests. Indeed, It was precisely such indirect US threats in the 1950s and 1960s regarding Korea, and especially Taiwan, that probably encouraged China to seek its own nuclear forces. Even after the normalization of ties between China and the United States, real disputes continue to exist as they have a unique kind of relationship (Segal 1984, 98). China still considers the United States as a potential threat especially that, in the Chinese mind, the US keeps on using the issue of Taiwan and the question of Human Rights as a tool against China's rising power.

The third potential threat is from India. According to Segal, India is obviously "far less imminent, if only because of India's low key and uncertain nuclear future" (Segal 1984, 99). The potential for other regional nuclear forces, especially Pakistan and Japan could make it clear to China that it could soon be a part of a very complex Asian nuclear balance of power. Thus, as Wortzel comments, China is not playing "wholeheartedly in the New World Order, nor it is posturing itself for an order of multilevel interdependence." Instead, it seems "locked in pre-Cold War modes of quasi-imperial competition of regional hegemony. China seems to be patiently embarked on a new Long March to become the first among roughly equal great powers that can enjoy freedom of action through a strong military presence and posture in a neo-imperial manner" (Wortzel, 157).

In analyzing China's nuclear weapons strategy, it is important to analyze the doctrine of China's new strategy, "people's war under modern conditions". The idea behind the strategy is called "active defense" for the future anti-aggression war. The active defense strategy, as Chu explains it, envisions three kinds of war in which China might be involved: a world war, a large scale war of aggression against China by a foreign country, and limited war or border conflict. The kind of war judged most likely to occur in this century is the third, a major conflict or limited war along China's border, especially as China has border disputes with almost all of its neighbors (Chu, 186).

On the other hand, Beijing says that its main goal is to keep a "safe and stable environment for China's economic growth and reform; but the PLA still seems to have been changed with methodically building itself to be the strongest in the region" (Wortzel, 174). When asked to define what the 'suitable international environment' means to China, Foreign Minister Qian Qichen replied:

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"After the end of the bilateral world system, world war is less possible to occur; the Asia-Pacific region is comparatively stable; East Asia has become the most dynamic region of the world economy; Chinese relations with its neighboring countries continue to develop as well as its relations with other third world countries; more and more nations in the world have come to see that a more stable China is good for world peace and development; developed western countries are in recession, they can't ignore China's market" (Chu, 179).

Therefore, as General Zhang Xusan argued, China's national defense environment had changed fundamentally. As a world war and massive aggression against China were no longer serious problems facing the country, China needs a new strategy to deal with the new reality. He argued for restructuring the Chinese armed forces, changing the imbalance between ground, naval and air forces and the branches within each. According to Zhang, "troops trained in rapid response to regional conflict and capable of defending, air and sea in distant areas should be stressed. Thus, the order of military priorities for China's strategy should be changed from ground, naval, and air forces to naval, air and ground forces" (Chu, 187).

This change is obvious in China's policy. In 1992, it purchased 26 SU-27 fighter jets from Russia, and bought SA-10s -- a missile similar to the American patriot, but perhaps not as sophisticated -- from Moscow. Also, China negotiated for the purchase of up to 79 MIG-31 fighters which would be built in China's Guizhou province in a cooperative arrangement with Moscow. Moreover, China has acquired air refueling technology from Pakistan and Iran, and is working on training pilots and crew so that by the year 2000 the air force may have a significant fleet of fighter planes that can be refueled. In addition, China wants to have an aircraft carrier (Kristof, 66). According to Kristof, "the aircraft carrier may reflect China's aspiration to develop a blue-water navy of ocean going vessels, rather than just coastal ships" (Kristof, 66).

Why is China developing its nuclear defense capabilities while it seeks to create a suitable environment for its economic modernization? The answer to this question is that China shares the belief that avoidance of war is best

achieved by preparation of war. For example, in 1982, a Chinese statement declared, "peace can not be gained by prayer, and war can not be avoided by concessions" (Segal 1984, 102). This lesson of 'peace through strength' was learned not only in terms of East-West confrontation but also in terms of reliance on someone else's power for China's security. As is well known, China's bitter experience with the Sino-Soviet defense alliance was perhaps the prime motive in Beijing's search for its own nuclear capability (Segal 1984, 102). Thus, for Beijing, peace must be kept through strength and pre-eminently self-reliant strength. Moreover, as was mentioned above, China has been purchasing weapons from Russia, Israel, and other countries to upgrade its air and naval power (Li, 337). From China's perspective, there are a legitimate reasons for this arms build-up. The first reason is that the modernization of the armed forces is a major part of Beijing's four modernizations program. The second is that China argues that the amount of money spent on defense is not really that large, given the size of the country and its military establishment. The third is that China is entitled to have a modern army commensurate with its rising great power status. Finally, China needs to protect itself against potential threats to its national security and possible foreign intervention in its internal affairs (Li, 337).

This arms build up and the change in China's nuclear strategy has led to the rise of an arms race in Asia. Unlike Europe, Chinese analysts have pointed out, the arms race in the Asia-Pacific region has continued to grow since the end of the Cold War. Many countries such as Taiwan, India, and some ASEAN countries have spent large sums on developing their air and naval forces. Thus, we can conclude that the Asia arms build-up has become a classical example of the Security Dilemma. Furthermore, the Chinese continue to declare that at no time would the country be the first to use, or threaten to use, nuclear weapons. In keeping this policy, China has signed and ratified the relevant Additional Protocols of the Treaty for the Proliferation of Nuclear Weapons in Latin

America and the South Pacific Nuclear free zone treaty. Also, China declares that it is willing to work together with the international community to completely eliminate nuclear weapons (Xiaojin, 39).

China's position on its own strategic arms reductions has been far more cautious and had reflected China's ambition to become a major power equal at least to Russia. Responding to the reciprocal unilateral strategic arms cuts announced by Moscow and Washington in 1991 and in 1992, China reiterated its approval of the goal of a "complete prohibition and thorough destruction" of such arms, but has now declared that only when Russia and the United States cut their nuclear arsenal to China's level would China join the process of nuclear disarmament (Lewis, 39). Moreover, the proliferation of weapons, especially nuclear weapons, is seen by Chinese leaders and defense planners as a threat to China's security. "Many neighboring states, according to Chinese analysts, now possess or will soon possess the technology to produce nuclear weapons. Japan has the technology, Taiwan is not far behind Japan, India has medium-range missiles, and North and South Korea are in a position to produce them. China is therefor, not the only Asia-Pacific state to increase its military spending. Chinese leaders claim that they have no intention of settling any international disputes by force, and that they will not use nuclear weapons first under any circumstances" (Li, 337).

In the last decade, China had increasingly seen political and security benefits from participating in multilateral nuclear arms control negotiations. China pledged in 1986 to abide by the Limited Test Ban Treaty prohibiting atmospheric nuclear tests, and it joined the NPT in 1992. Also, in 1993, China agreed to sign the Comprehensive Test Ban Treaty (CTBT) no later than 1996 (Garrett, 47). The question that should be asked now is why did China finally join the treaty? Generally speaking, by signing the NPT China will gain more legitimacy and status as a great power. A number of possible motivations have

been suggested in an excerpt of Zachary Davis' article *China's Non Proliferation and Export Control Policies*:

"First, China hoped to deflect criticism of its nuclear export policy, especially in the aftermath of Tiananmen. In signing the NPT, China committed to few, if any, new constraints on its policy or behavior, but it muted criticism in Western industrialized countries that Beijing was leading a Third World revolt against the non-proliferation regime.

Second, signing the NPT was a step toward securing normal MFN trade status from the United States, as it removed the possibility that MFN could be denied if Congress were to link MFN with NPT membership. In trying to promote a constructive bilateral relationship, President Bush cited China's accession to the treaty and its increased support for global nonproliferation efforts when he recommended normal trade tariffs for China in June 1992 and vetoed legislation to tie conditions to MFN status in September 1992.

Third, NPT membership would secure China's ability to purchase nuclear goods and services, particularly from France and other countries increasingly unwilling to sell nuclear technology to non-NPT states. The loosening of some US. controls on sensitive exports to China and new reactor deals with France, Canada, Japan, Russia, and South Korea in 1994 seem to confirm the utility of Beijing's signing the NPT.

Fourth, without NPT membership, China would remain the only acknowledged weapon state not to be a party to the treaty, and would continue to share non-NPT status with threshold nuclear states such as India, Pakistan, and Israel. Not only had this association equated China with lesser powers in a general sense, it linked Beijing with arch rival New Delhi as the main critics of the treaty. With world interest in nonproliferation growing and the prospect of observing the 25 year NPT Review and Extension Conference in 1995 with the same status as India was probably distasteful. Beijing found the marginal rewards of joining the NPT as a nuclear-weapon state preferable to continued isolation.

Fifth, China accepted the rationale that nuclear proliferation could threaten its interests and that the NPT could contribute to China's security" (Davis, 593).

What about the unsaid objectives and motives behind China's growing nuclear army? It was argued by China watchers that there are at least four unsaid international objectives behind China's growing power. According to Lin, these four motives are: national self-esteem, security, global influence, and regional preeminence.

The first objective is national self-esteem. International prestige is a commonly recognized objective for a country to acquire nuclear weapons. China's case is different as "it strove to procure atom bombs largely as a reaction against the shameful semicolonial past" (Lin, 105). Also, "China shares the sense of wounded pride, the annoyance of a giant that has been battered and cheated by the rest of the world. Beginning with its defeat in the Opium war 150 years ago, China lost chunks of territory to its neighbors, it has never enjoyed the international respect that it craves. Yet now it is undergoing an industrial revolution and arms build-up that will allow it to avenge these wrongs" (Kristof, 72). Even the desire for restoration of lost national pride was clear in Mao's speech delivered on April 25, 1956, eight years before the detonation of its first nuclear weapon in October 1964. He said "in the present world we have got to have this stuff so that we won't be bullied by others" (Lin, 105). Thus, since that time, China's nuclear weapons strategy is still keeping the goal listed on the top of their agenda.

The second unstated objective for China to acquire nuclear weapons is security. China, as any other country, acquires nuclear weapons in order to maintain its national security and to assure its national survival. China is considered to be paranoid about hostile neighbors who want to attack her land. With border conflicts with almost all of its neighbors, it is understandable for Chinese leaders to develop nuclear weapons in order to protect their national security. However, China's security objective case requires certain qualifications that should be taken into consideration while analyzing this issue. According to Lin, first of all, although security is of vital importance to Beijing, it did not seem to be China's strongest motive for acquiring nuclear weapons. The reason behind this is that "developing nuclear weapons would always entail the risk of provoking a nuclear armed enemy into launching a pre-emptive strike. Going nuclear might therefore prove to be self-defeating which will increase the danger that threaten China's security" (Lin, 107). Second, in

analyzing China's security writings, there is a great difference between the term defense and deterrence in Chinese thought. As contrasted to the West, "the term defense contained in China's declaratory nuclear doctrine embraces deterrence; which relies on the threat of retaliating with offensive, not defensive, weapons" (Lin, 107). Third, China's security objective had an economic dimension with growing significance during the ongoing military modernization. "The development of China's nuclear weapons appeared to be cheaper with its economic modernization as it would be only natural that a skillfully designed nuclear force would fulfill China's security requirement without excessive reliance on foreign technology transfer" (Lin, 107).

The third unsaid motive is that China's nuclear strategy is global influence. By acquiring nuclear weapons, China has increased its global influence, thereby enhancing its national interests in various ways. For example, "ideologically, nuclear weapons bought radical Maoist China prestige among the Third World nations and provided psychological support for their revolution in the 1960s and early 1970s" (Lin, 108). Also, nuclear weapons have increased China's bargaining power in international negotiation as it shifted the nature of the bipolar world to its own advantage. Therefore, with its nuclear power the world has become more safe for Beijing, as a result of which, its global influence will increase and enable it to play a more crucial role in the international system.

The fourth hidden objective is regional preeminence. China wants to raise its status as a regional power in Asia, in addition to its global influence. In one respect, China's geopolitical importance, enhanced by nuclear weapons, was felt and respected by other Asian powers such as Japan. In another respect, it was feared especially by China's neighbors to the South that have limited nuclear arms (Lin, 108). Therefore, nuclear weapons would have given the People's Republic of China the confidence to assert a degree of hegemony in Asia. By reducing its nuclear weapons arsenal, China will lose part of its

confidence in the region. On the other hand, Beijing has not been observed to engage in "nuclear blackmail" -- threatening its non-nuclear neighbors with nuclear weapons" (Lin, 108). Moreover, a modernized China in need of a peaceful environment would be even less inclined toward nuclear blackmail. Also, as Lin comments, "still China's assertion of its regional preeminence need not to be overt and a quiet possession of nuclear weapons could still enhance that objective" (Lin, 108). Therefore, China is using its nuclear capabilities and its nuclear strategy as a way to achieve its goal and be a regional power in the Asia-Pacific region.

Finally, it is essential to emphasize that China sees these nuclear weapons as essentially for deterrence. But definitions of deterrence are almost as abundant as the weapons themselves. What all the definitions share is a belief that deterrence "is the prevention of an action by making clear that its costs will outweigh its benefits" (Segal 1984, 104). The most deeply rooted analysis in strategic studies literature is the concept of deterrence "as based on a threat of punishment or deterrence by denial" (Segal 1984, 104). Thus, deterrence manifests itself into two manners. The first one is deterrence by punishment, the second one is deterrence by denial. The distinction between them lies in the nature of the threat. For deterrence by punishment, the threat is that the enemy will suffer unacceptable levels of damage and pain, a higher price than the achieved objective of aggression is worth. For deterrence by denial, in contrast, the threat is that the enemy will be frustrated in his effort and denied the achievements of his objectives. In other words, "deterrence by denial aims to dissuade an opponent from attacking by convincing him that he will be frustrated in his efforts to achieve, through the attack, his goal. Deterrence by denial is basically a counter-force" (Lin, 115).

China's nuclear strategy changes in response to changes in the international system while keeping its main objectives and motives constant. Also, in analyzing its nuclear strategy it is important to understand the fact that

China is a continental power fearful of hostile neighbors. It believes that only nuclear weapons will secure its national interests. Moreover, by acquiring nuclear weapons China will play a more crucial role in international system as it gives it more leverage and more bargaining power between superpowers.

Thus, in the final analysis, we can conclude that China is using its nuclear weapons capabilities as a tool to defend itself, gain more power, and regain its self-esteem. As Garrett comments, "there is widespread support in China for the view that development of strong military capability, including substantial nuclear forces, will enhance China's comprehensive national strength, thus enabling Beijing to assume its rightful place as a great power" (Garrett, 48).

Chapter Three

The Taiwan Question

Having discussed the changing internal and external environments and their ramifications on Chinese policy, I will now begin to analyze a situation in which China may be tempted to project its power beyond its borders. The status of Taiwan has been a point of controversy in Chinese foreign policy since the KMT led to the island in 1949.

China's Civil war did not end with the establishment of the People's Republic of China (PRC) in October of 1949. After the defeat of the KMT by the Chinese Communist Party (CCP), the Nationalists relocated the government of the Republic of China (ROC) on Taiwan, claiming to be the sole legal government of China and challenging the Communist regime in Beijing. Therefore, to capture Taiwan and destroy the KMT regime became one of the most important goals of Chinese leaders (Chang, 133). For the Chinese, Hong Kong, Macao, and Taiwan are Chinese territories and must be reunited with the Motherland. The British will return Hong Kong in 1997 and the Portugal will return Macao in 1999. Thus, Taiwan is the remaining territory separated from mainland China (Chang, 128). The policy of seeking return of these territories is a major element in China's foreign policy.

In his speech, of January 16, 1980, Chinese leader Deng Xiaoping discussed the three major tasks for China's policy in the 1980s. These three tasks were: the containment of hegemony, the reunification of China, and economic modernization. According to Deng:

We must work for the return of Taiwan to the motherland, for China's reunification. We will endeavor to attain this goal in the 1980s; it will be an ever-present and important issue on our agenda, though there may be twists and turns in the course of its development" (Selected Works of Deng, 225).

However, the Taiwan question is more complicated than that of Hong Kong and Macao. There are several reasons for this complexity. Some of these are: the interference of the United States and its unclear role; the democratization of Taiwan; the economic importance of Taiwan; and the difference in society and culture between the mainland Chinese and the Taiwanese. China threatened several times to use force against Taiwan, in the event that the latter gets international recognition or seeks independence from the mainland. In order to understand this question and analyze its effect on China's foreign policy it is important to examine the roots of the conflict as well as the external factors that affect the issue.

In the late nineteenth century, the Manchu dynasty and imperial Japan came into conflict over Taiwan which at that time was not operating as a significant independent force. The Sino-Japanese war of 1894-1895 ended with a settlement that changed Taiwan from Chinese to Japanese rule. After the end of World War II, the allied powers, led by the United States, agreed to return Taiwan to Chinese control especially after the defeat of Japan. Following that, Chiang Kai-shek and about 2 million other Chinese fled to Taiwan, where they established the seat of the Republic of China (Sutter, 281). Since that time, there has been a conflict between the Chinese Communist leaders and the Nationalists over which of them constitutes the legitimate government of China.

On June 25, 1950, communist North Korea invaded the South as the former sought to unify the two Koreas by force. This action pre-empted what the CCP might have done with regard to using force against Taiwan (Chang, 133). However, a complete change in the plan happened especially after the intervention of the US. Two days after the invasion, President Truman sent US troops to Korea to fight the invaders. Moreover, he "dispatched the Seventh Fleet to neutralize the Taiwan Strait -- This was a complete about face in US policy toward China -- The US action meant a renewed American intervention

in the civil war, causing an indefinite postponement of a communist liberation of Taiwan" (Chang, 133).

Between 1954 and 1958, Beijing tried to use force against Nationalist island outposts off the East China Coast. However, in 1955, the United States signed a Mutual Defense Treaty with Taiwan, committing itself to the defense of Taiwan against any communist invasion (Chang, 135). In 1958, China's second attempt to liberate Taiwan was launched. Beijing initiated a large-scale bombardment of Quemoy and Matsu - two nationalist outposts off the shore of Fujian province. However, the US intervened again as "the Seventh Fleet provided a convoy for the Nationalist ships supplying the offshore islands" (Chang, 134). Since 1958, China did not make another attempt to use force against the islands. However, the Communists and the Nationalists have continued to wage a propaganda war across the Taiwan Strait. According to Chang, "both sides have fought many diplomatic battles in various international arenas, competing for international recognition and membership in international organizations" (Chang, 134).

The US perception of its interests in the ROC completely changed in 1950 after the outbreak of the Korean War. In the 1930s, Washington hoped that the Republic of China would be able to unify China in order to counter Japanese hegemony and to protect US access to the Chinese market (Lasater, 240). With Truman's introduction of the Seventh Fleet into the Taiwan Strait, (during the Korean War), the US gave the ROC a chance to recover and then to prosper. As a result, for the next two decades, "Taiwan became an important link in the US strategy of containment in Asia. Taiwan served US strategic interests as a base from which to monitor, and, if need be, attack mainland China" (Lasater, 240). On the other hand, the ROC served the US politically and economically. Politically, the ROC served the US interest as it represented the sole legal government of China, in opposition to the Communist regime in

Beijing; economically as a model of a country effectively using American aid to build a market economy and to move toward democratization (Lasater, 240).

Despite breaking relations with the Republic of China (ROC) government in 1979, and acknowledging that the People's Republic of China is the sole legitimate government of all China, including Taiwan, the US Congress passed the Taiwan Relations Act (TRA) "planting itself squarely in an internal Chinese affair. [For the complete text of the TRA see appendix II] As a result of this and the accumulated legacy of American interference in the Chinese civil war, both sides are forced to deal with each other through the US government's various and often contradictory organs, as well as taking public opinion into account" (Gold, 304).

However, during the 1970s and much of the 1980s, the importance of Taiwan to US interests declined as Sino-Soviet relations deteriorated. As a result, the US found greater value in its strategic relations with mainland China, in order to counterweight the Soviet Union (Lasater, 240). Since the signing of the Shanghai Communiqué between president Nixon and Chou En Lai in 1972, and after the normalization of relations and the establishment of diplomatic relations between the US-PRC in 1979, Beijing has launched a series of peace offensives aimed at Taiwan's reunification with the mainland. According to Chang, "on 1 January 1979, Beijing announced a cease-fire in the Taiwan Strait; it abandoned the slogan "liberation of Taiwan" and proclaimed a policy of reunification" (Chang, 134). During the 1980s, Beijing's leaders offered to settle the issue of Taiwan with the Nationalists at the negotiation table. Yang Shangkun, PRC president and CCP politburo member called for the CCP and the KMT to negotiate "on the basis of equality."

According to Yang,

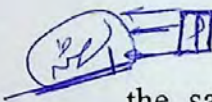
"To realize reunification we put forward the position of "one country, two systems", a position raised by Deng Xiaoping.... "One Country, two systems" means Taiwan will not be the same as the other provinces in

the mainland, but a special administrative region under the jurisdiction of one China. It will enjoy a higher degree of autonomy than the autonomous regions in the mainland and will be able to carry out a different social system from that of the mainland.... In addition, Taiwan can retain its armed forces. The mainland will not send any person to Taiwan to take part in governmental administration. However, we welcome Taiwan sending some personnel to the mainland to participate in the central government..... How to realize the goal of "one country, two systems", should be negotiated by the KMT and the CCP on an equal basis" (Chang, 134).

There are two reasons behind the refusal of Taiwan to accept China's proposals for negotiation on an equal basis. First, the Nationalist government still claims to be the sole government of China, of which Taiwan is only a province. Based on this belief, the Taiwan government justifies its authoritarian rule over the native Taiwanese, who comprise almost 85% of Taiwan's population (Chang, 135). "To accept Beijing's proposal for negotiation would by KMT's own standard, affirm the legitimacy of Beijing as China's rightful ruler and at the same time destroy its own main claim to power in Taiwan" (Chang, 134-5). Second, few among Taiwan's 20 million people desire reunification under the Communist government. The reason behind this is the fact that most people in Taiwan are doing well economically and socially in comparison to the Chinese in mainland China who are still under the Communist rule and still modernizing their economy. Additionally, the Taiwanese did not forget what happened to the students in the pro-democracy movement in June 1989. Therefore, the KMT adopted its policy of Three No's - "No contacts, no negotiation, no compromise" with the Communists (Chang, 135).

Beginning in the mid 1980s, illicit trade between Taiwan and the mainland grew and many residents visited the mainland. The Three No's policy quickly became untenable when, in 1986, a China Airlines pilot chose to defect with his aircraft to Guangzhou, forcing Taipei to deal with China directly in order to secure the aircraft's return with the crew (Cotton, 214). On the other

hand, Washington's interest in Taiwan increased, especially that the PRC expressed its willingness to improve relations with the Soviet Union, thus, reducing the strategic value of China to the United States. However, since the Reagan administration, Washington's made no major concessions over Taiwan, preserving US interests in both China and Taiwan through a "dual track" policy that "balanced friendly official ties with Beijing and friendly unofficial ties with Taipei" (Lasater, 240). Then, during the late 1980s and beginning of 1990s, changes in the international environment as well as internal developments in Taiwan further enhanced US interests in Taiwan (Lasater, 240).

 While the prospect of Taiwan's reunification with the mainland remains the same, Taiwan-mainland relations have changed significantly and continue to change. The trade, economic ties, communications and human interactions between the two have expanded enormously since the late 1980s, due to many factors including policy shifts in both Beijing and Taipei (Chang, 128). According to Jia, the change in the mainland Taiwan relationship can be seen in four ways. First, it seems that a kind of peaceful coexistence has replaced armed confrontation in the Strait and tension is low compared to previous times. China and Taiwan have stopped shelling each other, and both Xiamen and Jinmen (Quemoy), former targets of each other's artillery across the narrow strip of water, have become popular tourist sites (Jia, 278). Second, the increase in contacts between both sides has replaced mutual insulation and decreased the tension. Beijing's adoption of the policy of "Three Exchanges" (mail, trade, and air and shipping services) and the relaxation of tension made it possible for people on each side to renew contacts with family members and relatives on the other side (Jia, 278). Third, and most important, an emerging economic interaction is replacing economic separation. According to the Statistics released by the Hong Kong Census and statistics Department, "the value of transit trade between the mainland and Taiwan increased more than 74 times,

from US \$46.8 million in 1978 to \$3.48 billion in 1989. Despite the Tiananmen suppression, the value of transit trade across the strait in 1990 exceeded \$4 billion and in 1991 the trend continued with the trade reaching \$5.79 billion, 43.26% above the previous year. Following the trade boom, Taiwan investment began to pour into the mainland. By mid-1991, Beijing claimed that the number of Taiwan funded companies was nearing 3,000 and that agreed-upon investment amounted to around \$3 billion" (Jia, 279). According to Cotton, "the average per capita GDP now stands at US \$4,989, ranking Taiwan thirtieth among the countries of the world, and fourth in Asia (after Japan, Singapore and Hong Kong)" (Cotton, 213). Taiwan has developed a corresponding role in the world economy, being now the eleventh largest exporter. [This has not only generated openness to external influence but also had made it more difficult to exercise the old forms of social and political control (Cotton, 213). Thus, the economic factor plays a major role in the China-Taiwan relationship especially that both sides need this economic integration. For China, the economy has an effect on its modernization; and for Taiwan it is considered to be an indirect way to prove itself in the international arena. Finally, there is a consensus that the two sides need to establish direct contacts to replace the previous operations (Jia, 279).

On the other hand, Taiwan seems to have changed its policy and adopted a new "flexible policy" in order to achieve its interests. This is clearly illustrated in many incidents. In 1988-1989, Taiwan established full diplomatic relations with Grenada, Liberia, and Belize, all of which had diplomatic ties with the PRC. "The new policy is a significant departure from the Nationalist's previous claim that the ROC is the sole legal government of China; the policy permits countries to recognize both regimes simultaneously" (Chang, 135). As a result, China terminated its relations with these countries in order to prevent the emergence of "two Chinas" or "one China, one Taiwan" (Chang, 135). While maintaining close links with America, and pursuing a more pragmatic

diplomacy, Taiwan's growing economic power helped broaden relations with a wide range of developed and developing countries (Sutter, 284). "Diplomacy, backed by generous foreign aid, persuaded a few small states to recognize Taiwan, but more important results have been achieved through Taipei's working to upgrade ostensibly unofficial visits to the Philippines, Indonesia, and Thailand early 1994" (Sutter, 284). To offset Taipei's diplomatic initiatives and to reduce the effect of the Tiananmen massacre, the PRC launched a diplomatic counter offensive. Beijing's establishment of formal ties with Saudi Arabia, Indonesia and Singapore in the second half of 1990 was the tangible result, which in turn, put Taipei in a "highly inevitable position" (Chang, 136). As Chang remarks, "the PRC seems to be targeting South Africa, and South Korea could switch its diplomatic recognition from Taipei to Beijing if the PRC decides to opt for formal ties with Seoul" (Chang, 136).

Moreover, the death of Taiwan's president Chiang Ching-kuo and the take over by Lee Teng-hui since January 1988 presented new worries for Beijing. In his famous inauguration speech on 20 May 1990, Lee declared,

"If the Chinese Communist authorities can implement political democracy and a free economic systems, renounce the use of military force in the Taiwan Strait, and not interfere with our development of foreign relations on the basis of one China policy, we would be willing--on a basis of equality-- to establish channels of communication" (Chang, 138).

Commenting on Lee's speech, the Sinologists believed that Lee was openly pursuing a policy of "one country, two governments" but in reality trying to create two Chinas (Jia, 286). As a result, Deng criticized Lee for advocating Taiwan's independence and failing to take active measures to unify with the mainland (Chang, 136).

The new Taiwan leaders did not carry on Chiang Ching-kuo's efforts to expedite the process of reunification, but publicly persisted in the "Three No's" policy. "While procrastinating in establishing direct contacts, they tried to push

for the so called practical or elastic diplomacy, buying diplomatic relations with some third world countries, on the one hand, and on the other, trying to obtain permission from other countries to upgrade Taiwan's mission into official representative bodies so as to obtain a separate international identity" (Jia, 285). Lee has since taken additional measures to demonstrate flexibility. In 1990, a bipartisan National Unification Council was set up under the office of the president "to devise strategy concerning peaceful unification and to mobilize popular support" (Chang, 138). Two additional organizations were created, the mainland Affairs Council and the Strait Exchange Foundation, to handle Taiwan-Mainland relations (Chang, 138). Consequently, the PRC set up a counterpart body known as the Association for Relations Across the Taiwan Straits. On July 16, 1992, Taiwan's National Assembly approved a law governing the growing exchange with the mainland (Sutter, 283).

The old enmity between the government of the mainland of China and that on Taiwan is fading with the pragmatic relaxation of Taipei's "Three No's" policy. It seems that the favorable formula now is "one country, two governments", though this has not yet been adopted officially. Progress toward achieving this formula is slow, especially that Taiwan has for so long defined itself as the sole legitimate government of China.

Why has Taiwan changed its policy to be more flexible? Cotton remarks that the Taiwanese government argues that these innovations are necessary as they would end its political isolation from the international community and in turn would enable it to play a more important role in the global economy. "On the one hand, the advocacy of a formula image such as "one country, two governments" would give Taipei a more positive image than that represented by the "Three No's"; on the other, anything that would make for further peaceful exchanges across the Taiwan strait would undoubtedly have an impact on opinion on the mainland where the Communist regime is grappling with a continuing crisis of confidence" (Cotton, 213).

This does not mean that the tension between China and Taiwan has been eliminated completely. There are three elements in the mainland-Taiwan relationship that are critical for a resolution. First, the legacy of mistrust between the two political parties. This legacy is rooted in their history and was clearly illustrated in the two united fronts which ended in bloodshed. Second, the lack of understanding of each other's society and decades of "ideologically distorted propaganda about the enemy have established major barriers between the two states and societies" (Gold, 302).

In addition, there is fear in Taipei and China that the domestic factor will have a great impact on their relations. Both sides worry that the death of their "old leaders" and the rise of new leaders will have an effect on the development of the relationship. President Yang Shang Kun stated Beijing's view: "Mr. Deng Xiaoping has proposed that it is better for both the mainland and Taiwan to establish contacts and realize the goal of the country's reunification when the senior leaders of the CCP and KMT in Taiwan are still alive. The problems concerning the Taiwan issue can be resolved earlier when people who know the history of both CPC and KMT are alive. If the issue is further postponed, there are many questions the younger generations of the two parties do not understand. This is the reason behind the anxiety" (Jia, 287). Although China favors the adoption of a more flexible and accommodating policy toward Taiwan, its anxiety over the aging factor and political developments in Taiwan reduces its patience and increases chances of reversing the policy. "Unlike the situation in 1978 when it first adopted the current policy of peaceful reunification, Beijing is not likely to put up with another long waiting period" (Jia, 288-89).

Before examining the credibility of China's threat to use force against Taiwan in the event the latter seeks independence or international recognition, it is important to analyze more closely the role of the US and US interests in Taiwan especially since its role has an effect on both sides. In the beginning of

the Korean war, Taiwan was seen as a "pawn" in the US camp. The US decision to patrol the Taiwan Strait after the outbreak of the war was viewed as part of an attempt to encircle China. This was the only logical perception under the two-camp theory, in which the United States and the Soviet Union each struggled to enlarge their sphere of influence (Shih, 452). After the outbreak of the Korean war, China's US policy became more aggressive. Towards the end of the conflict, China requested the withdrawal of US troops from Taiwan as a condition to a cease fire. During 1950-1953, Taiwan served as the best place to demonstrate China's determination to struggle against the other camp. "It behaved as a responsible, major socialist country, challenging the capitalist superpower (Shih, 453). After its establishment, the People's Republic of China looked at the world with an independent mind, ready to negotiate with all the countries in the world. Thus, it participated in the Bandung Conference in 1955, announcing the five principles of peaceful coexistence, and seeking to establish its position in the world permanently (Shih, 453).

Shih believes that China-US policy since the end of World War II demonstrates that they use Taiwan as an issue whenever there is any "adversary position" in their relations. "China's post-World War II US policy demonstrates an interesting phenomena, that is, whenever China's world view or national self-image puts China in an adversary position to the United States and China cannot otherwise substantiate the adversary perception, the Taiwan factor becomes important" (Shih, 464).

The United States policy on Taiwan's future is outlined in the Taiwan Relations Act (TRA) and in the US-PRC communiqués of 1972, 1979, and 1982. In each of the US-PRC communiqués, the US government has expressed a desire that the resolution of Taiwan's future be peaceful. For example, in 1972 Shanghai Communiqué, the US stated that it "reaffirms its interest in a peaceful settlement of the Taiwan question" (Hickey, 881). In 1979 Communiqué, which normalized relations between the US and the PRC, the US

declared that "it continues to have an interest in the peaceful resolution of the Taiwan issue" (Hickey, 881). Moreover, in the controversial 1982 communiqué, which appeared to pledge US reduction of arms sales to the Republic of China in Taiwan (ROC), the US stated that it "understands and appreciates the Chinese policy of striving for a peaceful resolution of the Taiwan question" (Hickey, 881). With regard to the future of Taiwan, the most pertinent passage of the TRA is in section 2 (b), which says it is the policy of the United States "to make clear that the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means" (Hickey, 881).

It is evident that the US position is unclear. For example, in the Second Shanghai Communiqué of August 1982, in which the US executive branch agreed to reduce arms sales to Taiwan, is different that the Taiwan Relations Act that says the United States must provide arms to Taiwan. Moreover, in the summer of 1986, the United States asserted its right to transfer to Taiwan technology that might be used to upgrade the islands' own defense industry, and fighter aircraft in particular (Gold, 304). PRC officials have argued that by providing the ROC with weapons the US does not encourage the ROC to enter into reunification negotiations (Hickey, 890).

Each US-PRC Communiqué not only called for a peaceful resolution of the Taiwan issue but also emphasized that the issue is a matter for the Chinese themselves to decide. Both the 1972 and 1979 Communiqués, and paragraph 4 of the 1982 Communiqué, reiterated that it is the PRC's position that "the question of Taiwan is China's internal affair; and then goes on to pledge in paragraph 5 that the US "has no intention of interfering in China's internal affairs" (Hickey, 882-3). According to Hickey, the present policy enables the United States to support simultaneously both the unification of China and Taiwan and the continued separation of China and Taiwan.

One of the major factors that plays a role in the complexity of the Taiwan issue is that it remains unclear whether the United States is prepared to back Taiwan with force in case China invaded the former. If one may use the statements of PRC officials as any indication, "it would appear that the uncertainty surrounding an American response to a PRC attack has helped to deter such an attack" (Hickey, 894). This point complements American foreign policy goals and objectives by promoting regional stability. Although the result of any conflict between PRC-Taiwan and the role that the US might play is unclear, it is obvious that such a conflict would destabilize the region which will not only threaten American interests but also will have an impact on the international community. On the other hand, this position can be seen in a different way. If the United States were to state clearly that it would help defend the ROC if it were attacked, such a declaration would undoubtedly antagonize the PRC and seriously affect their relations. If on the other hand, the US stated that it would not come to the assistance of the ROC, such a declaration would invite PRC to attack whenever it feels ready for such a move (Hickey, 894).

The second point, that the resolution of the Taiwan issue is a matter for the Chinese themselves to decide, is also in United States' interest. This position has enabled the US to overcome Beijing's pressure to bring about the unification of mainland China and Taiwan. Hickey argues that it is certainly not in America's best interest to pressure or otherwise to coerce the ROC into an unwanted unification with mainland China. "Any such move would undermine America's already questionable credibility as an ally and might well convince other countries that it would be wise policy to seek closer ties and alignments with more reliable partners" (Hickey, 894). As president Reagan noted, even the PRC might question the credibility of a government that would bow to pressure an old and trusted ally. According to Reagan:

"We don't believe that in order to make another friend, we should discard a long-time ally and friend-the People on Taiwan.... I myself have said to some of the representatives of the People's Republic of China that we would think they would have more confidence in us if they knew that we didn't discard one friend in order to make another. That should indicate to them that we'd be a good friend to them too" (Hickey, 895).

What are the reasons behind US actions? First of all, the Asia-Pacific rim grows daily in its economic and political importance to the United States. In 1990, the gross national products (GNP) of East Asian and Western Pacific countries added up to more than \$4.3 trillion; by the year 2000 it could be nearly \$8 trillion, or 40 percent of global output. By that time too, US trade with the region will be about \$600 billion, double what it was in 1990 (Lasater, 239). Washington sees that the best way to protect American interests, prevent the PRC's isolation, to ameliorate Beijing's repression of China one billion people and to influence the direction of change in China will be done through consultations and contacts (Lasater, 239). This is important especially after the end of the Cold War and the disintegration of the Soviet Union. The threat to America interests does not come from a global conflict with the Soviet Union but from regional crises. In East Asia, uncertainty still exists over the future of the Korean peninsula, the Taiwan Strait, the South China Sea, the Philippines, Burma, and Cambodia (Lasater, 246). Therefore, it is in the US interest to secure and protect the Asian region from deterioration of any regional conflict.

Taiwan is also important to the United States because of its importance to US allies. For example, "Japan views Taiwan as essential to the security of its Southern Flank, while the Philippines considers Taiwan important for the security of its Northern approaches" (Lasater, 247). Moreover, US credibility in Asia is strengthened by its commitment to Taiwan. The durability of the American commitment helps convince other US friends and allies that the US intends to remain in the region and that they can rely on its existence (Lasater, 247). Also, Taipei, has been willing to assist countries vital to US interests. For

example, Taiwan contributed \$30 million to countries adversely affected by the Persian Gulf. It also sends aid to the Philippines and many countries in Latin America. It was suggested that in the future, Taiwan may assist Eastern Europe and the ex-Soviet Union to move into a free market economy. "Although limited, Taiwan's foreign aid program can be valuable to American foreign policy objectives when US assistance is facing major budget constraints" (Lasater, 249).

More importantly, Taiwan has lasting geo-strategic value to the United States because of the island's location astride the Taiwan Strait and Bashi channel, two key sea lanes of communication (SLOCs) linking Northeast Asia with Southeast Asia and the Middle East. "A strong friendly government in Taipei serves US interests by helping to keep these SLOCs open. Taipei has also quietly offered the use of its military facilities to the United States in the event of a major regional crisis. Given the loss of Clark Air Base and Subic Bay Naval Base in the Philippines, having Taiwan as a potential base of operations in the Western Pacific is a strategic asset US military planners should not discard" (Lasater, 247). Thus, continued US support for the ROC and the two-point policy on the future of Taiwan will remain a constant source of tension between the United States and the PRC. "The Taiwan issue will not disappear" (Hickey, 896).

Through flexible diplomacy, Taiwan has managed to use its economic assets to overcome Beijing's efforts to isolate Taipei. The fact that Taiwan uses its economy to counter China's isolation is irritating Beijing and has increased to some extent the likelihood of a US-PRC confrontation over Taiwan. On the other hand, "Taiwan's wider participation in the international community serves US interests by drawing a major trading partner into the framework governing international trade. This should make easier the resolution of difficulties which arise in today's increasingly interdependent world" (Lasater, 250).

With Taipei's decision to move toward seeking re-admission to the UN, the diplomatic struggle between the two parties is being elevated to a much higher profile. It was suggested that Resolution 2758, which established Beijing as the sole representative of China in the United Nations, would be revised to allow for an additional Chinese seat for the province of Taiwan. In Taiwanese mind set, it is only logical that it will be admitted to the UN especially since it is considered to be a founding member of the UN and that it now enjoys growing support in the world community for its return to that body, in particular from a number of Central American nations (Yu, 487). On the other hand, Beijing refuses to accept that Taiwan should be allowed a seat in the UN, and it is against comparing Taiwan's case to the two Germanys and two Koreas. Beijing argued that first of all the division in Germany and Korea is a result of a world war and not a civil war as in Taiwan's case, and that the two Germanys and two Koreas were all widely recognized as sovereign nation-states prior to admission to the UN, a condition that Taiwan province does not fulfill. Beijing will surely use its power as a permanent Security Council member to veto any such move (Yu, 488). Taipei's effort to return to the UN has an effect on Taiwan's leverage vis-à-vis Beijing whatever the outcome of the re-admission question (Yu, 488). It was argued that the drive for United Nations membership is merely one of the most dramatic outgrowths of the complex relationship between China and Taiwan. "Economic matters and pragmatic concerns seem to dominate -- yet from another vantage point, the relationship is fraught with contention and conflict, with dichotomies in fundamental outlook and in the differing impacts of the international environment on each party. This rich mixture of potent cooperative and conflictive elements, embedded within a relationship that is fundamentally interdependent, suggests that future interaction between the ROC and the PRC will likely to be both intimate and tempestuous, dynamic and highly unpredictable" (Yu, 488).

Will the PRC use coercion against Taipei, especially that China has increased its defense expenditures and its military capabilities? From time to time, Beijing has threatened to use force to coerce Taiwan to accept reunification with the mainland. In May 1985, CCP General Secretary Hu Yaobang stated that:

"If we are economically powerful in seven, eight, or ten years, we shall be in a position to modernize our national defense. If the broad masses of the Taiwan people wish to return and a small number of people do not wish to return, it will be necessary to use some force." Hu added, "if we have the strength to enforce a blockade and if Taiwan vehemently opposes reunification, we shall have to consider enforcing a blockade" (Chang, 137).

According to Deng Xiaoping, the PRC would employ force to settle the Taiwan issue under the following conditions:

"If Taipei leaned toward Moscow instead of Washington; if Taipei decided to develop nuclear weapons; if Taiwan claimed to be an independent state; if Taipei lost internal control as a result of the succession process; or if Taipei continued to reject reunification talks for a long period of time" (Hickey, 884).

It is important to recognize the improbability of Taiwan receiving aid from other countries in the event that the PRC attempts to annex Taiwan. Would any foreign countries would try to take Taiwan from China? First of all, there is no reason to believe that Moscow would be interested in forging political or security ties with Taiwan. Second, Japan is in no such position nor does it have the intention to take Taiwan from China (Chang, 137).

Could the PRC use force successfully to take over the ROC? In 1982 Senate hearings, assistant Secretary of State for East Asian and Pacific Affairs John H. Holdridge testified that "if the PRC wanted to take Taiwan by force of arms, it could do so" (Hickey, 884). However, many scholars argue that China can not afford to attack Taiwan especially that the cost of such an attack will exceed the benefit. In May 1985, Secretary General Hu Yaobang of the Chinese Communist Party said that "everyone knows we have not yet the

military power to attack Taiwan [and] this is temporary period may last 4 (to) 8 years" (Hickey, 885).

If force were to be used what would be the consequence of China's invasion? First of all, a PRC use of force against Taiwan would not only undermine the stable international environment in East Asia but it would also result in a significant shift in the regional balance of power. Second, an attack on Taiwan would put the US in a difficult position and it might bring the US into a military conflict with China in order to protect its interests. Third, an attack on Taiwan would have an impact on China's image in the international community, and it making it appear as a destructive power rather than a constructive one in East Asia. Finally, an invasion would not only have an economic and social effect on the Taiwanese but on the international community as a whole especially that Taiwan is an important trade partner for many countries (Lasater, 254-255).

Having discussed China's reasons for invading Taiwan and its consequences it is important to analyze the feasibility and probability of such a move. It was argued also that China is modernizing its economy and it can't afford to invade Taiwan because the costs outweigh the benefits, and that such an attack would harm China's modernization (Lasater, 255). However, some analysts argue that China may use force against Taiwan especially that China now has the ability and the means to prepare for such an attack. According to Christensen, China will certainly use force against Taiwan or Taiwanese interests if Taipei seeks independence. "China will act even if it means damaging its profitable trade and investment relations with Taiwan, and it will do so regardless of the level of US military commitment to Taiwan's security. Since *realpolitik* would suggest attention to political realities, not legalities, it is puzzling why the change from *de facto* independence, which Taiwan has had since 1949, to legal independence would drive China to risk damage to its economy and war with the world's only superpower" (Christensen, 45).

One of the most important factors presented by Christensen behind China's possible use of force is to restore China's image after a century of humiliation. Since the Opium war, Japanese invasion, and World War II, Taiwan had little material value for China. However, it became a symbol of "national tragedy." For the Chinese, the return of Taiwan to China after World War II, as promised by the United States and Britain in the 1943 Cairo Declaration, was also a symbol of its role in the death of Japanese imperialism. "Rectifying the century of humiliation is a core nationalist goal for any modern Chinese regime, and that means preventing the loss of Taiwan" (Christensen, 46). It is important to note that nationalism rose again as a strong element in China's foreign policy especially after the decrease of the importance of communism as an ideology (Christensen, 46).

Another factor which should be taken into consideration is that Chinese leaders believe in the domino theory. If Taiwan seeks independence, national integrity would be threatened, "especially because of the decades of propaganda about Taiwan's unbreakable links to the motherland." Chinese leaders "subscribe to a domestic domino theory in which the loss of one piece of sovereign territory will encourage separatists elsewhere and hurt morale among the Chinese forces who must defend national unity" (Christensen, 46). Consequently, China's hard lined stance on the Taiwan question is partly attributable to its fear of national break up in the event that Taiwan gains independence. Moreover, China uses the issue of Taiwan to justify the increase in its military budgets especially after the collapse of its main rival, the Soviet Union. Also it is crucial to take into consideration that the PLA wants to regain its pride and restore its image after the Tiananmen massacre. Therefore, defending their national integrity and territorial sovereignty are considered to be national goals that should be achieved (Christensen, 47).

Also, the importance of the Taiwan issue for China has varied with Beijing's bargaining power which in turn is a function of the global balance of

power among the United States, the Soviet Union, and China. According to Shih, "China pushes the issue harder whenever it assumes the role of balancer between the superpowers, backs out a little when the United States becomes the balancer between China and the Soviet Union" (Shih, 449). For Beijing, the mutual acceptance of "existing political entities" is unrealistic. Beijing argues that "national sovereignty under international law is indivisible, with each nation having only a single central government; thus, any support for Taiwan's sovereign existence is clearly interference in China's domestic affairs" (Yu, 486).

In addition to China's attempts to build a high-technology defense industry based largely on purchases from Russia, and with the Tiananmen military crackdown in June 1989, there have been several indications that PRC leaders may be re-examining the feasibility of using force in the Taiwan Strait in order to achieve the goal of reunification (Lasater, 251-3). China has warned Taiwan several times that "Beijing would use any means to prevent Taiwan from becoming independent, emphasizing that "we would not hesitate to shed blood" (Lasater, 254).

In July 1995, China began a series of military exercises by launching missiles into the sea 150 km north Taiwan, "intended to reiterate its long standing refusal to rule out the use of military force to prevent a Taiwanese bid for independence" (Conflict in the Taiwan Strait, 1). Also, China held unarmed missile tests and military exercises near Taiwan in order to intimidate the island before presidential elections in March 1996.

Taiwan's relations with the mainland will become troublesome as 1997, the year of the return of Hong Kong, approaches. It is expected that Beijing will increase its pressure for unification in order to get Taiwan to the negotiating table (Chang, 139).

Last but not least, the issue of Taiwan will always remain listed on the top of the agenda. They are two sides of the coin regarding the use of force

over Taiwan. Whether China will decide to use force or not will depend on the influence of external and internal factors on this issue. Having said that does not mean that China will not use force in the Taiwan Strait. The possibility exists as long as (1) Taiwan is separated from the mainland; and (2) China now has the ability to use force and to project power beyond its borders. According to Lasater, "it would be a mistake to dismiss these warnings and preparations as merely rhetoric. The intensity of Beijing's efforts to undermine Governor Chris Patten's limited democratic reform in Hong Kong should serve as a warning that, on issues of sovereignty and territoriality, China is not inclined to compromise" (Lasater, 254).

Chapter Four

The Spratly Islands Dispute

The second and more complex case study of a situation in which China may be tempted to use force to assert its claims is the Spratly islands dispute.

The end of the Cold War changed the balance of forces in the South China Sea. The United States withdrew from Subic Bay in the Philippines, in September 1991, and the former Soviet Union withdrew from Camran Bay, Vietnam (Tasker 1992, 18). As a result, the People's Republic of China is in the best position to take advantage of this power vacuum in the region (Hindley, 110). On the other hand, Southeast Asian states are apprehensive about this new situation especially since there are disputes over the Spratly Islands in the South China Sea as well as an increase in military build-up, particularly by China. The ownership of the Spratly Islands, including the Paracel Islands, is disputed by six claimants: The People's Republic of China, Vietnam, Taiwan, the Philippines, Malaysia, and Brunei (Hindley, 109). [see map p. 102]

The fact that the islands are disputed by more than one claimant and that they are all undergoing economic modernization increases the complexity of the problem (Hindley, 110). As a result of this economic growth, these countries have been modernizing their armed forces in order to reflect their wealth and power. Therefore, the disputed Spratly islands present "excellent sites for military power-projection in the region" (Hindley, 110). Moreover, the region is identified with "historical mistrust, enduring territorial disputes, competing maritime claims, and increasing military spending" (Valencia 1995, 3).

Also, one of the key elements in this dispute is the contrast between Chinese rhetoric and action. China is the dominant regional power and has the most extensive claims in the South China Sea. Therefore, any solution to the

dispute has to be approved by China and has to satisfy its interests. However, China's policy and regional claims are unclear and there is a gap between what the Chinese say and what they do (Valencia 1995, 7). Therefore, the conflict is more complex than it seems especially with the involvement of many other external actors in the dispute such as the United States.

Well before the benefits of economic reform had an impact on the armed forces, two other important considerations were taken by the Chinese government which induced a military build up. First, there was a concern to pre-empt Vietnam in the Paracel islands before the unification of that country under a communist government. Second, there was a need to cope with the Soviet presence in Cam Ranh Bay from 1979 (Leifer, 50). Indeed, a military modernization program was issued as early as 1977 in order for China to uphold its claim over the Spratly islands. This recent phase of a continuing build-up has proceeded in a different strategic environment especially since China has been freed of any significant external threat that may affect its ambitions in the South China Sea (Leifer, 50). Up until the early 1980s, Chinese warships were limited to react defensively with the navies of the Soviet Union and Taiwan. The shift in focus did not begin except when they discovered oil in the South China Sea (Cheung, 19). According to Jie, before late 1987, the Spratly dispute was a minor issue in China's regional policy. "Beijing was more concerned about the strategic significance of the South China Sea in the superpowers' rivalry and their policies toward China than about the sovereignty dispute, which did not show signs of becoming a potential flash point" (Jie, 894). While analyzing China's foreign policy, it is clear that from 1971 to 1982, China dealt with the Spratly dispute as a function of its anti-Soviet diplomacy in South East Asia. As a result, the Philippines and Malaysia were seen as "countries to be won over to its anti-hegemonism united front and it took a conciliatory attitude toward their activities regarding the

Spratlys by keeping silent about them or expressing its concerns in private" (Jie, 894).

Why have these islands become so important for China? The Spratly Islands group is made up for more than 230 land forms covering an area approximately 250,000 square kilometers (Hindley, 110). These minuscule islands, according to Gallagher, are of significant importance beyond their actual size. "The islands sit astride routes through which twenty five percent of the world's shipping passes, including the super tankers carrying the petroleum that fuels the economies of Japan, Taiwan, and South Korea. Large quantities of oil may also lie beneath the islands as well.... In addition, the area is a rich fishery: 2.5 million tons of fish were harvested from the waters around the islands in 1980" (Gallagher, 171).

The answer to this question is not found in one element, but in a combination of many factors that play a crucial role in affecting China's foreign policy. One article in March 1988 pointed out that:

"The Chinese government has solemnly declared many times that these islands and reefs are within Chinese territory and other countries are definitely not allowed to invade and occupy them. The [Spratly] islands not only occupy an important strategic position, but every reef and island is connected to a large area of territorial water and an exclusive economic zone that is priceless... The defense of the territorial unity and the protection of the rights and interests of the oceans are significant to the security and development of a country. We should not only pay attention to events today, but should also look out for the future" (Garver, 1019).

According to Wu, these islands were historically claimed by China as part of its territory, but were not inhabited until recently. They islands were relatively insignificant to countries until about the 1950s. However, three factors changed the behavior of the states bordering the islands. These factors are:

- "1. The islands strategic value, which was demonstrated by the Japanese during WW II;
2. The vast wealth of the oil in the surrounding territorial waters;

3. Consideration of the Convention on the Law of the Sea" (Wu, 38).

One of the main reasons for the increased importance of the Spratly islands lie within China's economic development. China's domestic economic development which in turn led it to reassess the strategic importance of the South China Sea and the crucial value of marine resources in the area. Looking at China's map, it becomes obvious that all four of China's special economic zones, three open cities, and two open areas border the South China Sea, "so its strategic importance to the nation's coastal development is obvious and is enforced by use of the South China Sea as a major channel for China's expanding foreign trade" (Jie, 895).

Moreover, natural resources, especially oil, were another crucial aspect of the new importance China attached to the South China Sea. Before the 1980s, China produced its petroleum domestically and had a surplus for export. As a result of the economic growth, a shortage of energy occurred so that the Chinese turned their attention to offshore areas including the South China Sea as an excellent geological place for oil and other natural gas resources (Jie, 895). It was estimated that a decade ago China exported nearly a quarter of its oil production abroad but since the early 1990s, China's trade balance in energy has sharply deteriorated (Calder, 56). "In November 1993, the country [China] became net importer of oil for the first time in more than a quarter-century, and the deficit has since soared to about 600,000 barrels per day" (Calder, 56). It is a well known fact that China faces a situation whereby its oil supply is decreasing. Oil accounted for 27% of exports in 1985, in value terms, but only 5% in 1991 (Chanda, 16). Thus, the decrease in China's oil surplus will not be adequate to handle its rising demand. According to Wang, "in 1993, China consumed 2.75 million barrels per day of crude [oil]. We project this consumption to increase at a rate of 100,000 to 150,000 b/d per year in the near future" (Wang 1994, 86-88). As a result, China would face a deficit amounting to as much as 1 million barrels/day by the turn of the century (Wang 1994, 89).

Furthermore, recent estimates from the Asia-Pacific Economic Cooperation (APEC) organization suggest that "China's net external requirements will rise from some 600,000 barrels per day to over one million by the year 2000 and nearly three million by 2010. That huge total would represent almost 20 percent of Asia's oil imports. By 2015, less than two decades hence, Shell China Petroleum Development estimates, Chinese imports of more than seven million barrels per day will approach the current imports of the US" (Calder, 58). Thus, the decrease in China's oil production with the increase in its demand would entail China's spending US \$8 billion to \$10 billion per year for crude imports, a phenomenon that could hinder China's economic development as well as its domestic investment. Thus, the Spratly islands' natural resources are of significant importance to China.

Although there is not much data on the oil potential around the Spratlys, the only available information based on the geology of the region suggests that the region has potential. This lack of accurate data did not stop China from playing up the possibilities that the islands might have large quantities of oil and natural resources. The internal document, prepared by the theoretical department of China Youth News, says, "in terms of resources, the South China Sea holds reserves worth US \$1 trillion. Once Xinjiang has been developed this will be the sole area for replacement of resources, and it is a main fall back position for lebensraum for the Chinese people in the coming century" (Chanda, 16). As a result, "whatever energy reserves lie beneath the South China Sea, the strategic importance of the area and the value of any oil and gas adjacent to the booming Southeastern coast are undeniable" (Calder, 60).

The second impact of economic development has been a rise in China's militarization which is justified by the need to secure Beijing's interests in the South China Sea. The benefit of economic development have had an impact on China's defense expenditure and security policy. This was clearly illustrated with the increase in China's military budget and the build-up of its armed forces

and its navy (Leifer, 44). According to Valencia, "China's defense spending increased by at least 21% to \$7.5 billion in 1995, and it appears to be well on its way to developing a blue-water navy -- the PLA Navy (PLAN)" (Valencia, 17). By acquiring a blue-water navy China would have the ability to defend its shore as well as areas that exist off shore too. Chinese scholars concluded that China's goal is to become a new world class pacific power in the next century. Also, they have asserted:

"Long before the navy achieves its long term objective, the shift of its maritime strategy from brown-water defense to green water defense has already existed [sic] an impact on the regional power balance. The countries bearing the first brunt will be Vietnam and some of the ASEAN (Association of Southeast Asian Nations) states which have territorial disputes with China over the Xisha (Paracel) and the Nansha (Spratly) islands" (Leifer, 49).

The military budget as a whole has been increasing since 1990 in the interest of modernizing the armed forces (Leifer, 49). The Chinese military modernization will in turn provide a marked improvement in its power-projection capability (Leifer, 50). Speaking in Singapore, Admiral Richard Macke, Commander of US forces in the Pacific stated that "Asia and the West must accept the fact that China may well develop a modern navy -- including aircraft carriers -- intended to project Chinese power overseas" (Leifer, 55).

It seems that China now views the South China Sea in terms "reminiscent of an earlier imperial power -- Germany" (Chanda, 14). It was published in a document, that the island groups of the South China Sea, "some of them lying nearly 1,000 kilometers south of China's Hainan island province, could provide Lebensraum, literally survival space for the Chinese people" (Chanda, 14). China and other claimants are engaged in a dispute over space and resources. "By Lebensraum or survival space China means the chance to cash in on the enormous reserves of oil and minerals believed to lie beneath the Spratlys. More disturbingly, China's military is said to be keenly interested in the islands as a justification for projecting Chinese power into Southeast Asia

at a time when both the former Soviet Union and the US seem to be on the way out of the region" (Chanda, 14). The need for the space and resources was pointed out in one of Deng's speeches about the effect of a large population on China's development. According to Deng,

"We must vigorously intensify planned birth work; however, even if population no longer increases at some future year, the problem of a large population will continue to exist for some time. Our vast territory and abundant resources are favorable conditions. However, numerous resources have not been completely surveyed, developed, and used" (Garver, 1018).

Moreover, domestic political considerations seem to have helped focus attention on the South China Sea. A senior Chinese analyst has commented that one of the reasons the Spratly issue has become important is that some powerful political figures in China want to assert China's rights. "US analysts concur that hard-line ideologues in the Chinese Communist Party have taken up the cause of protecting the national patrimony to assert their position against those seeking to placate the West" (Chanda, 16). The American analysts believe that the best example is the adoption of February 1992 Law. Also, defense of the motherland presents the best justification for the increase in the military budgets (Chanda, 16).

In addition to its economic, military and political importance, the Spratly islands have a geostrategic significance. According to analysts of China's policies during the 1980s, they believe that the geostrategic rationale of Chinese moves is to counter Moscow's encirclement, as well as keeping the Soviet navy away from the Guangdong Coast and China's sea lanes to South East Asia (Garver, 999). Also, national paranoia seems to be spreading again among China's policy makers. Some scholars argue that "Chinese strategic planners see a new encirclement strategy consisting of the growth of Japan's defense capabilities, an arms build-up in Taiwan, warning of US-Vietnamese and US-Indian relations and a challenge to China's sovereignty in the South

China Sea" (Valencia 1995, 22). Therefore, China keeps on gaining leverage slowly in the meeting or the talks with its Asian neighbors while continue to increase its presence in the South China Sea in order not only to protect its interests but also to project its power capabilities (Valencia 1995, 23).

It is obvious from the above discussion that the Spratly islands have political, strategic, economic as well as military importance to China. As a result, China has threatened to use force several times in order to protect its interests and assert its power. Before discussing whether China will use force or not, it is crucial to examine the different claims of other Asian states that are involved in this dispute to understand China's behavior and reactions.

China and Taiwan's claims of the South China Sea rest mostly on historical grounds. Vietnam claims somewhat less territory on the same basis while the Philippines, Malaysia and Brunei claim smaller portions. They base their claim on the United Nations Convention on the Law of the Sea (UNCLOS). The Philippines has justified its claim on the basis that it is important to the state's security and economic survival, and that these territories did not legally belong to any other claimants. Malaysia claims seven features because they fall within its continental shelf boundary. While Brunei's claim is to an Exclusive Economic Zone (EEZ) -- a 200 nautical miles resource zone as defined by the UNCLOS (Valencia 1995, 8). "The UNCLOS was agreed in 1982, came into force on 16 November 1994 and has been ratified by Indonesia, the Philippines and now Vietnam and Singapore" (Valencia 1995, 8). Moreover, "all claimant states have troops stationed on the features they occupy: Malaysia (3 islands); the Philippines (8 islands); and Vietnam (21 islands). Taiwan occupies the largest island, Taiping Dao, where it has stationed some 800 troops and has constructed a port and an air strip. China has stationed military forces on eight or nine islets" (Valencia 1995, 6).

The entire Spratly group is also claimed by Vietnam. Vietnam's claim is based on excavation on the islands which point to Vietnamese presence in the

past, dating back to the 15th century (Leifer, 48). While the Philippines, Malaysia, and Brunei, claim part of the Spratly archipelago, their arguments are based on their unilateral interpretation of the United Nations Convention on the Law of the Sea (Leifer, 48).

China's claim of the Spratly group is based on historical grounds of discovery, which is said to go back to the Han dynasty in the second century, and administration, which go back to the beginning in the eighth century during the Tang dynasty (Leifer, 48). In Beijing's eyes, during the Han dynasty, the Chinese people discovered the Nansha islands (Spratlys) and began to settle there. In the early 1930s, France invaded and occupied nine of the Nansha islands and made a territorial claim on the group. In 1939, the Japanese invaded and occupied the Nansha islands, however, after World War II, at the end of 1946, following the Japanese surrender, China took over the islands. In 1947, the Chinese government "renamed the islands and put them under the administration of Guangdong Province. Thus, the islands were wrested from foreign invaders and brought within the jurisdiction of the Chinese government" (Zhiping, 4).

Until 1974, Vietnam had always officially recognized the Xisha and Nansha islands as Chinese territory since ancient times in all its government statements and formal notes, and even all the maps and textbooks published in public circulation. However, after 1975, the Vietnamese "sent their troops to invade some islands and reefs of Nansha islands and installed various military facilities there in an attempt to create a *fait accompli* and permanently occupy them. They called Vietnam the third-ranking military power in the world and have developed an inflated ambition to expand their territory" (Zhiping, 5). According to Leifer, the Democratic Republic of Vietnam, which assumed the reigns of power in Vietnam in 1975 and changed its name to the Socialist Republic of Vietnam in 1976, officially acknowledged China's sovereignty over the Paracel and the Spratly islands on two occasions during the 1950s. Vietnam

only changed its position after its unification. Thus, this change in Vietnam's policy provoked Beijing's anger and was responsible to a certain extent for China's behavior toward Vietnam (Leifer, 48). However, Vietnam is not capable of facing Chinese naval forces in any military attack. As a Foreign Minister attaché in Hanoi discounts the possibility of a Vietnamese military move to stop the Chinese, he says, "for sure the Vietnamese are not happy and feel that the situation is humiliating. But because of the poor state of their navy they can't do anything else. Vietnam has no money to spend on military equipment" (Chanda, 17). Also, the Vietnamese believe that China has chosen the time when Hanoi is trying to face not only tremendous internal economic problems but also pressure for democratization from abroad to push its claim (Chanda, 17).

As a result of the shift in China's policy towards the Spratlys, stemming from its economic modernization and military build-up, China has begun to assert its right in the Spratly islands. This was clearly illustrated in the 1974 and 1988 attacks. On 19 January 1974, "a swift Chinese air and naval operation against Paracel island ousted the South Vietnamese garrison, sank a patrol boat, and captured 48 South Vietnamese soldiers and a US adviser. The US 7th Fleet stayed away from the area" (Chanda, 15). The reason behind the US reaction is that it was during the initiating of the Mao-Nixon honeymoon in 1972, so the US did not want to get involved in a territorial dispute that would affect its relations with China. The 1974 Chinese attack marked the beginning of the conflict over the South China Sea. Subsequently, the area was claimed by Taiwan, and the Philippines (Chanda, 15).

While the Chinese, Taiwanese, Filipinos and Vietnamese continued to bolster their positions in the islands they controlled, armed clashes ceased for fourteen years following the end of the Vietnam war. However, in March 1988, the Chinese took over control of six islands in the Spratly group in the guise of setting up sea-level weather research stations sponsored by UNESCO. In a brief

naval engagement, "the Chinese sank three Vietnamese transport ships, killed 72 seamen and took a prisoner. The Soviet naval ships which operated from Cam Ranh Bay in Vietnam stayed out of the conflict just as the US 7th Fleet did in 1974" (Chanda, 15). Chinese Foreign Minister Qian Qichen, said after the incident:

"What we have carried out in the Nansha islands is a scientific survey, entirely for peaceful purposes. The purpose... is to monitor the sea, and this action is also designed to meet the proposal in a resolution passed by one of the organizations of the UN. That claim was, however, denied by the UNESCO" (Chanda, 13).

Moreover, Qian promised that "there will be no war in that area if Vietnam refrains from provocations against China and stops the seizure and occupation of the islands, and withdraws all of its troops from these islands and reefs" (Chanda, 15). As a result of the two conflicts, all parties involved in the dispute, especially China, continued to fortify their presence in the islands and reefs (Chanda, 15).

Furthermore, on February 25, 1992, China adopted the Law on the Territorial Waters and Contiguous areas. That law specifies that: "the extent of the PRC's territorial waters measures 12 nautical miles from the datum-line of territorial waters. That is the breadth of territorial waters adopted in the United Nations Convention on the Law of the Sea" (Leifer, 46). However, China has not yet ratified the Convention nor has it published any details about its baseline from which territorial waters are measured (Leifer, 46). After occupying six islands between 1988 and 1992, China formally declared that it claims sovereignty over all the Spratly islands (Wu, 381).

China's next move was on May 1992, when Beijing announced that it had signed a contract with a US oil company, Crestone Energy Corporation, to explore oil in a block contiguous to an offshore Vietnamese oil field (Chanda, 15). By leasing oil exploitation rights to an American company implies that China has probable right over the area. It has been reported that China will use

its "whole naval force" if necessary, to protect the American company's oil exploration activities in the South China Sea (Wu, 381). By granting an exploration concession to the Crestone Energy corporation, not only has China asserted its right, it has also challenged Vietnam's right. According to Leifer, "this appeared to be an attempt to exploit residual American-Vietnamese alienation. That unilateral initiative appeared to contradict an earlier declared preference by China for setting aside the issue of sovereignty in favor of joint development with other claimant states" (Leifer, 51). Chen Bingqian, spokesman for the China offshore Petroleum Cooperation, has maintained that the area covered in the Crestone contract is within the territorial waters of the Nansha islands which are within the jurisdiction of China and are themselves Chinese sovereignty (Leifer, 51).

Since China's Territorial Sea Law was declared, Vietnam and the ASEAN countries involved in the disputes over the South China Sea have rushed to buy F-16 and Mirage-2000 fighters and rapidly started to expand their marine and air forces. Moreover, they accelerated off-shore oil exploitation and increased their military deployment on the occupied islands (Munro, 368). ASEAN Foreign Ministers gave top priority to the South China Sea conflict at their annual meeting in Manila in July 1992 and announced their willingness for a continued US military presence in the area (Chanda, 14). The Philippines has been the prime mover within ASEAN to get a declaration on the South China Sea adopted by the association as a representative of the regional body. The ASEAN declaration emphasized "the necessity of resolving the sovereignty and jurisdictional issues pertaining to the South China Sea by peaceful means, without resort to force" (Chanda, 17). This declaration was fully supported by Vietnam, and Japan. However, China cautiously expressed its support for some of the principles contained in the declaration yet warned against outside powers intervention in the South China Sea (Chanda, 17). As events develop, so does the possibility that Japan and the United States will

play more active role in the area in order to protect their interest. For the US and Japan, this area is of crucial importance as it represents important sea lane for trade (Munro, 368).

One of the major dilemmas in this question is the fact that an arms race may erupt in the region while the US is reducing its military presence in the region. If the US reduces its military presence in East Asia, Japan and other countries may be encouraged in response to increase their armed and naval forces in order to protect their interests (Awanohora, 18). According to Awanohora, China may become a "rogue player" in the region, precipitating a naval arms race among countries who have territorial claims over the Spratly islands and even non-claimant states like, Japan, who simply have economic and strategic interests in the region (Awanohora, 18).

The Philippines feels particularly vulnerable to US withdrawal from its bases in the Philippines especially with the uncertainty of Washington's defense commitment to Manila in the Spratly area. According to Chanda, "while pledging to respect its security commitment to the Philippines under the 1952 defense treaty, Washington has stated that umbrella covers only the metropolitan territory as defined in 1951" (Chanda, 17). It is stated in the US defense pact with the Philippines that:

"an armed attack on either of the parties is deemed to include an armed attack on the metropolitan territory of either of the parties, or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific" (Tasker 1992, 20).

Tasker states that to the Philippines metropolitan treaty, according to the 1898 Treaty of Paris "between the country's outgoing Spanish and incoming American colonial masters, is basically a map of the country and its territorial waters. It does not include the Philippines continental shelf claim over the Eastern part of the Spratlys, or indeed its historic territorial claim to Sabah, which remains in contention with Malaysia" (Tasker 1992, 20). Furthermore,

Tasker notes that the Spratlys are in the South China Sea and not in the Pacific as is stipulated in the treaty (Tasker 1992, 20). Therefore, the Philippines would be defenseless against any external aggression if the US would withdraw from the region. Also, having relied on the force of US arms for nearly a century, the Philippines now has the worst military equipment as well as the least effective navy and air force in the region (Tasker 1992, 19). [see map p. 103]

Furthermore, In February 1995, the Philippines accused China of violating international law by stationing armed vessels and building structures on Mischief Reef. This incident soon escalated into an international concern about China's intention in the region as well as about the US reaction if China would invade or assert its power over all of Spratlys. "The Mischief Reef incident marked the beginning to a new phase in the South China Sea disputes. For the first time, China actively asserted itself against a claimant other than Vietnam, destroying the myth that China would only act aggressively towards Vietnam and leave other claimants alone. China's approach seemed to be, 'negotiate bilaterally on my terms or face the consequences' (Valencia 1995, 6-7). Admiral Richard Macke pointed out that though the American navy knew what was going on it did not share that information with Manila, which in turn questioned the US intentions and whether it would defend its partners in case of a Chinese attack. According to Admiral Macke, "our guess is that if China was looking to see what reaction there would be to a more aggressive assertion of its claims, it now has its answer" (The Spratly....., 5). Indonesian officials noted that the US connection is the key. They believe that because Washington has a mutual defense treaty with Manila, the occupation of the reef was aimed at testing the US reaction (Tasker 1995, 15). Regarding the US position, Washington makes it clear that the US government does not make judgments on the merits of the claims, but the US wants to preserve the freedom of navigation in this area and supports a peaceful resolution of disputes (Awanohora, 18).

South East Asian states are not the only countries facing a dilemma, China too is facing a growing dilemma. On one hand, Chinese leaders have repeatedly announced that the continuation of the PRC's economic reform program is listed on the top of their agenda. This suggests a pacific foreign policy in order to create the suitable environment for the economic modernization while avoiding any politico-military instability in the region. From this perspective, China has an interest in avoiding instability caused by territorial disputes in East Asia. On the other hand, China is consistent in building up its military forces and its navy. This in turn is affecting its neighbors as they fear that Chinese leaders would seek to solve the dispute through more aggressive behavior (Wu, 380). For China, the Spratly islands are of economic, strategic, and political significance. As a result, China may have to defend its interests even if this would lead Beijing to use force. At the same time, using force would not help China to create the suitable environment it seeks for its economic modernization.

It is important to note that Beijing's most recent assertiveness in the South China Sea defies the conventional wisdom that it only has limited objectives in the region. According to Hamzah, China's intentions in the South China Sea are much more than just settling an old dispute with Vietnam. "Peking's recent action strongly suggests that its ultimate aim is to replace the US and Russia in the region" (Hamzah, 22). It is obvious that China insists that the other claimants first recognize its sovereignty before joint development is possible, despite Beijing's initial offer to put the sovereignty issue aside and to develop the area jointly (Valencia 1994, 30).

In Chinese eyes, the nature of the dispute is clear. These countries have occupied Chinese islands and reefs and used its marine resources while China was preoccupied with its domestic problems and with external threats posed by the superpowers. Therefore, it is China's right now to defend its territory and its resources. While other regional states see China's policy as aggressive,

China sees its assertive policy as "a long-overdue and legitimate action to protect its territorial integrity. Conceptually and theoretically, until its sovereignty over the entire Spratly archipelago is recognized, China regards itself as a victim of regional countries' aggression and encroachment" (Jie, 893). China's attitude towards the Spratlys is related to a matter of national sovereignty in general. China felt humiliated after its territories were invaded by Western imperialist powers in the past, and this feeling has been passed on generation after generation. Thus, "if after losing territories to Western powers a century ago, China should now lose territory to regional countries, not only its national pride but also the legitimacy of the Communist regime would be questioned" (Jie, 894).

In order to understand the reason why some or all of the countries bordering the South China Sea would be able to make their claim based on the Law of the Sea, it is necessary to consider the history of the different theories of the Law of the Sea and China's view of these developments.

The evolution of the current Law of the Sea began in 1945, when President Truman proclaimed a new doctrine pertaining to the Continental Shelf. The declaration stated that:

"Since the Continental Shelf may be regarded as an extension of the land mass of the coastal nation, and thus naturally appurtenant to it, since those resources frequently form a seaward extension of the pool or deposit lying within the territory.... The Government of the United States regards the natural resources of the subsoil and seabed of the Continental Shelf beneath the High Seas, but contiguous to the coasts of the United States as appertaining to the United States, subject to its jurisdiction and control" (Katchen, 1172).

This Continental Shelf doctrine was ratified by the first and second United Nations Conferences on the Law of the Sea in 1958 and 1960 (Katchen, 1172)

However, the doctrine of the Continental Shelf "neither mentions the interests of nations in waters over the continental shelf nor met the felt needs of nations with narrow continental shelves, such as Chile, Peru, and Ecuador"

(Katchen, 1173). As a result, these nations, after 1945 declaration, claimed the right to exercise "control and protection on the seas adjacent to their coasts up to a distance of 200 miles at whatever depths, but guaranteed freedom of navigation in this area" (Katchen, 1173).

In 1973, the United Nations Seabed Subcommittee began to receive many proposals calling for a 200 -- mile economic zone (Katchen, 1173). During the same time that the 200 mile economic zone was evolving, the concept of archipelagos was developing. In 1957, Indonesia had issued a declaration on their territorial sea containing three major points. "First, the territorial sea was to be extended from 3 to 12 miles. Second, it was to be imposed from straight baselines drawn from the outermost points of the outermost islands of the Archipelago. And, third, waters within the straight baselines would be internal waters, but open to innocent passage of foreign ships" (Katchen, 1173). Many nations protested against this declaration but it was supported by the PRC (Katchen, 1174).

In the third session, 1976, of the Law of the Sea conference, the Third World nations indicated willingness to compromise on the Law of the Sea regarding the straits and the 200 mile economic zone. However, China refused to support this idea (Katchen, 1174). China has a different position toward the Law of the Sea. While China has not extended its territorial sea to 200 miles width, in a 1963 letter to the Delegation of the Japan-China Fishery Council, China declared three "security zones beyond the twelve mile territorial limit in which foreign ships are either completely banned, required to request permission, or advised to avoid" (Katchen, 1176). This letter indicates that China is against any absolute right of innocent passage in a nation's territorial waters. Thus, this action leaves real doubt about China's intentions regarding the absolute freedom of the sea. In 1975 at the Third Law of the Sea Conference, China assumed the same position. "While maintaining their insistence on the right of nations to set their own territorial limits, China

proceeded to substitute the term 200-mile maritime right for 200-mile territorial sea, and to describe not the territorial sea, but the economic zone" (Katchen, 1176). Consequently, this raised more doubts about China's intentions. It is important to note that China is keeping the 200 mile territorial sea issue open. China's ambiguous policy regarding the 200 mile territorial sea has its own advantage especially that there are potential disputes between China and its neighbors regarding South China Sea coasts (Katchen, 1176). Therefore, "if China should claim the Spratly islands under the 200-mile territorial water principle, Vietnam, and the Philippines could do the same. For this reason, China may want to possess the Spratly islands before declaring 200-mile territorial sea limit" (Katchen, 1178).

Before analyzing whether China will use force against other claimants of the Spratly islands, it is first important to discuss whether China has the ability to use force successfully in this arena. As it was concluded in previous chapter, China is building-up its military forces including its navy, as well as increasing its defense budget. For instance, China's acquisition of air-refueling technology from Iran and the purchase of a squadron of 24 long-range SU 27 fighters from Moscow would help China to face the threat from the Vietnamese air force in case conflict would erupt (Cheung, 20). Thus, China does not have the capabilities yet to use force successfully in this arena but it is determined to acquire this ability by strengthening its defense industry. Hence, from analyzing China's foreign policy, we can conclude that there are three different possible scenarios under which the use of force would be: a) likely, b) unlikely, and c) unable to predict. China is likely to use force when it feels it has the ability to do so and it would forcefully take or claim unoccupied islands in the South China sea in order to avoid any direct confrontations with its Asian neighbors. That leads us to assume that it is unlikely that China will use force against other states on the islands they already occupy. In the third possible scenario, China's behavior would be difficult to predict especially in the event

that its interests become directly threatened or that the involvement of other external actors, such as the United States, would increase. In such circumstances, China would only use force as a last resort in order to protect its interests. According to Sun Tzu, "weapons are ominous tools to be used only when there is no alternative" (Tzu, 40).

What then are China's intentions regarding the Spratly islands? China's intentions are difficult to perceive, especially since China's declaration of its willingness to use force in the South China Sea contradicts its strategy to create a suitable international environment for its economic modernization. It is important to note that China's navy and forces are not yet that strong so that they can overwhelm its neighbors. However, China can not change its policy of threatening to use force until it is really capable to fight such war. Because such a change in policy may be seen as a sign of weakness. China must worry about how the Taiwanese, the Tibetans, and others would interpret China's willingness to cede territory it had previously claimed as its own (Wu, 382).

Some scholars argue that Chinese leaders are willing to sacrifice economic interests in order to promote territorial integrity so that they will not be challenged by their domestic opponents. However, it is also argued that in some cases China did not initiate violence in order to achieve its goals. For example, the Senkaku islands disputes between China and Japan did not prompt a violent Chinese response. Also, China waited for more than forty years to retake Hong Kong through peaceful negotiations. However, in its dispute with the Philippines, China has overlooked the occupation of several islands of the Spratly group despite the fact that the Philippines is weak compared to China (Wu, 383).

Thus far, China's strategy regarding the Spratly dispute has followed Sun Tzu's strategy of "winning a victory without having to fire a shot. While acting unilaterally, China has feigned diplomatic dialogue, cloaking its aims in calculated ambiguity" (Manning, 30). According to the Chinese art of war, the

best tactic is deception, the next is diplomacy, then military deployment. The last is to attack the city. According to Munro, "attacking the city belongs to the category of having-no-alternative tactics. Those who are good at using military force defeat the opponents armies without fighting the battles, don't waste time in taking the opponents cities or destroying other countries" (Munro, 368).

China calculates each of its moves and it does not commit its forces unless it is sure of the consequences. Fred Brown, John Hopkins University's Southeast Asia specialist, explains China's position by saying that Beijing is trying to maximize its access to maritime resources in the South China Sea without risking any major confrontations with the United States, ASEAN states, and Vietnam. He adds that "China will test the limit of other's patience and that this -- in addition to the trade embargo -- is why Hanoi is so eager to normalize relations with the US" (Awanohara, 18-19). It is also pointed out that while China is trying to gain time, it is further strengthening its naval power until it becomes impossible for any neighbor to stand up to China over the South China Sea (Awanohara, 18). Citing Valencia, "even while accepting negotiations, China has kept on occupying more islands in the area. China is stalling for time, using the opening for dialogue to avoid revealing its real long-range intention of sole ownership and control of the South China Sea" (Valencia 1995, 20).

It seems that "China does not itself know exactly what it wants to do but wants to ensure it has the capability to do so when it finally does decide. That is not an unreasonable position for a great power, as China is destined to be" (The Spratly..., 5). The secretiveness of the Communist regime combined with China's indifference to the interests of its neighbors creates suspicions about China's intentions. This is clear in the case of the Spratly islands as China encourages the principal of peaceful, joint development with other claimants; principles it has not applied in its own actions (The Spratly..., 5). "To the contrary, if one were to hit upon a formula for ensuring that the issue remains

unresolved until such time as China has sufficient military capability to enforce its desire, one would proceed precisely as China has" (The Spratly..., 5). despite China's trouble with Vietnam and its disputes with the Philippines, the moves on the Mischief Reef appear to be well calculated (The Spratly..., 5).

Many scholars maintain that the Spratly island dispute appears likely to flare up into a significant source of violent conflict in the South China Sea over the next few years. The analysis indicated that, if challenged, China's response will be a more aggressive in the next few years, but the response will not be so aggressive that "we should expect a significant diversion of resources away from economic growth and toward military capabilities relevant to disputes in the South China Sea. We see no reason to believe that China will undertake a big policy shift and become more aggressive" (Wu, 399).

For the Chinese to achieve victory through deception, diplomacy and bluff is far better than achieving victory through war. China's security policy is determined by "the relative power among international and domestic groups, each with different positions, saliency for the issues, and calculations about coalition formation" (Wu, 384). This policy was clearly illustrated in the 1979 Vietnam War with China. With the information provided by the United States, Deng calculated the possible Soviet's most probable response to the war and prepared for it. Deng had realized that the war would not bring China a great victory nor a disaster. According to Deng, "China might achieve about 70 percent of its war objectives. The 30 percent of failed objectives would serve as a stimulus for economic reform because the PLA would then realize the importance of military modernization" (Wu, 384).

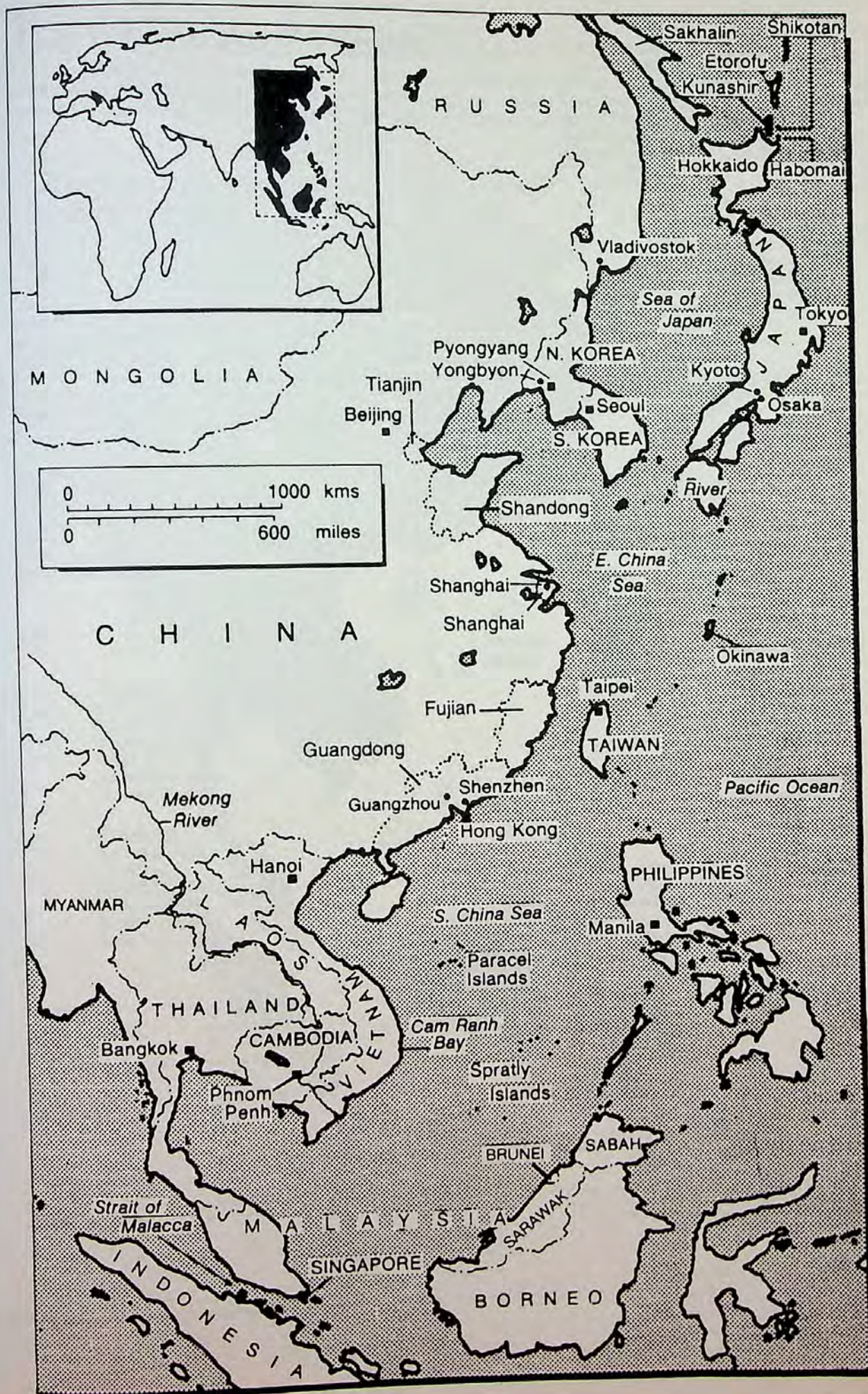
Munro concludes that, there are three options for the Spratly dispute. The first is peaceful diplomatic means. This option does not seem to be working well at this stage. The second option is the recovery of territory by military force. This option looks simple but it is actually complicated and has many possible negative consequences. The Third option is to "use diplomatic

pressures, backed up by military might to force [China's] adversaries to give in. The disadvantage to this option is that it may lead to a new Cold War era in Southeast Asia" (Munro, 369).

Despite China's measures of assertiveness, it has indicated a conciliatory disposition over the South China Sea dispute by sending unofficial representatives to confidence-building workshops. According to Leifer, it seems that China is engaged in a divide-and-rule exercise between Vietnam and ASEAN states (Leifer, 52). According to Gallagher, "along with the use of force, China has throughout the 1970s and 1980s used fishing fleets, the dispatch of oceanographic vessels carrying high ranking naval and civilian personnel on cruises through the disputed areas, and the construction of air fields, blockhouses, and other facilities in both the Paracels and the Spratly islands to make China, if not first claimant in the scene, at least the party on the spot with the most muscular presence. China may be practicing Cold War salami tactics, absorbing the South China Sea in small bits so as to avoid a violent response from potential adversaries" (Gallagher, 172).

Due to the inter-connectivity among the domestic, economic, military and political objectives of China, it is evident that the dispute over the Spratly islands will not end soon.

EAST ASIA



The Balance of Power

China is staking a claim to the South China Sea, and Vietnam wants ASEAN to stand up to the regional giant. But other Asian nations worry that such a confrontation could turn ASEAN into an anti-China club and provoke Beijing.



RESEARCH BY TOM GILES
 GRAPHIC BY JIM McMANUS
 SOURCES: THE MILITARY BALANCE: 1994-1995; INT'L INST. FOR STRATEGIC STUDIES; IMF; JANE'S FIGHTING SHIPS, 1994-1995; THE GREAT WORLD ATLAS.

PERCENTAGES OF GDP ARE 1994 ESTIMATES, EXCEPT IN BRUNEI, BURMA, CHINA, LAOS, NORTH KOREA AND SINGAPORE. PERCENTAGES FOR THOSE COUNTRIES ARE 1995 ESTIMATES. GDP FIGURES FOR CAMBODIA ARE NOT AVAILABLE.

Conclusion

The impact of the end of the Cold War on China's foreign policy is profound and comprehensive. It not only changes China's traditional way of perceiving threats, but also shifts Beijing's security strategy. This study analyzes China's foreign policy in the first years of the post-Cold war era. It is important to note that China's major foreign policy goals are the same as they were during the Cold War but the means of achieving them are different. Beijing's main objectives are to create a suitable environment for its economic modernization, recover from the Tiananmen Massacre and restore its image in the international community, and pursue an independent foreign policy. In addition, China's aims are to promote common economic prosperity and establish good relations with its neighbors, recover its lost territories and create "Greater China", and to build-up its military capabilities including its nuclear weapons for security and self-defense reasons.

China's objectives have been the same since the 1980s, but the means of achieving them have changed somewhat. This is due to several reasons: the changing environment that surrounds China, the growth of China's economy, and the increase in China's military capabilities.

First, the environment that surrounds China is not the same after the end of the Cold War and the collapse of the Soviet Union. China is no longer facing the threat of an external attack from its main rival, the Soviet Union. Gorbachev's visit to China in 1989 marked the end of the tensions in their relationship. Additionally, the tension between US and China decreased since the rapprochement in the 1970s.

Mao Tse-tung viewed China's relations with the superpowers from a realpolitik point of view. The Soviet-American balance of power was the primary influence on China's foreign policy and security strategy. After Mao, Deng Xiaoping was pragmatic on how to use China's position in the strategic

triangle relationship in order to achieve China's security interests. Thus, "Beijing's foreign policy became a function of changes in the global balance of power and China's capabilities vis-à-vis the superpowers" (Wu, 118). As a result, the triangular relationship between Sino-Soviet-US played an important role in determining China's foreign policy.

It is important to note that China's foreign policy changed during the Cold War according to its interests. For instance, during the 1950s, the Soviet Union was the important partner China had until the 1960s where Sino-Soviet relations deteriorated. In the 1970s, China's policy started to take a new phase especially after its rapprochement with the United States. From the early 1980s, China readjusted its strategic posture by applying an "independent foreign policy" between the Soviet Union and the United States. Therefore, with the end of the Cold War, and the normalization of Sino-Russian-US relations, the tension in the triangular relationship has decreased. As a result, China's security's environment has changed. Russia is no longer considered a major military threat to China. Also, Beijing has expanded its relations with Asian countries, and begun to play a more active role in regional economic and political relations.

Saying that the tension between Sino-Russia-US diminished, does not mean that the triangular diplomacy no longer exists. The strategic triangular relationship between these major powers still exists but with new rules. There are new issues that are on the agenda of these major powers such as, economic ties, human rights, and environmental problems.

The new rules that guide the triangular diplomacy are not yet clear. The whole international system is in a transition period from a bipolar system to a multipolar system marked by the rise of powerful regional states. Regarding the Asian region, there is great uncertainty about China's future role and whether Beijing intends to fill the vacuum in the region left by the withdrawal of the United States and Russia. However, we should not ignore the rise of Russian

nationalism and the possibility that Russia may pose a threat to China in the long run.

The remarkable growth of China's economy is the second factor that contributes to its changing environment. In the 1990s, China has begun to see the result of its economic reforms which started in the 1970s. "From 1978 to 1993, China's GDP growth rate was 9%. In 1992 and 1993, China's GDP grew 12.8% and 13.4%, respectively" (Hu 1995, 128). Moreover, China's foreign economic ties have grown fast. "From 1978 to 1993, China's total foreign trade volume increased 8.5 times, from \$20.6 billion to \$195.8 billion. China now is the eleventh largest trading country in the world" (Hu 1995, 130).

As a result of this economic growth, China has begun to modernize its military industry and equipment. China's military modernization is the third factor that contributes to the changes that occurred in China's security strategy. Beijing is building-up and modernizing its military forces, including its nuclear weapons. According to *The Military Balance 1994/1995*, China's defense expenditures in 1992 were \$24.3 billion, and in 1993 was \$27.4 billion (*The Military Balance*, 170). It was also reported that:

"The reorganization of the People's Liberation Army (PLA) in China continues. The delivery of the first launchers for the Russians SA-10 have been confirmed. A number of Y-8 transport aircraft are being converted for use as in-flight refueling tankers. The Navy continues to commission new and retire old ships. During the last 12 months three more improved *Ming*-class submarines, three more guided-missile frigates and two more *Houxin* missile craft have joined the fleet" (*The Military Balance 1994/95*, 166).

From Mao's "people war" to Deng's "people's war under modern conditions", the Chinese military went for years without an effective military strategy. With the end of the cold war and the new regional environment, the PLA's military strategy is now focusing on how to deal with the so called 'local war'. Local war is understood by the Chinese defense community as "war that is geographically confined, with a short duration, and that breaks out abruptly on

China's periphery (especially over disputed borders, islands, and the continental shelf)" (Hu 1995, 124). The characteristics of local war are different from those of the 'People's War' tradition. "The concept of 'People's War' emphasizes protraction, attrition, large land manoeuvres, and the mobilization of the whole society, while local war is associated with speed, surprise, a short duration, and limited scope, which require high quality military training, and a lethality and variability in the weapons used" (Hu 1995, 125). Thus, only advanced modern weapons can provide the long-range power projection aimed at by China to meet the challenge of local war which in turn would have an effect on securing China's interests.

As a result of the relaxation of tension between China and the United States and the ex-Soviet Union, the economic growth, and the military modernization, China plays a more assertive role now in projecting its power beyond its borders. This is clearly illustrated in two case studies presented earlier: Taiwan and the Spratly islands. As was mentioned, Taiwan and the Spratly islands present not only economic but strategic, military, political and national importance to China's interests. Also, these two case studies specifically present a suitable site for the possibility of the outbreak of the so-called local war in the future. Therefore, China has threatened several times to use force against Taiwan, in case Taipei declares its independence or gets widespread international recognition. It has also indicated a willingness to use force in order to protect its interests in the Spratly islands.

One of the most important questions asked in the thesis is whether China will follow through on its threats to use force to achieve its objectives and secure its national security, especially that China now has greater ability to project its power. Regarding the use of force, China's decision to use military force depends on: its ability to use force in territorial conflict, on the situation itself, and the "means-end calculations in Beijing's security strategy" (Hu 1995, 133). It is obvious that China will use military force to defend what is regarded

as its territorial integrity. "The Chinese Communist Party's 14th Congress required the PLA to enhance its comprehensive combat capability in order to better accomplish the sacred mission of defending the country's border, territorial air and waters and maritime rights, and safeguarding [China's] unity and security" (Hu 1995, 133).

By analyzing China's foreign policy, it is obvious that Beijing will not use military force unless it has not only the military capabilities but the economic and political incentives to do so. Furthermore, China is likely to use force as an instrument of foreign policy only as the last resort.

China was able to develop its own high-technology strategic nuclear weapons but its low-technology conventional weapons are still not up to par with of the superpowers. China's military is still behind and it is hard to say that China will attain military superiority in comparison to a major power such as the United States in the near future. Also, one of China's goals is to create a suitable environment for its economic modernization. Therefore, China is not ready yet either to damage this environment or to face another period of isolation as a result of using force against Asian states. Thus, regarding the use of military force, China is most likely to act very cautiously. Military moves will be calculated, limited and rational. Economic ties are vital for China's economic modernization and its domestic stability and China is not likely to sacrifice them unless absolutely necessary.

Having said this does not mean that China's threat to use military force should not be taken seriously. On the contrary, China's threat should be taken very seriously. China may not have the ability to use military force in the near future, but it is attempting to develop this capacity for possible future use. This is obvious in analyzing its foreign policy and the development of its weapons systems, particularly that the end of the Cold War has provided a relatively peaceful environment in which the PLA can redefine its strategy and modernize its forces.

How can we explain China's behavior and analyze its actions in the post-Cold War era? With the end of the Cold War and the relatively peaceful environment that surrounds China, Beijing is moving not only to be a regional power in Asia but a major player in a multipolar system. China's policy now can be characterized as a way of gaining time until Beijing achieves one of its goals and is treated as an equal power in the international system. Since the 1990s, China worked to establish good relations with its Asian neighbors, to play a more active role in the international arena such as its role in the Gulf Crisis, to join international organizations, such as its attempt to join the WTO and to continue bilateral negotiations with its Asian neighbors regarding Pacific security, such as the bilateral negotiations concerning the Spratly disputes. While China is pursuing a peaceful and independent foreign policy, it is building its defense capabilities.

The goal of defense modernization is that Beijing would have a nuclear weapons capability that is not inferior to that of the superpowers, and conventional military forces that would match any major power. There are several reasons behind such a strategy. First, in the Chinese mind, the humiliating history of being invaded by imperialist powers has had a strong influence on their policy. In China's view, in order to regain its lost pride and avoid such humiliation again, Beijing should have the capabilities similar to other major powers and should seek to be treated as an equal in the international system. Second, for Chinese security analysts, *realpolitik* is still the name of the international game in post-Cold War Asia. The emerging post-Cold War security environment in Asia is complicated. Although with the break-up of the Soviet Union China is not facing an external threat, it still regards the Asian region as a dangerous zone. Japan's growing military power causes concern for Beijing's long-term security planning. China fears that Japan will increase its military spending and will develop nuclear weapons in order to fill the vacuum in the region and face China's power. Calculated in absolute

terms, Japan's defense spending (\$33 billion) ranks third in the world in 1993 (Hu 1995, 123). According to The Military Balance 1995/1996, "by comparison, the 1995 defense spending of France and the UK is \$37 billion and \$34 billion respectively. With the possible exception of Russia, Japan now spends appreciably more on defense than any other country apart from the US" (The Military Balance 1995/1996, 172). The future extension of Japan's power projection and growing military forces will increase the tension and affect the balance of power in the region.

Although Beijing no longer views Russia as an immediate threat to China's security, Chinese analysts believe that Russia would be a serious potential threat if Russian nationalism increased. Also, Beijing is concerned about the newly independent states in Central Asia. China fears that ethnic tensions and political instabilities in the former Soviet Central Asian republics will spill over and affect China. Additionally, Beijing is concerned about the nuclear capabilities of certain Islamic states in Central Asia such as Kazakhstan. Moreover, China has many territorial conflicts with most of its neighbors. A leading example is China's dispute with Vietnam, the Philippines, Malaysia, Brunei, and Taiwan over the Spratly Islands. Also, the question of Taiwan is of great importance for China's security and sense of national identity.

Therefore, China's threat perception justifies its decision to continue modernizing its military forces. China believes that in order to secure itself and defend its interests, it has to be not only an economic power but a military one. This will only be achieved through modernizing its military forces. In addition, Chinese security analysts believe that by increasing their forces and capabilities, China will gain more bargaining power when dealing not only with the United States but with the international system as a whole.

Finally, we can conclude that the post-Cold War system accompanied with China's economic growth and its military modernization play a crucial role

in formulating China's foreign policy. Beijing now is more able to be assertive regarding its nationalist ambitions, as it has the ability to project its power beyond its borders.

No one can predict with a high degree of certainty what will happen when it comes to analyze China's foreign policy. As should now be obvious, it is not determined by only one factor, but is a combination of several elements. As Paul Kennedy says in his book The Rise and Fall of The Great Powers, when it comes to China "only time will tell" (Kennedy, 458). However, it seems possible to conclude that, while China will continue to develop its military capabilities and maximize economic growth, it is not clear that China will actually decide to use force against its neighbors in the near future in order to secure its interests.

Appendix One

1972 Shanghai Communiqué

Following is the joint U.S. -China communiqué issued at Shanghai, February 27, 1972, at the conclusion of President Nixon's trip to the People's Republic of China:

President Richard Nixon of the United States of America visited the People's Republic of China at the invitation of Premier En-lai of the People's Republic of China from February 21 to February 28, 1972. Accompanying the President were Mrs. Nixon, U.S. Secretary of State William Rogers, Assistant to the president Dr. Henry Kissinger, and other American officials.

President Nixon met with Chairman Mao Tse-tung of the Communist Party of China on February 21. The two leaders had a serious and frank exchange of views on Sino-U.S. relations and world affairs.

During the visit, extensive, earnest and frank discussions were held between President Nixon and Premier Chou En-lai on the normalization of relations between the United States of America and the People's Republic of China, as well as on other matters of interest to both sides. In addition, Secretary of State William Rogers and Foreign Minister Chi-peng-fei [Ji Pengfei] held talks in the same spirit.

President Nixon and his party visited Peking and viewed cultural, industrial and agricultural sites, and they also toured Hangchow [Hangzhou] and Shanghai where, continuing discussions with Chinese leaders, they viewed similar places of interest.

The leaders of the People's Republic of China and the United States of America found it beneficial to have this opportunity, after so many years without contact, to present candidly to one another their views on a variety of issues. They reviewed the international situation in which important changes and great upheavals are taking place and expounded their respective positions and attitudes.

The U.S. side stated: Peace in Asia and peace in the world requires efforts both to reduce immediate tensions and to eliminate the basic causes of conflict. The United States will work for a just and secure peace; just, because it fulfills the aspirations of peoples and nations for freedom and progress; secure, because it removes the danger of foreign aggression. The United States supports individual freedom and social progress for all the peoples of the world, free of outside pressure or intervention. The United States believes that the effort to reduce tensions is served by improving communication between countries that have different ideologies so as to lessen the risks of confrontation through accident, miscalculation or misunderstanding. Countries should treat each other with mutual respect and be willing to compete peacefully, letting performance be the ultimate judge. No country should claim infallibility and each country should be prepared to reexamine its own attitudes for the common good. The United States stressed that the peoples of Indochina should be

allowed to determine their destiny without outside intervention; its constant primary objective has been a negotiated solutions; the eight-point proposal put forward by the Republic of Vietnam and the United States on January 27, 1972 represents a basis for the attainment of that objective; in the absence of a negotiated settlement the United States envisages the ultimate withdrawal of all U.S. forces from the region consistent with the aim of self-determination for each country of Indochina. The United States will maintain its close ties with and support for the republic of Korea; the United States will support efforts of the Republic of Korea to seek a relaxation of tension and increased communication in the Korean peninsula. The United States places the highest value on its friendly relations with Japan; it will continue to develop the existing close bonds. Consistent with the United Nations Security Council Resolution of December 21, 1971, the United States favors the continuation of the ceasefire between India and Pakistan and the withdrawal of all military forces to within their own territories and to their own sides of the ceasefire line in Jammu and Kashmir; the United States supports the right of the peoples of South Asia to shape their own future in peace, free of military threat, and without having the area become the subject of great power rivalry.

The Chinese side stated: Wherever there is oppression, there is resistance. Countries want independence, nations want liberation and the people want revolution-this has become the irresistible trend of history. All nations, big or small, should be equal; big nations should not bully the small and strong nations should not bully the weak. China will never be a superpower and it opposes hegemony and power politics of any kind. The Chinese side stated that it firmly supports the struggles of all the oppressed people and nations for freedom and liberation and that the people of all countries have the right to choose their social systems according to their own wishes and the right to safeguard the independence, sovereignty and territorial integrity of their own countries and oppose foreign aggression, interference, control and subversion. All foreign troops should be withdrawn to their own countries.

The Chinese side expressed its firm support to the peoples of Vietnam, Laos and Cambodia in their efforts for the attainment of their goal and its firm support to the seven-point proposal of the Provisional Revolutionary Government of the Republic of South Vietnam and the elaboration of February this year on the two key problems in the proposal, and to the Joint Declaration of the Summit Conference of the Indochinese Peoples. It firmly supports the eight-point program for the peaceful unification of Korea put forward by the Government of the Democratic People's Republic of Korea on April 12, 1971, and the stand for the abolition of the "U.N. Commission for the Unification and Rehabilitation of Korea." It firmly opposes the revival and outward expansion of Japanese militarism and firmly supports the Japanese people's desire to build an independent, democratic, peaceful and neutral Japan. It firmly maintains that India and Pakistan should, in accordance with the United Nations resolutions on the India-Pakistan question, immediately withdraw all their forces to their respective territories and to their own sides of the ceasefire line in Jammu and Kashmir and firmly supports the Pakistan Government and people in their

struggle to preserve their independence and sovereignty and the people of Jammu and Kashmir in their struggle for the right of self-determination.

There are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis, without resorting to the use or threat of force. The United States and the People's Republic of China are prepared to apply these principles to their mutual relations.

With these principles of international relations in mind the two sides stated that:

- progress toward the normalization of relations between China and the United States is in the interests of all countries;
- both wish to reduce the danger of international military conflict;
- neither should seek hegemony in the Asia-Pacific region and each is opposed to efforts by any other country or group of countries to establish such hegemony; and
- neither is prepared to negotiate on behalf of any third party or enter into agreements or understandings with the other directed at other states.

Both sides are of the view that it would be against the interests of the peoples of the world for any major country to collude with another against other countries, or for major countries to divide up the world into spheres of interest.

The two sides reviewed the long-standing serious disputes between China and the United States. The Chinese reaffirmed its position: The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; the Government of the People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Taiwan is China's internal affair in which no other country has the right to interfere; and all U.S. forces and military installations must be withdrawn from Taiwan. The Chinese Government firmly opposes any activities which aim at the creation of "one China, one Taiwan," "one China, two governments," "two Chinas, an independent Taiwan" or advocate that "the status of Taiwan remains to be determined."

The U.S. side declared: the United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes.

The two sides agreed that it is desirable to broaden the understanding between the two peoples. To this end, they discussed specific areas in such fields as science, technology, culture, sports and journalism, in which people-to-people contacts and exchanges would be mutually beneficial. Each side undertakes to facilitate the further development of such contacts and exchanges.

Both sides view bilateral trade as another area from which mutual benefit can be derived, and agreed that economic relations based on equality and mutual benefit are in the interest of the peoples of the two countries. They agree to facilitate the progressive development of trade between their two countries.

The two sides agreed that they will stay in contact through various channels, including the sending of a senior U.S. representative to Peking from time to time for concrete consultations to further the normalization of relations between the two countries and continue to exchange views on issues of common interest.

The two sides expressed the hope that the gains achieved during the visit would open up new prospects for the relations between the two countries. They believe that the normalization of relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world.

President Nixon, Mrs. Nixon and the American party expressed their appreciation for the gracious hospitality shown them by the Government and people of the People's Republic of China.

Appendix Two

Taiwan Relations Act of 1979

On March 29, 1979, Congress passed a bill (HR 2479) establishing a new relationship with Taiwan following U.S. recognition of the People's Republic of China. President Carter signed the bill (PL 96-8) into law on April 10. Major provisions are listed below.

* * *

FINDINGS AND DECLARATION OF POLICY

Sec. 2. (a) The President having terminated governmental relations between the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, the Congress finds that the enactment of this Act is necessary-

(1) to help maintain peace, security, and stability in the Western Pacific; and

(2) to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the other people of Taiwan.

(b) It is the policy of the United States-

(1) to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan as well as the people on the China mainland and all other peoples of the Western Pacific area;

(2) to declare that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern;

(3) to make clear that the United States decision to establish diplomatic relations with the People Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;

(4) to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States;

(5) to provide Taiwan with arms of a defensive character; and

(6) to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.

(c) Nothing contained in this Act shall contravene the interest of the United States in human rights, especially with respect to the human rights of all the approximately eighteen million inhabitants of Taiwan. The preservation and enhancement of the human rights of all the people on Taiwan are hereby reaffirmed as objectives of the United States.

IMPLEMENTATION OF UNITED STATES POLICY WITH REGARD TO TAIWAN

Sec. 3. (a) In furtherance of this policy set forth in section 2 of this Act, the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.

(b) The President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan, in accordance with procedures established by law. Such determination of Taiwan's defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress.

(c) The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom. The President and the Congress shall determine, in accordance with constitutional processes, appropriate action by the United States in response to any such danger.

APPLICATION OF LAWS; INTERNATIONAL AGREEMENTS

Sec. 4. (a) The absence of diplomatic relations or recognition shall not affect the application of the laws of the United States with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to January 1, 1979.

(b) The application of subsection (a) of this section shall include, but shall not be limited to, the following:

(1) Whenever the laws of the United States refer or relate to foreign countries, nations, states, governments, or similar entities, such terms shall include and such laws shall apply with respect to Taiwan.

(2) Whenever authorized by or pursuant to the laws of the United States to conduct or carry out programs, transactions, or other relations with respect to foreign countries, nations, states, governments, or similar entities, the President or any agency of the United States Government is authorized to conduct and carry out, in accordance with section 6 of this Act, such programs, transactions, and other relations with respect to Taiwan (including, but not limited to, the performance of services for the United States through contracts with commercial entities on Taiwan), in accordance with the applicable laws of the United States.

(3) (A) The absence of diplomatic relations and recognition with respect to Taiwan shall not abrogate, infringe, modify, deny, or otherwise affect in any way any rights or obligations (including but not

limited to those involving contracts, debts, or property interests of any kind) under the laws of the United States heretofore or hereafter acquired by or with respect to Taiwan.

(B) For all purposes under the laws of the United States, including actions in any court in the United States, recognition of the People's Republic of China shall not affect in any way the ownership of or other rights or interests in properties, tangible and intangible, and other things of value, owned or held on or prior to December 31, 1978, or thereafter acquired or earned by the governing authorities on Taiwan.

(4) Whenever the application of the laws of the United States depends upon the law that is or was applicable on Taiwan or compliance therewith, the law applied by the people on Taiwan shall be considered the applicable law for that purpose.

(5) Nothing in this Act, nor the facts of the President's action in extending diplomatic recognition to the People's Republic of China, the absence of diplomatic relations between the people on Taiwan and the United States, or the lack of recognition by the United States, and attendant circumstances thereto, shall be construed in any administrative or judicial proceeding as a basis for any United States Government agency, commission, or department to make a finding of fact or determination of law, under the Atomic Energy Act of 1954 and the Nuclear Non-Proliferation Act of 1978, to deny an export license application or to revoke an existing license for nuclear exports to Taiwan.

(6) For purposes of the Immigration and Nationality Act, Taiwan may be treated in the manner specified in the first sentence of section 202(b) of that Act.

(7) The capacity of Taiwan to sue and to be sued in courts in the United States, in accordance with the laws of the United States, shall not be abrogated, infringed, modified, denied, or otherwise affected in any way by the absence of diplomatic relations or recognition.

(8) No requirement, whether expressed or implied, under the laws of the United States with respect to maintenance of diplomatic relations or recognition shall be applicable with respect to Taiwan.

(c) For all purposes, including actions in any court in the United States, the Congress approves the continuation in force of all treaties and other international agreements, including multilateral conventions, entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978, unless and until terminated in accordance with law.

(d) Nothing in this Act may be construed as a basis for supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization.

OVERSEAS PRIVATE INVESTMENT CORPORATION

Sec. 5. (a) During the three-year period beginning on the date of enactment of this Act, the \$1,000 per capita income restriction in clause (2) of the second undesignated paragraph of section 231 of the Foreign Assistance Act of 1961 shall not restrict the activities of the Overseas Private Investment Corporation in determining whether to provide any insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan.

(b) Except as provided in subsection (a) of this section, in issuing insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan, the Overseas Private Investment Corporation shall apply the same criteria as those applicable in other parts of the world.

DEFINITIONS

Sec. 15. For purpose of this Act --

(1) the term "laws of the United States" indicates any statute, rule, regulation, ordinance, order, or judicial rule of decision of the United States or any political subdivision thereof; and

(2) the term "Taiwan" includes, as the context may require, the islands of Taiwan and the Pescadores [Penghu], the people on those islands, corporation and other entities and associations created or organized under the laws applied on those islands, and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and any successor governing authorities (including political subdivisions, agencies, and instrumentalities thereof).

EFFECTIVE DATE

Sec. 18. This Act shall be effective as of January 1, 1979.

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