

**MAINTAINING BASELINE STABILITY
IN CHINA-U.S. RELATIONS:
ALLIANCE STRUCTURES, RETHINKING
FLASHPOINTS, AND IDENTIFYING
NEW SHARED INTERESTS**

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MAINTAINING BASELINE STABILITY IN CHINA-U.S. RELATIONS: ALLIANCE STRUCTURES, RETHINKING FLASHPOINTS, AND IDENTIFYING NEW SHARED INTERESTS

Ryan CLARKE*

In recent years we have witnessed an explosion of analysis on both the future trajectories of China as well as the United States and the nature of the interactions between them with prognoses varying wildly. Some boldly predict a myopic, conflict-free future in China-U.S. relations where America recognizes the inevitability of a rising China and adjusts its grand strategy, military deployments, and trade policy in order to clear the way for this predetermined geopolitical shift. For China, it obligingly adjusts its key institutions, market regulations, and foreign policy practices to be in line with the established norms of the heretofore largely undefined yet often cited “international community.” Others openly voice fears of a repeat of the events that rocked human civilization in the 19th and 20th centuries with terms such as security dilemma, security spiral, hard balancing, nationalism, and others returning into the everyday vernacular.

Those who subscribe to the latter paradigm over-extrapolate from seemingly individual issues, such as Taiwan (which is actually an artifact of history), to make broad assessments of the overall direction of the China-U.S. relationship. “Test case”, “precedent”, and the like are now applied to what have previously been regarded as rather unitary issues. If defense-centric analysis becomes the dominant mode, then we had better prepare ourselves to see a constant stream of security dilemmas and escalations with no exit. No one actually desires such an outcome. This study seeks to make a humble contribution by providing a balanced, realistic, and policy-oriented analysis of the most pressing contemporary issues in the relationship between Washington and Beijing. Through this work, this study aims to highlight that while many ingrained, structural issues (Taiwan, Korean Peninsula, American alliance structures, etc...) continue to pose challenges to the relationship, there are still frontier areas in which shared interests can rationally be identified and expanded upon. There are indeed many challenges that China and America face in the future management of their relationship and there is ample space for miscalculation and escalation with unpredictable results. However, this study seeks to break out of the “wait-and-see” approaches which characterize so much analyses in Asia as well as the West.

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Broader Trends in China-U.S. Relations: Dissecting the Multifaceted

The China-U.S. relationship is neither strong nor weak. It is complex, dynamic, and multi-faceted. The United States and China are rivals and partners at the same time. In geopolitical terms, they are more rivals than partners; in economic terms, they are more partners than rivals. When translated into their management of regional and global challenges, this complexity means that Washington and Beijing cooperate on some issues but clash over others. One example is North Korea where the United States and China are both rivals and partners as they work together to prevent conflict and war there while they also work against each other at the same time. The Chinese provide aid to the North Koreans to maintain a strategic buffer against American influence, while the Americans maintain a powerful military presence and alliance structure in the region to balance against growing Chinese power.¹

China has become more diplomatically assertive and politically active in voicing concerns over issues like the East China Sea, South China Sea, and Yellow Sea. However, many of these actions have been in response to the activities of other countries. In Beijing's view, the Philippines, Vietnam, Japan, and other nations have made new moves to gain the advantage over disputed areas and prized energy resources. China has also responded to Washington's decision to increase U.S. surveillance along China's coast and deploy more troops in the region. As such, from a Chinese perspective, Beijing is reacting to others.²

While a number of issues have contributed to the instability in the relationship in recent years, China expert David Shambaugh believes that the deterioration began with the Chinese (over)management of the Obama visit to Shanghai and Beijing. Shambaugh also notes that much of the Joint Statement in November 2009³ was stillborn and that no sooner had the ink dried on the document than the relationship foundered on a rapid succession of troublesome issues—which cumulatively buffeted the relationship over 2010. He provides what he feels is a comprehensive list:

- Divergent and contentious positions at the U.N. Climate Change Conference in Copenhagen in December 2009
- President Obama's meeting with the Dalai Lama
- President Obama's decision to authorize US\$6.4 billion in defensive arms and equipment transfers to Taiwan—which resulted in China's suspension of bilateral military-military exchanges and threats to retaliate against American companies
- The Google controversy and subsequent concerns about internet controls in and cyber hacking by China

¹ Pei Minxin, "A U.S.-China Reset?", Carnegie Endowment for International Peace, January 13, 2011.

² Michael Swaine, "China's Military Muscle", Carnegie Endowment for International Peace", January 19, 2011.

³ To read the statement in full, please see: <http://www.whitehouse.gov/the-press-office/us-china-joint-statement>

- Tensions over the “slow” appreciation of the *renminbi*, and continuing concerns that China was manipulating its currency
- China’s watering down of U.N. sanctions against both North Korea and Iran (although Beijing and Washington agreed to compromised language and actions)
- Beijing’s cancellation of official talks on non-proliferation and arms control
- A continually ballooning trade deficit with China
- Continuing Chinese violations of intellectual property
- Complaints by American (and other foreign) companies about an increasingly restrictive operating environment in China
- American concerns about subsidies behind China’s “indigenous innovation” and state procurement policies
- Chinese concerns over U.S. intelligence collection and surveillance in China’s 200 mile Exclusive Economic Zone (EEZ)
- U.S. naval and air military exercises with South Korean forces in the Yellow Sea
- China’s refusal to recognize the findings of a multinational investigation into the sinking of the South Korean warship Cheonan or to publicly condemn North Korea for the sinking
- China’s refusal to publicly condemn Pyongyang’s late-November 2010 artillery shelling of the South Korean island Yeonpyeong
- China’s persistent protection of North Korea and refusal to restrain its provocative neighbor
- China’s “minimal contributions” to the international effort in Afghanistan
- A “disappointing” Strategic and Economic Dialogue (S&ED) in Beijing in May 2010
- China’s newly assertive claims to disputed waters in the East China Sea (vis-à-vis Japan) and South China Sea (vis-à-vis five Southeast Asian claimants), and Beijing’s acerbic rejection of Secretary of State Hillary Clinton’s offer at the July ASEAN Regional Forum to facilitate initiatives designed to operationalize the 2002 China-ASEAN declaration on the conduct of parties in the South China Sea⁴

China holds almost US\$1 trillion in U.S. government bonds thus prompting a potentially dangerous misperception that China is able to assert undue influence over

⁴ David Shambaugh, “Stabilizing Unstable U.S.-China Relations? Prospects for the Hu Jintao Visit”, Brookings Northeast Asia Commentary No. 45, Brookings Institute, January 2011.

the American economy and thereby potentially jeopardizing American national security. However, it is critical to be empirical and aware of the fact that China has made only modest investments in the “nuts and bolts” of the U.S. economy. China lags far behind its Asian and European competitors in direct investment in the United States — taking stakes in manufacturers, suppliers, warehouses and other businesses. In fact, Chinese companies invested only US\$791 million in U.S. firms in 2009, the last full year of data available from the U.S. Bureau of Economic Analysis. South Korean companies invested US\$12 billion, Japanese firms US\$264.2 billion, German firms US\$218 billion, and British companies US\$453 billion.⁵

There are multiple reasons for China’s purchase of a U.S. company or a stake in one. A number of U.S. high-tech companies and their products remain off limits to China for national security reasons. In addition, failed investments in Wall Street firms such as the now-defunct Lehman Brothers have long-lasting after effects. Another reason is that China’s fast-growing domestic market offers plenty of home-grown alternatives. This differs significantly from Japan’s, which bought into the United States decades ago after first capturing market share through exports. Conversely, China’s main interest in the United States has been the automotive sector.⁶

In a landmark 2008 study, Evan Mederios and others at the RAND Corporation, an influential American think tank, found that China’s growing involvement and influence in East Asian economic and security affairs is not fundamentally eroding the foundation of U.S. alliances and security partnerships in the region. However, while the United States remains the security partner of choice in the region, consistent American efforts are needed to ensure this remains the case. They also claim that in many cases, China makes U.S. security commitments even more relevant in that nations can confidently engage China precisely because U.S. security commitments to its allies and partners endure. However, America’s Asian allies and partners are increasingly seeking to maximize their maneuvering room by positioning themselves to benefit from ties with both China and the United States. On balance, America’s Asian allies and security partners want continued U.S. involvement in the region, but sometimes only in certain ways, at certain times, and on particular issues.⁷

Christensen takes this point a step further by asserting that even if a straightforward and full-spectrum containment strategy were attempted by the United States, it would be counterproductive as not only would it alienate and anger China, it would reduce Washington’s relative power in the region. The United States would likely gain no new allies in such an effort and would lose some, if not all, of its current regional allies. In this sense, Washington’s overall positive engagement of China assists the United States even in the zero-sum aspects of its policies toward China because it helps the United States maintain its regional alliances. At the same

⁵ Kevin Hall, “Think China has a big stake in U.S. business? Think again”, McClatchy Newspapers, January 17, 2011.

⁶ Ibid.

⁷ Evan Mederios, *et. al.*, “Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China’s Rise”, RAND Corporation, 2008.

time, China itself might be adopting many accommodating strategies in the region not as a reward for American and allied moderation, but rather as a way to counter U.S. influence. Beijing wants to make it more difficult and painful for regional actors to choose the United States over China in any future standoff and by maintaining a strong presence in the region, Christensen believes that the United States has done more than simply providing collective goods in security and economic affairs; it may have provided a major catalyst for Beijing to help provide such collective goods as well. From America's perspective, as long as Beijing does not attempt to use its newly acquired influence to exclude the United States from the region, the end result of the competition between the United States and China may be a more stable and prosperous region in which actors in East Asia do not want to choose sides in a U.S.-China conflict and Beijing and Washington lack any real pretense for starting one.⁸

Overall, the United States remains well positioned to continue to achieve its core objectives in the Asia-Pacific region. The United States does not face a crisis in Asia, in which an ascendant China is gradually replacing U.S. influence. It is critical to note that East Asian nations are not bandwagoning with China, and none desire such an outcome. Most of these nations are hedging their security bets regarding China's reemergence in East Asia and U.S. policy should reflect this reality. In fact, the rise of China has made the United States more relevant in many ways. Mederios and the other RAND scholars clearly state that it is not in U.S. interests to take a highly competitive approach to China's security alliances and partnerships in the region. Instead, U.S. policy needs to be sensitive to the "changing constellations of equities of its East Asian allies and partners",⁹ none of whom want to provoke China into becoming a strategic adversary. Also, none want the United States to depart from the region either and the fear of abandonment is as strong or stronger a motivation as the concern about becoming entrapped in a U.S. regional policy that confronts China. As such, the United States should pursue a finely calibrated policy that is tailored to meet the individual needs and national interests of its allies and security partners.¹⁰

Henry Kissinger, America's iconic former Secretary of State, believes that it is unwise to substitute China for the Soviet Union in American thinking and to apply to it the policy of military containment of the Cold War. The Soviet Union was heir to an imperialist tradition, which, between Peter the Great and the end of World War II, projected Russia from the region around Moscow to the center of Europe. The Chinese state in its present dimensions has existed substantially for 2,000 years. The Russian empire was governed by force, while the Chinese empire was by cultural conformity with substantial force in the background. He takes the point further by stating that at the end of World War II, Russia found itself face to face with weak countries along all its borders and unwisely relied on a policy of occupation and intimidation beyond the long-term capacity of the Russian state. The strategic

⁸ Thomas Christensen, "Fostering Stability or Creating a Monster? The Rise of China and U.S. Policy Towards East Asia", *International Security*, Vol. 31, No.1, Summer 2006, pp. 81-126.

⁹ Evan Mederios, *et. al.*, "Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China's Rise", RAND Corporation, 2008, p.246.

¹⁰ *Ibid.*

Also see William Overholt, *Asia, America, and the Transformation of Geopolitics*, Cambridge University Press, 2008.

equation in Asia is altogether different and U.S. policy in Asia must not mesmerize itself with the Chinese military buildup.¹¹

East Asian Security: Structural Issues and America's Self-Perceived Role

Many American scholars and analysts argue that in the twenty-first century international instability is more likely in East Asia than in Western Europe. Regardless of whether we use variables favored by realists or liberals, East Asia appears more unstable. For example, the region is characterized by major shifts in the balance of power, skewed distributions of economic and political power within and between countries, political and cultural heterogeneity, inadequate security institutionalization, and widespread territorial disputes that combine natural resource issues with postcolonial nationalism.¹² Further, when compared to Europe, it becomes clear that Asia is considerably under-institutionalized. Even when the Cold War was at its lowest depths (and American authority at its peak), the United States was unable to build a set of political and military institutions capable of managing its diverse Asian allies. The only American-led effort to create an Asian counterpart to NATO (SEATO, the South East Asian Treaty Organization) was most notable for its failure. In projecting power into the Pacific during the Cold War, the United States relied instead primarily on a series of bilateral arrangements with its various allies, many of whom did not (and still do not) trust one another.¹³

Christensen believes that if security dilemma theory is applied to East Asia, the risk of spirals of tension in the region is significant, particularly in the absence of a U.S. military presence in the region. According to the theory, in an uncertain and anarchic international system without a higher body to mediate disputes and enforce agreements, mistrust between two or more potential adversaries can lead each side to take precautionary and defensively motivated measures which are then misperceived

¹¹ Henry Kissinger, "China: Containment Won't Work", *Washington Post*, June 13, 2005.

¹² Thomas Christensen, "China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia", *International Security*, Vol. 23, No. 4, Spring, 1999, pp. 49-80.

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Also see Ryan Clarke, "Sino-Indian Strategic Relations: Assessing the Risk of Great Power Rivalry in Asia", Working Paper No. 157, East Asian Institute, National University of Singapore.

For some excellent studies on Chinese nationalism, see Zheng Yongnian, "Discovering Chinese Nationalism in China: modernization, identity, and international Relations", Cambridge University Press, 1999.

Wang Gungwu, "The revival of Chinese nationalism", International Institute for Asian Studies, Leiden, 1996.

Wang Gungwu, *海外华人的民族主义 (Confucianism and Nationalism)*, UniPress, 1996.

Christopher Hughes, *Chinese nationalism in the global era*, Routledge, 2006.

Zhao Suisheng, *A nation-state by construction: dynamics of modern Chinese nationalism*, Stanford University Press, 2004.

C.X. George Wei and Liu Xiaoyuan (eds), *Exploring nationalisms of China: themes and conflicts*, Greenwood Press, Westport, Connecticut, 2002.

¹³ Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia", *International Security*, Vol. 18, No. 3, Winter, 1993-1994, pp. 5-33.

as offensive threats. This can lead to countermeasures in kind, resulting in an unnecessary increase in regional tensions, a reduction of security, and the creation of destructive self-fulfilling prophecies about the danger of a particular nation's security environment. He goes further to state that from a standard realist perspective, not only could dramatic and unpredictable changes in the distribution of capabilities in East Asia increase uncertainty and mistrust, but the importance of sea lanes and secure energy supplies to almost all regional actors could encourage a destabilizing competition to develop power projection capabilities on the seas and in the air. As they are perceived as offensive threats, power projection forces are more likely to spark spirals of tension than weapons that can defend only a nation's homeland. Perhaps even more important in East Asia than these more commonly considered variables are psychological factors (such as the historically based mistrust and animosity among regional actors) and political geography issues relating to the Taiwan question, which make even defensive weapons in the region appear threatening to Chinese security.¹⁴

History has also shown us that rapid national economic growth and the feelings of power and entitlement that have a tendency to come along with it may be at least as important a cause of expansionism as the efforts of embattled elites to maintain their domestic power.¹⁵ Political scientist Samuel Huntington has claimed that "the external expansion of the U.K. and France, Germany and Japan, the Soviet Union and the United States coincided with phases of intense industrialization and economic development."¹⁶ If the historical correlation between extraordinarily rapid internal growth and external expansion holds, the implications for Asian stability will be troubling indeed as many of the world's most impressive economic growth rates are in this dynamic region.¹⁷

China-U.S. Strategic Relations: Determining the Actual Weakness

Chinese policymakers have crafted a foreign policy strategy that seeks to accomplish five specific objectives: economic growth and development, reassurance, countering constraints, resource diversification, and reducing Taiwan's international space. This list of diplomatic objectives has expanded in the last decade as China becomes more internationally integrated. China's view of its security environment now has two overarching dimensions. The first is a widely held belief that China's success is inextricably linked to internationalism, more so than ever before. The second is the pervasive uncertainty about the range and severity of threats to China's

¹⁴ Thomas Christensen, "China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia", *International Security*, Vol. 23, No. 4, Spring, 1999, pp. 49-80.

¹⁵ Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia", *International Security*, Vol. 18, No. 3, Winter, 1993-1994, pp. 5-33.

¹⁶ Samuel Huntington, "America's Changing Strategic Interests," *Survival*, Vol. 33, No. 1, January/February 1991, p. 12.
Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia", *International Security*, Vol. 18, No. 3, Winter, 1993-1994, pp. 5-33.

¹⁷ Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia", *International Security*, Vol. 18, No. 3, Winter, 1993-1994, pp. 5-33.

economic and security interests.¹⁸ For some, China has never been so secure and, for others, the numbers and types of security threats are growing, motivating deep concerns about the future. On balance, Chinese leaders have concluded that their external security environment is favorable and that the next 15 to 20 years represent a “strategic window of opportunity” for China to achieve its leading objective of national revitalization through continued economic, social, military, and political development. Chinese policymakers seek, to the extent possible, to extend this window of opportunity through diplomacy.¹⁹

However, David Lampton of Johns Hopkins University notes that there are four sources of mutual strategic mistrust that, if insufficiently attended to by Washington and Beijing, will intensify. These sources are (1) defining the challenge of U.S.-China relations in such a manner that there is no “win-win” solution; (2) miscalculating U.S. and Chinese power; (3) emerging desires in China to “change the game,” and (4) reacting to challenge and response dynamics. These four phenomena create a toxic mix that is corrosive to mutual trust and conducive to higher levels of future conflict if inadequately addressed in both nations.²⁰ Nonetheless, Lampton also notes that in China there have been periodic debates over how assertive China should be in relations with Washington over the last two decades or so. The last five internal debates in China have been resolved in the direction of stabilizing relations with Washington, populist rhetoric aside. This was true in the wake of the 1989 Tiananmen Square violence, the 1995–96 Taiwan Strait crises, the 1999 crisis involving the inadvertent U.S.-NATO bombing of the Chinese embassy in Belgrade, and the EP-3 incident in 2001.²¹

In the near term competition-inducing mechanisms will continue to exert a strong influence with the two most important factors on this side of the equation being the rate of growth of China’s material power and the developmental trajectory of its domestic political institutions. If China continues to grow wealthier and stronger without significant political liberalization, the tendencies toward competition with the United States will remain and will likely become more intense, amplified by the workings of the security dilemma.²² Fortunately, Friedberg notes that the mutual gains from an expanding economic relationship will remain the single most important peace-inducing force at work in U.S.-China relations. The potential costs of a conflict between the two powers, especially given that both possess nuclear weapons, should also help to keep competitive impulses within bounds and to make both sides very wary of embarking on any course that could risk direct conflict. The emergence of a

¹⁸ Evan Medeiros, “China’s International Behavior: Activism, Opportunism, and Diversification”, RAND Corporation, 2009.

¹⁹ Ibid.

²⁰ David Lampton, “Power Constrained: Sources of Mutual Strategic Suspicion in China-US Relations”, National Bureau of Asian Research, June 2010.

²¹ Ibid.

²² Aaron Friedberg, “The Future of China-US Relations: Is Conflict Inevitable”, *International Security*, Vol. 30, No.2, Fall 2005, pp. 7-45.

group of Chinese “new thinkers” could also contribute to a less zero-sum, hard realpolitik approach to relations with the United States.²³

The Pentagon believes that China has begun a new phase of military development with the articulation of roles and missions for the People’s Liberation Army (PLA) that go beyond China’s immediate territorial interests (see **Figure 1**). Some of these missions and associated capabilities have allowed the PLA to contribute to international peacekeeping efforts, humanitarian assistance and disaster relief, and counter-piracy operations. The United States recognizes and welcomes these contributions.²⁴ Other investments are believed to have allowed the PLA to pursue anti-access and area-denial strategies and to improve the PLA’s ability for extended-range power projection, although China’s ability to sustain military power at a distance remains limited. Given national development priorities, the Pentagon believes that it is unlikely China will pursue the extremely high cost of transition to a carrier navy for at least the next 10 to 15 years. More likely is a “hybrid” navy that has one or two carrier groups designed to provide force projection for regional contingencies or a show of presence in distant sea lanes. The PLA has also made modest improvements to the transparency of China’s military and security affairs. However, the Pentagon believes that many uncertainties remain regarding how China will use its expanding military capabilities. It also believes that the limited transparency in China’s military and security affairs heightens uncertainty and increases the potential for misunderstanding and miscalculation.²⁵

Figure 1: Pentagon Analysis of Expanding PLA Missions



The First and Second Island Chains. PRC military theorists conceive of two island “chains” as forming a geographic basis for China’s maritime defensive perimeter.

Source: U.S. Department of Defense, “Annual Report to Congress - Military and Security Developments Involving the People’s Republic of China”, 2010.

²³ Ibid.

²⁴ U.S. Department of Defense, “Annual Report to Congress - Military and Security Developments Involving the People’s Republic of China”, 2010.

²⁵ Ibid.

Harvard's Alastair Iain Johnston somewhat controversially argues that China actually has a sharp realist tradition that views war as a central component of inter-state relations, thus dismissing notions of China as a passive, defense-oriented state.²⁶ Though his point is debatable, it is clear that China, like any other states, pursues a strategy which is strongly conditioned by its historical experience, political interests, and its geostrategic environment. Further, China's grand strategy is essentially linked to the attainment of three interrelated objectives:

- Most importantly, the preservation of domestic order and well-being in the face of different forms of social strife
- Defense against persistent external threats to national sovereignty and territory
- Attainment and maintenance of geopolitical influence as a major, possibly primary, state²⁷

Swaine and Tellis claim that the recent era has seen the emergence of a hybrid "weak-strong" state security strategy which combines elements of a traditional "strong-state" effort to control the strategic periphery through military and political means with elements of a "weak-state" approach employing a primarily territorial defense-oriented force structure and a relatively high level of involvement in diplomatic balance and maneuver.²⁸ Scobell also notes that Chinese statesmen tend to be more willing to use military force while soldiers are inevitably more reluctant, and provides a concise explanation of Chinese strategic thought:

"...China's strategic culture does not reflect a single defensive, conflict-averse tradition symbolized by the Great Wall, and that post-1949 China's civil-military structure is not as harmonious or as one-dimensional as the Long March suggests. China's military and civilian leaders do not approach decisions to use force at home or abroad from a single perspective. Rather, China's strategic behavior is more accurately conceived of as the outcome of the interplay between two distinct and enduring strands of strategic culture that are filtered through an evolving civil-military structure tempered by military culture."²⁹

²⁶ Alastair Iain Johnston, "Thinking About Strategic Culture", *International Security*, Vol. 19, No.4, Spring 1995.

Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, Princeton University Press, 1995.

Originally cited in Andrew Scobell, *China's Use of Military Force – Beyond the Great Wall and the Long March*, Cambridge University Press, 2003.

²⁷ Michael Swaine and Ashley Tellis, "Interpreting China's Grand Strategy – Past, Present, and Future", RAND Corporation, 2000, p. X.

²⁸ Ibid.

²⁹ Andrew Scobell, *China's Use of Military Force – Beyond the Great Wall and the Long March*, Cambridge University Press, 2003, p. 2.

Also see Zhao Suisheng (ed), *Chinese foreign policy: pragmatism and strategic behavior*, M.E. Sharpe, Armonk, New York, 2004.

Wang Gungwu and Zheng Yongnian (eds), *China and the new international order*, Routledge, 2008.

There are few direct, immediate external threats to China today that require preparation. However, there are still several potential threats that concern the Chinese civilian and military leadership with the principal threat being assumed by the United States as it is viewed as a long term threat to China's rise to great power status. In the short term, the United States is believed to pose a potential threat to China's territorial integrity through its support of Taiwan's ability to defend itself prior to a peaceful resolution of the situation in the Strait. The United States' involvement in a Taiwan conflict scenario also interacts with other external security threats, such as China's perceived vulnerability regarding energy security and the security of its sea lines of communication. Any disruptions to China's access to sea lanes, and Chinese energy imports in particular, is believed to have the potential of greatly harming the continued growth of China's economy and undermining one of the key sources of legitimacy for the continued rule of the Chinese Communist Party (CCP).³⁰ Other external security challenges facing Beijing include border, island, and offshore mineral rights disputes that threaten the territorial integrity of China and other security threats like the international narcotics trade and regional instability that could negatively impact the regional environment or even cause refugee flows into China.³¹ Other security issues include terrorism, arms control, the proliferation of weapons of mass destruction, and environmental issues. PLA writings have indicated an awareness that transnational topics could be sources of instability that threaten China's national security interests.³²

Although Beijing's assessment of its regional security is generally positive, it should be noted that major Chinese public assessments of the international security environment can change quickly and are not reliable indicators of the long term perceptions of Chinese military planners. In particular, the tone of Chinese assessments of the international security environment tends to shift according to the overall political climate in U.S.-China relations.³³ Further, China's perception of its threat environment is in a period of gradual expansion as it is beginning to accommodate considerations beyond merely border and territorial defense. The rise of China as a global economic and trading partner is forcing the CCP to analyze interests that are more distant than previously considered.³⁴ The protection of Chinese energy and other ocean-going cargo along the sea lines of communication (SLOC) in Southeast Asia even from ports as far off as the Persian Gulf, as well as the protection of Chinese energy industry assets in Central Asia or further afield, such as Sudan, is increasingly shaping the longer term vision of modernizing the PLA. In addition,

³⁰ Michael Chambers, "Framing the Problem: China's Threat Environment and International Obligations", in *Right Sizing the People's Liberation Army: Exploring the Contours of China's Military*, ed. Roy Kamphausen and Andrew Scobell, Strategic Studies Institute, U.S. Army War College, September 2007, pp. 19-69.

³¹ Ibid.

³² Keith Crane, *et. al.*, "Modernizing China's Military – Opportunities and Constraints", RAND Corporation, 2005.

³³ Ibid.

³⁴ Michael Chambers, "Framing the Problem: China's Threat Environment and International Obligations", in *Right Sizing the People's Liberation Army: Exploring the Contours of China's Military*, ed. Roy Kamphausen and Andrew Scobell, Strategic Studies Institute, U.S. Army War College, September 2007, pp. 19-69.

China may come to feel the need to provide stability throughout the Asia-Pacific region if it is to become a great power. These ambitions will require China to develop power-projection capabilities that are well beyond those currently possessed by the PLA.³⁵

Despite the plasticity which is typically associated with Chinese threat assessments, with more rigorous criteria for determining whether a state's foreign policy is status quo or revisionist oriented, it is hard to conclude that China is a clearly revisionist state operating outside, or barely inside, the boundaries of a so-called international community. Rather, to the extent that we can identify an international community on major global issues, China has become more integrated into and more cooperative within international institutions than ever before.³⁶ Moreover, the evidence that China's leaders are actively trying to balance against U.S. power to undermine an American-dominated unipolar system and replace it with a multipolar system is murky. The multipolarity discourse is not a clear guide to understanding Chinese preferences, and behaviorally it does not appear at the moment that China is balancing very vigorously against American military power or U.S. interests as its leaders have defined them. The U.S. policy debate on the implications of rising Chinese power for U.S. interests and for regional and global peace needs to be more sensitive to ambiguities in the evidence about Chinese foreign policy.³⁷

However, the quality and quantity of revisionism in a state's policy are not static properties and Johnston notes that there are two major factors that could increase the level of revisionism in the Chinese leadership's preferences. One is domestic social unrest while the second factor would be an emerging security dilemma whereby China's revisionism on the Taiwan issue, combined with U.S. political and military responses, leads each side to see the other as fundamentally opposed to its basic security interests. The evidence for this kind of interactivity is suggestive, but worrisome. In principle, if a security dilemma is emerging at the level of discourse, we should expect to see an increase in the frequency and volume of conflictual discourses. Hardliners on both sides should be making references to each other to justify an argument that the other side is threatening basic values and interests. However, we are not witnessing such behavior at present.³⁸

Japan-South Korean Defense Ties: A Viable Force?

Japan and South Korea share a common great power patron in the United States; they have no real alternative alliance partners, and for most of the Cold War, they faced common threats from China, the Soviet Union, and North Korea. Cha asserts that basic balancing logic, as a first-cut, would suggest these traits would

³⁵ Ibid.

³⁶ Alastair Iain Johnston, "Is China a Status Quo Power?", *International Security*, Vol. 27, No. 4, Spring 2003, pp. 5-56.

³⁷ Ibid.

³⁸ Ibid.

produce cooperation between Seoul and Tokyo. However, this has been far from the case. Japan-South Korea relations have seen periods of great volatility in the postwar era though we have begun to witness progress recently.³⁹

Despite the starts and stops, present-day analysis of Japan-South Korea security interaction shows a solidifying security relationship rooted less in threats from North Korea and more in shared economic interests. Remarkable as the ongoing security relationship is, it is limited in operation and narrowly focused. Taking a step back, a key conclusion in an excellent 2003 study carried out by Jason Manosevitz about the function of Japan-South Korea security interaction is that it is actually a security subsystem within a larger regional system. Further, it operates under a framework governed by separate bilateral treaties with the United States and responds to tensions with China. In many respects, cooperation by Japan and South Korea picks up where the U.S. security blanket ends, which is essentially the day-to-day policing of their territories. Part of the general plan laid out by Nixon in 1969 was designed to prevent the U.S. Navy's 7th Fleet from conducting regional maritime traffic or acting as a first responder to shipping accidents. Manosevitz believes that these duties are better suited for regional actors with America maintaining the capability to act quickly and decisively if war breaks out. Even though they are American allies, Japan and South Korea are responsible for the security and protection of trade routes, management of territorial waters, and patrolling of EEZs. By forging "monitor and aid" agreements for shared territories and coordinating operations for minor emergencies, Japan and South Korea efficiently fulfill some of their basic security needs themselves independent of their relationship with the United States.⁴⁰

The fundamentals of the relationship could be bolstered rapidly if the need arises and it is possible that some political-military coordination could be organized through the Trilateral Commission and Oversight Group (TCOG), which focuses on policies toward North Korea. However, the same approach cannot be hypothesized for a potential Taiwan Strait crisis as it is not clear what purpose, if any, Japan and South Korea security relations could or would serve in that context. This casts a shadow over the U.S.-Japan-South Korea "virtual alliance" idea. Whereas TCOG's establishment in 1999 does show that the United States, Japan, and South Korea are somewhat aligned on the Pyongyang problem, this does not extend beyond issues related to North Korea.⁴¹

Nonetheless, Manosevitz claims that Japan and South Korea still need security treaties with the United States to deter major conflict. With Japan and South Korea managing their day-to-day security interests, it is possible that they will seek greater influence in how the United States plans and provides leadership to avoid having to permanently live under a regional hegemon or a major armed conflict. Both Japan and

³⁹ Victor Cha, "Abandonment, Entrapment, and Neoclassical Realism in Asia: The United States, Japan, and Korea", *International Studies Quarterly*, Vol. 44, No. 2, June 2000, pp. 261-291.

⁴⁰ Jason Manosevitz, "Japan and South Korea: Security Relations Reach Adolescence", *Asian Survey*, Vol. 43, No. 5, September/October 2003, pp. 801-825.

⁴¹ Ibid.

South Korea have made it clear that they do not want the United States to simply hand them a solution to North Korea's nuclear gamble even though their security relations can aptly be described as "limited." However, this is not necessarily a negative.⁴²

Japan and South Korea are the two most technically advanced countries in East Asia and any large-scale uptick in security cooperation could prompt some of the other key players in the region to rethink their alliance structures and various strategic postures. Although North Korean behavior is problematic and poses a liability for China and, to a lesser extent, Russia, a dramatic strengthening of strategic ties between Japan and South Korea poses the very real risk of pushing the United States, Japan and South Korea closer together, thus further complicating an already-challenging strategic environment in East Asia. As such, it is in America's interests to pursue the relative status quo in this sphere of its foreign policy and follow more of a reactive strategy that effectively analyzes and responds to internal developments within or between both countries. This will help to ensure rational American policy outcomes while also limiting the potential for a substantial uptick in Chinese threat perceptions as the United States will not be able to be legitimately portrayed as being the driving force behind future developments.

Rationalizing North Korean Behavior: Does Deterrence Apply?

Kim Jong-il is as rational and calculating as he is brutal. As a purely historical point, dictators generally want to survive and Kim is no exception. Despite numerous threats, he has not launched a war largely because he has good reason to think he would face fatal opposition from the United States and South Korea. In fact, like his father Kim-il Sung, Kim has clearly shown he can be deterred: North Korea (also known as the Democratic People's Republic of Korea, or DPRK) has not started a war in five decades. Dictators do not survive without sophisticated political skills and it must be objectively acknowledged that Kim has maintained power despite intelligence assessments that his leadership would not survive the death of his father in July 1994 and he has endured despite famine, floods, economic collapse, nuclear crises, the loss of two major patrons in Russia and China, and U.S. pressure. There has been no palace or military coup, no extensive social unrest, no obvious chaos in the military, and no wholesale purge of various officials. Moreover, Kim's decision to proceed with North Korea's tentative and measured economic reforms is further proof that he is also quite capable of assessing costs and benefits.⁴³

However his rationality does not suggest complacency nor does it make him any less dangerous for the region, including China. Under Kim's rule, North Korea has engaged in a coercive bargaining strategy designed to ratchet up a crisis with the United States. Provocations such as test-firing missiles, shadowing spy planes, and walking away from treaties can demand attention and even force the United States and its allies to provide inducements persuading North Korea back from the brink. While this is a risky approach, it is still rational on the grounds that if a country has

⁴² Ibid.

⁴³ Victor Cha and David Kang, "The Korea Crisis", *Foreign Policy*, No. 136, May - June, 2003, pp. 20-28.

little to negotiate with, it makes sense to leverage the status quo for maximum bargaining advantage.⁴⁴

The real risk is that despite the DPRK's unfavorable military balance, Kim Jong-il could still choose to initiate violence short of an all-out war as a wholly rational policy. In this sense, engagement is a form of preventive defense and actions taken by the United States and its allies can prevent the emergence of potentially dangerous and conflictual situations. Put simply, engagement remains the only viable policy on the peninsula. Hard-liners may view the preventive defense rationale for engaging the DPRK as merely window dressing for appeasement and contend that engagement rewards North Korea for its bad behavior and creates moral hazard. They also charge that the policy has no exit strategy. However, Cha argues that engagement would not only provide insight on the degree of change in DPRK intentions, but would also lay the groundwork for punishment if the regime fails to fulfill its obligations. Engagement is not in lieu of an exit strategy and, for both hawks and doves, it is the default policy.⁴⁵

Lost amid all the alarm and bluster is the reality that the logic of deterrence will prevail even if North Korea develops and deploys a nuclear force. North Korea pursues nuclear weapons not for leverage but for the same reason that other highly vulnerable nations arm themselves: to deter an adversary, in this case a superpower that is armed with nuclear weapons. However, even if the North develops nuclear weapons, the threat of a devastating U.S. response will prevent it from ever using them (unlike shadowy terrorist cells, nations cannot hide from a retaliatory strike).⁴⁶ As such, the primary value of the North's missiles is as a military deterrent, not as an offensive weapon. The only nuclear threat to the United States from North Korea is indirect, in the potential transfer of such capabilities to third parties. Pyongyang has shown no aversion to selling weapons to anyone with the hard currency or barter to pay for them and North Korean nuclear weapons or fissile material hidden in tens of thousands of underground caves would likely go undetected even by the most intrusive inspections. Nonetheless, a transfer of nuclear material would be a risky proposition for a regime that values survival above all else. Given the preemptive mind-set of a post-September 11 United States, the North would have to be confident that any transfer would escape U.S. detection and therefore the threat of a massive U.S. retaliation.⁴⁷

Also escaping much attention is the fact that North Korean politics is becoming pluralized and policy outcomes are increasingly shaped by the interaction of the Cabinet, party, and military. In an excellent study by Patrick McEachern,

⁴⁴ Ibid.

⁴⁵ Victor Cha, "Hawk Engagement and Preventive Defense on the Korean Peninsula", *International Security*, Vol. 27, No. 1, Summer, 2002, pp. 40-78.

⁴⁶ Victor Cha and David Kang, "The Korea Crisis", *Foreign Policy*, No. 136, May - June, 2003, pp. 20-28

⁴⁷ Ibid.
Victor Cha, "North Korea's Weapons of Mass Destruction: Badges, Shields, or Swords?", *Political Science Quarterly*, Vol. 117, No. 2, Summer, 2002, pp. 209-230.

systematic content analysis of domestic articles and speeches suggests that policy preferences vary by institution. Second-echelon divisions are observable and help to shape policy more than has been previously argued and debates are institutional rather than personal. Important policy differences are defined not solely by individuals closely tied to Kim but by large bureaucracies with consistent interests and the capacity to produce detailed knowledge. National policy outcomes are determined more by the interaction of three “second echelon” institutions: the Cabinet, military, and party. Policy innovation comes from below while Kim and his inner circle serve as the final decision-maker of options presented by these institutions.⁴⁸

If policy innovation comes from below and is diffused throughout the bureaucracy, then a much larger group influences policy formation. McEachern suggests that the state is governed more impersonally than previously articulated, and policy choices are affected more rationally. Having Kim’s ear and trust is essential, but increasingly, substantive policy arguments are important. Institutional structures support more rational debate using detailed policy information, rather than more purely ideologically based policy prescriptions.⁴⁹ Different institutions voice divergent policy options at the same time, sometimes advocating publicly at cross purposes. The North Korean state allows limited public debate, suggesting that power and information are more diffuse than previously assessed. Detailed policy knowledge competes with ideological imperatives as policy inputs and we can infer that Kim Jong-il and senior decision-makers mediate among these competing interests. Decision-making authority remains centralized, but power is more diffuse.⁵⁰

Rational North Korea: Still China’s Security Buffer/Headache

The Korean Peninsula is the area of most concern given the nuclear issues combined with the fact that there are already tens of thousands of North Koreans living in northeastern China and political turmoil in North Korea, economic collapse, or war with the United States and South Korea would send many more North Koreans to China thus further straining China’s local “rust-belt” economies. Diplomacy will likely remain the primary method for dealing with these security challenges through economic tools, such as increasing aid to and investment in North Korea to promote stability. Military forces might be involved and were demonstrated in August-September 2003 when tensions were rising over North Korea’s nuclear program and Beijing replaced its border police with regular PLA troops. Further, after Pyongyang’s ballistic missile test in July 2006, China stepped up its border defense with additional regular troops. The likely motivation for these actions was to prevent massive refugee flows from the border. Such a rationale is defensive in nature but as China becomes more proactive in the region, then it is not unrealistic or purely speculative to suggest

⁴⁸ Patrick McEachern, “North Korea’s Policy Process: Assessing Institutional Policy Preferences”, *Asian Survey*, Vol. 49, No. 3, May - June, 2009, pp. 528-552.

⁴⁹ Ibid.

⁵⁰ Ibid.

that Beijing would use expeditionary forces to quell nearby turmoil before it crosses China's border.⁵¹

Up to 90% of North Korea's annual energy supplies, roughly 30% of its total outside assistance, and 38% of its imports reportedly come from China. Beijing played a quiet but critical role in inter-Korean dialogue leading up to the June 2000 summit and it also influenced Kim Jong-il's decision to tentatively reform the North Korean economy by hosting Kim in Shanghai in 2002 and backing the creation of special economic zones.⁵² Beijing opposes nuclear weapons on the Korean peninsula and delivered a dressing-down to North Korean embassy officials in Beijing in January 2003 about the country's cheating on the Agreed Framework. For China, there are no benefits deriving from a nuclear North Korea as such an outcome could prompt Japan to move from merely developing missile defense capabilities to acquiring ballistic missiles or even nuclear weapons. Going one step further, Taiwan might also cross the nuclear threshold if the leadership in Taipei sees North Korea successfully guaranteeing its security this way. While the rest of Asia provides China's economic lifeblood, North Korea is a seeming black hole where Beijing continues to throw hard-earned money, food, and fuel.⁵³

China's behavior regarding North Korea is not irrational or thoughtless as many in the West have claimed. China fears that without Kim Jong-il's authoritarian rule, North Korea would descend into uncontrollable civil unrest or civil war between heavily armed rival factions from within the elite and that this instability would spill over the 1,400 kilometer land border. Factions would be pro-China, pro-U.S., or pro-South Korea with each faction asking for external aid. In addition, a recent campaign to reverse over 25 years of economic decline in Jilin, Liaoning, and Heilongjiang, the three provinces that border North Korea, raises the stakes in this scenario for Beijing. Regenerating this region comprising over 100 million people and traditional heavy industry steel plants, iron ore mines, oil refineries, and shipbuilding factories is a development priority because of the economic benefits and because high unemployment and rising income inequality is a dangerous source of discontent.⁵⁴

Another major security headache comes in the form of narcotics. Methamphetamine production in North Korea is reported to have started in 1996 after heavy rains decreased income from poppy production. It is believed the most methamphetamines produced in North Korea are trafficked into northeast China, then to Shandong, Tianjin, Beijing, and other interior provinces; a smaller percentage is smuggled into South Korea and Japan, where they turn in a high profit. Yanbian Korean Autonomous Prefecture and Changbai Korean Autonomous County in

⁵¹ Michael Chambers, "Framing the Problem: China's Threat Environment and International Obligations", in *Right Sizing the People's Liberation Army: Exploring the Contours of China's Military*, ed. Roy Kamphausen and Andrew Scobell, Strategic Studies Institute, U.S. Army War College, September 2007, pp. 19-69.

⁵² Victor Cha and David Kang, "The Korea Crisis", *Foreign Policy*, No. 136, May - June, 2003, pp. 20-28.

⁵³ Ibid.

⁵⁴ "China and North Korea: Comrades Forever?", Asia Report No. 112, International Crisis Group, February 1, 2006.

China's Jilin Province, and Dandong city in Liaoning Province, along the border with North Korea, have been identified as key transit points for North Korean drugs into China.⁵⁵

Yanbian shares a border of 522.5 kilometers with North Korea; over one million Korean Chinese live in the region, as well as 100,000 to 200,000 North Korean refugees. Geographical and ethno-linguistic ties provide helpful networks for cross-border trafficking of drugs and illegal immigrants. Furthermore, drug trafficking groups from North Korea, China, and South Korea often cooperate on drug trafficking across the border and it has even reported that a "drug trafficking triangle" has been established among them.⁵⁶ Recently uncovered cases illustrate this trend. In October 2008, Baishan city border patrol agencies seized 5.4 kilograms of 100% pure ice in Changbai Korean Autonomous County. In July 2010, in the celebrated "5. 20" case, Yanbian border patrol agencies arrested six suspects from North Korea, including drug kingpin "Sister Kim", and several Korean Chinese; seized 1.5 kilograms of ice; and confiscated RMB 132,000 (about US\$19,300) of drug money and two cars.⁵⁷

However, Chinese counternarcotics policy relating to North Korea is often subordinated to the goal of maintaining a good overall relationship between two countries. The Chinese government implements a relatively tolerant policy toward the cross-border drug traffic, which could be very costly in the long run. Somewhat paradoxically, if North Korea carries out a reform and opening policy in the near future, the China-North Korean border trade would grow and economic ties would be strengthened. As a result, the Chinese government will not only relax its control of the border area but also actively facilitate cross-border commerce. In such an environment, the volume of drug trafficking across the border into northeast China and other Northeast Asian countries would quickly increase unless the DPRK were to take strict measures to eliminate drug production. China currently faces similar dilemmas in its southwestern and northwestern border regions.⁵⁸

⁵⁵ Zhang Yong-An, "Drug Trafficking from North Korea: Implications for Chinese Policy", Brookings Institute, December 3, 2010.

Also see Ryan Clarke, "Narcotics Trafficking in China: Size, Scale, Scope, and Future Consequences", *Pacific Affairs*, Vol. 81, No. 1, Spring 2008, pp. 73-93.

Bertil Lintner, *Great Leader, Dear Leader: Demystifying North Korea Under the Kim Clan*, Silkworm Books, 2005.

"Dozens of North Korean Diplomats Caught Smuggling Drugs," *Radio Free Asia*, December 15, 2004

Larry Wortzel, "North Korea's Connection to International Trade in Drugs, Counterfeiting, and Arms", Testimony before the Government Affairs Subcommittee on Financial Management, Budget, and International Security, United States Senate, Washington, May 20, 2003.

Balbina Hwang, "Curtailed North Korea's Illicit Activities", The Heritage Foundation, Backgrounder No. 1679, August 2003.

Bertil Lintner, "Chinese Organised Crime", *Global Crime*, Vol. 6, No. 1, February 2004.

Kim Young-II, "North Korea and Narcotics Trafficking: A View from the Inside", *North Korea Review*, Vol. 1, No.1, 2004.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ Ibid.

Also see Ziad Haider, "Sino-Pakistan Relations and Xinjiang's Uighurs: Politics, Trade, and Islam along the Karakoram Highway", *Asian Survey*, Vol. 45, No. 4, July - August 2005, pp. 522-545.

The vast majority of attention has been placed on China's response, or lack thereof, to North Korea's actions in 2010. China is virtually the only nation with influence (albeit limited) over North Korea, due to its trade links, aid provisions and defense pact. The United States, Japan and South Korea expected China to take decisive action against Pyongyang, with many openly expressing frustrations that this has not been forthcoming. In the initial stages, all parties were at pains to avoid open disagreement and temporarily accepted China's noncommittal stance. However, international pressure built throughout 2010; at the G20 summit, Barack Obama called the Cheonan incident "an example of Pyongyang going over the line in ways that just have to be spoken about seriously", and cautioned Beijing against "willful blindness" over the matter. China's fence-sitting has two plausible explanations.⁵⁹

First, China's refusal to acknowledge the results of the international investigation into the sinking of the Cheonan or to condemn the recent actions of Pyongyang is the result of sophisticated strategic thinking in Beijing. China appears well aware that if it were to publicly condemn and distance itself from the Kim Jong-il regime, it would significantly raise the risk of North Korea's internal disintegration, an occurrence that holds a real potential for war. Alternatively, the emergence of a pro-U.S. united Korea on China's borders is a cause for concern. Given the presence of American troops in Japan, American engagement with and arms supplies to Taiwan, Washington's growing strategic partnerships with India and Kazakhstan, new American military bases in Uzbekistan and Kyrgyzstan, and a long-term, multifaceted presence in Afghanistan and Pakistan, such an outcome would be unacceptable to the Chinese political leadership and its key strategists. In this explanation, Beijing is now an experienced player in the game of realpolitik and views North Korea as a bargaining chip with the United States.⁶⁰

The second explanation is policy paralysis, which suggests that China's refusal to come into line with the position of the United States, Japan and South Korea is driven by a lack of consensus over how exactly to respond. According to this perspective, China is under no illusions about what happened in the Cheonan and

Erica Marat, "The State-Crime Nexus in Central Asia: State Weakness, Organized Crime, and Corruption in Kyrgyzstan and Tajikistan", Silk Road Paper, Central Asia-Caucasus Institute and Silk Road Studies Institute, 2006.

Zhou Yongkang, "2002 Chinese Drug Suppression Report", Guangdong Anti-Narcotics Network, Guangzhou, 2003.

"Narcotics Control in China", Government White Paper, Information Office of the State Council of the People's Republic of China, 2000.

John Hill, "China's Battle Against Designer Drugs", *Janes Intelligence Review*, February 1, 2006.

Niklas Swanstrom, "Narcotics and China: An Old Security Threat from New Sources", *China and Eurasia Forum Quarterly*, Vol. 4, No. 1, 2006.

"Growing Heroin Trade Hits Uyghurs in China's Northwest," *Radio Free Asia*, April 25, 2006.

Niklas Swanstrom, "The Southeast Asian and Chinese Connection to Drug Trade in Central Asia", Central Asia-Caucasus Institute, 2003.

Svante Cornell, "The Interaction of Narcotics and Conflict", *Journal of Peace Research*, Vol. 42, No. 6, 2005.

Fang Yu-xia, "Recent Trends in Drug Abuse in China", *Acta Pharmacologica Sinica*, Vol. 27, No.2, 2006.

⁵⁹ Ryan Clarke, "Vassal States and Core National Interests – Rethinking China's Relationships with North Korea and Myanmar", *RUSI Journal*, Vol. 156, No. 1, February/March 2011, pp. 46-51.

⁶⁰ Ibid.

Yeonpyeong Island incidents but remains concerned about the ramifications (both domestic and international) of aligning its position so closely with others in the region, namely the United States. Given the lack of clarity surrounding the motivations of North Korea or the future responses of South Korea and the United States, China prefers to be patient and allow the uproar to fade so that it can make any major decision in a less emotionally charged environment – or possibly avoid making an overt decision altogether.⁶¹ Based on analysis of China’s recent international behavior, whether regarding trade and currency reform, defense planning or its response to US support for the Dalai Lama or Taiwan, the first explanation is the more likely, with Beijing viewing the Cheonan dispute through the paradigm of greater Sino-American relations. Accordingly, China likely expects some kind of concession from the United States in exchange for meaningful action against North Korea. Beijing has drawn criticism for its refusal to take strong action against North Korea and frustration with Pyongyang is building within the Chinese leadership, but – barring any further DPRK military action – the status quo remains Beijing’s preference.⁶²

To alter this, there would have to be clear, unambiguous strategic gains for China combined with assurances (in the event of a North Korean collapse) that there would not be a new hostile state on its northeastern border, as well as renewed discussions about the future of American troops in South Korea and/or Washington’s Taiwan policy. Such a major discussion on the future of the East Asian security architecture is overdue. Nevertheless, mutual misgivings remain, and China is not ready to abandon North Korea, suggesting that despite military provocations (and the ongoing costs of illegal immigration and narcotics trafficking across the border), China remains the senior partner in that relationship.⁶³

Assessing American Strategic Options on the Korean Peninsula

In the case of North Korea, the most prudent strategy is one that adheres to a preventive defense logic of engagement. American, South Korean, and Japanese policies should be directed at preventing situations in which North Korea perceives the status quo to be unbearable and therefore sees belligerence and coercive bargaining as a rational option even if there is little hope of victory. Isolation or coercion only exacerbates the North’s double-or-nothing motives for striking first.⁶⁴ Engagement, on the other hand, reduces such incentives by giving Pyongyang a stake in the status quo and increasing the benefits of peace (all the while allowing the United States and its allies to maintain their robust deterrence capabilities). The preventive defense logic of engagement does not assume that DPRK preferences toward peace have changed. Engagement offers the DPRK opportunities to prove to the world that it seeks integration; but if this fails, the United States, South Korea, and Japan, through these unsuccessful entreaties, are also tacitly building a potential

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Victor Cha, “Hawk Engagement and Preventive Defense on the Korean Peninsula”, *International Security*, Vol. 27, No. 1, Summer, 2002, pp. 40-78.

coalition for punishment. In this sense, engagement does not operate without a net and also has a built-in exit strategy.⁶⁵

The United States, South Korea, and Japan must maintain their defense and deterrence capabilities against North Korea (i.e., containment). Immoderate and emotional debates mistakenly characterize the hawk position as warmongering and the dove position as unilateral U.S. military withdrawal and appeasement. The policy choice is not between these two extremes, but rather how to augment the baseline containment posture. One alternative is containment-plus-isolation along the lines of U.S. policy during the Cold War, which combined an intimidating military presence with diplomatic ostracism to counter the DPRK's conventional military threat. Another alternative is containment-plus-coercion, which would supplement conventional deterrence with a counter-proliferation effort aimed at rolling back the North's WMD threat through diplomatic pressure or military action.⁶⁶

The most desirable option is containment-plus-engagement and this would involve the continuation of a robust U.S.-South Korea military defense posture capable of deterring a second invasion, complemented by conditional diplomatic and economic inducements to curb the proliferation threat and shape North Korean behavior in more cooperative ways. Second, incorporating insights from preemptive/preventive war and prospect theory, Cha argues that U.S. hawks should support engagement with Pyongyang not because the regime is irrational, near collapse, or misunderstood, but because engagement can prevent the crystallization of conditions under which Pyongyang could calculate aggression as a rational course of action even if a DPRK victory were impossible. Threat-based assessments of North Korea wholly overlook this finding because they fixate on the threat of an all-out DPRK invasion or nuclear attack. The former, however, has been deterred successfully for more than a half-century, and the latter begs the question of what logic would compel the North to launch a nuclear attack in the first place.⁶⁷

Deterrence comes in two forms—deterrence by punishment and deterrence by denial. In the first instance, potential aggressors are deterred by the prospect of having to endure unacceptable punishment in response to an aggressive act. In the second case, deterrence by denial; the potential aggressor is deterred because defenses are so good that the aggressor concludes that it could not achieve its political and military objectives through the use of force. On the Korean peninsula, the U.S.-South Korea alliance combines both of these approaches—a strong defense that can deny success, buttressed with the promise of overwhelming retaliation in the event of an invasion from the DPRK.⁶⁸ For either of these forms of deterrence to be successful, what is threatened in response to aggression or a hostile act must be believable thereby becoming credible. Credibility in turn, derives from a combination of military capability and a belief in the minds of North Korean leaders that the alliance has the

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Michael McDevitt, "Deterring North Korean Provocations", Brookings Northeast Asia Commentary No. 46, February 2011.

political will to act. There is no doubt that the U.S.-South Korea allies have the political will to respond to an invasion; hence the conditions necessary for a credible deterrent (capability and political will) are met.⁶⁹

However, history has demonstrated that when it comes to responding to North Korean provocations short of an actual invasion, the circumstances of deterrence have been reversed, even though at every level of war the alliance enjoys a military capability advantage—including the nuclear domain. However, this capability advantage yields no real advantage because it has not been buttressed by the perception that the alliance has the political will to act. So far, it has not acted in response to smaller provocations although that could be changing.⁷⁰ However, Seoul is now equally willing to run the risks and face the possibility of escalation. In the wake of any future challenge from North Korea, a response that is perceived as proportional and “in kind” would have the best chance of not leading to escalation. Nonetheless, this still entails significant risk, especially if the specific provocation is related to Kim Jong-un, the presumed successor to Kim Jong-il. An orderly succession process is the regime’s current top priority, and anything that is perceived as upsetting will not be tolerated.⁷¹

Goodsby, of Brookings, suggests that replacing the 1953 Armistice Agreement with a U.S.-DPRK interim agreement for regulating military activities on the Korean peninsula might be the best move, in the context of North Korea’s renewed commitment to disable and dismantle its nuclear weapons program. He believes that other nations, especially South Korea, should participate though this interim agreement would not be a peace treaty, since relations are not yet mature enough for that.⁷² An interim agreement could define borders, including the Northern Limit Line, and provide a Consultative Mechanism for nations most directly concerned with the Armistice Agreement. It could include military confidence-building measures like an “incidents at sea” agreement, which helped U.S. and Soviet navies avoid confrontations in the last years of the Cold War, and would be a genuine step forward. Although a solution to the basic political and security issues in Northeast Asia is not likely to be found in the near future, we should be clear about one fact: U.S. disengagement from talks with North Korea effectively contributes to instability in the region and strategic patience is no longer viable.⁷³

Another related consideration is the issue of what is termed “strategic flexibility” as it relates to U.S. posture in Korea. The concept is intended to characterize the ultimate end state for U.S. posture on the peninsula, and attempts to mirror the U.S. posture in Japan. In short, the idea expresses the belief that U.S. forces in place for the defense of South Korea could also be employed off the peninsula for

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² James Goodsby, “Strategic Patience Has Become Strategic Passivity”, Brookings Institute, December 22, 2010.

⁷³ Ibid.

other regional contingencies.⁷⁴ Perhaps it is time to reconsider this idea in order to send a signal that the United States is not interested in implying by its actions a weakened commitment to the defense of South Korea. Taking strategic flexibility off the table would be a step the alliance could take to impress upon Pyongyang that the defense of South Korea is still its central task, and that the United States is not intimidated by the fact that Pyongyang has a nuclear capability that puts U.S. forces in Korea at risk.⁷⁵

The Cross-Strait Military Balance: American Concerns

There is no question that the United States remains the predominant military power in maritime Asia. However, the situation is changing in the Western Pacific as Beijing is gradually challenging America's ability to operate with impunity along China's periphery. This is evolving as China acquires ballistic missiles, submarines, and air defense systems, and as it gains capacity to deploy aircraft offshore. All of this tests America's superiority to operate around and near Taiwan.⁷⁶ Most U.S. experts claim that the American "one China" policy has served not only American interests but also the fundamental interests of Beijing and Taipei. That policy has fostered peace, prosperity and a general level of security that has benefited all three as well as many others.⁷⁷

While it is important not to overstate its progress—the PLA after all lacks any experience in modern warfare, its commanders unproven, its doctrine untested—China's military has steadily improved more or less across the board. The result today is a cross-Strait military balance that is tilting increasingly in Beijing's favor. The lion's share of the wide-ranging and diverse improvements in the PLA's capabilities appear to have one element in common: they enhance China's ability to take offensive action against Taiwan while deterring, slowing, or blunting U.S. power projection into the East Asian littoral. Among these new Chinese capabilities are two that possess a synergy which presents a serious and growing challenge to Taiwan's defense even with the help of the United States: these are China's growing arsenal of surface-to-surface missiles and its increasingly modern air force.⁷⁸

⁷⁴ Michael McDevitt, "Deterring North Korean Provocations", Brookings Northeast Asia Commentary No. 46, February 2011.

⁷⁵ Ibid.

⁷⁶ Michael Swaine, "China's Military Muscle", Carnegie Endowment for International Peace", January 19, 2011.

⁷⁷ Alan Romberg, "Cross-Strait Relations: Avoiding War, Managing Peace", CAPS Papers No. 38, Chinese Council of Advanced Policy Studies, Taipei, November 2004.

⁷⁸ David Shlapak, "Questions of Balance: The Shifting Cross-Strait Balance and Implications for the U.S.", RAND Corporation, Testimony presented before the U.S.-China Economic and Security Review Commission on March 18, 2010.

Roger Cliff and David Shlapak, "U.S.-China Relations After Resolution of Taiwan's Status", RAND Corporation, 2007.

David Shlapak, *et. al.*, "A Question of Balance – Political Context and Military Aspects of the China-Taiwan Dispute", RAND Corporation, 2009.

In the event of a large-scale attack, China's ability to suppress Taiwan's air operations in the opening hours of the conflict dominates any assessment of the Taiwanese Air Force's combat potential. If China can largely shut down Taiwan's air bases for even a few hours, it would gain a substantial, even decisive, advantage in the air. Were Taiwan's air force badly damaged by Chinese attacks, the United States would find itself facing a difficult, perhaps impossible, task of trying to protect Taiwan's airspace on its own. U.S. Air Force fighters lack well-situated bases from which to operate and those bases that are close to Taiwan, like Kadena, are threatened by Chinese missiles while those safe from the missiles, such as Andersen on Guam, are a long way from the theater. U.S. Navy aircraft carriers would likewise face limitations; if there is not much of a warning, only a few navy air wings would likely be on the scene at the start of any conflict. The relatively small number of U.S. fighters that would be available in these circumstances would face an uphill struggle to defeat the People's Liberation Army Air Force's (PLAAF) more numerous attackers.⁷⁹

The deteriorating cross-Strait military balance has two broad implications for the United States; one is more immediate, the other longer term. Today, the job of defending Taiwan is becoming more difficult and fraught with risks. The combat effectiveness of Taiwan's Air Force is seriously imperiled by China's growing force of modern short-range ballistic missiles (SRBM), but other changes are underway as well. China's force of modern surface combatants and submarines will make it difficult and costly for Taiwan's navy to operate in the Strait, while advanced surface-to-air missiles (SAM) and modern fighters will confront any Taiwanese or American aircraft that manage to become airborne with a highly lethal environment. U.S. Navy carriers and other warships will soon be at risk not just from People's Liberation Army Navy (PLAN) submarines equipped with supersonic anti-ship missiles but from the world's first anti-ship ballistic missile (ASBM), a version of China's DF-21 (CSS-5) medium-range ballistic missile (MRBM).⁸⁰

When integrated with the appropriate surveillance and targeting capabilities provided by satellites, unmanned aerial vehicles (UAV), or long range "over-the horizon" radars, all of which China has or is developing, the ASBM will threaten U.S. carriers operating closer than roughly 1,000 nautical miles (nm) from China's coast. Finally, if China can suppress Taiwan's Air Force and air defenses, the increasingly modern PLAAF will be able to strike many target classes with precision guided munitions (PGM). Shlapak believes that these changes demand hard strategic, operational, and programmatic decisions from both Washington and Taipei, and that they do not bode well for the future stability of the situation along the Taiwan Strait. He also boldly states that there is no quick, easy, or inexpensive way out.⁸¹ Shlapak's points are indeed valid from a technical and military standpoint but, as will be discussed in subsequent sections, there are indeed multiple "ways out" that do not involve arms build ups and/or doctrinal revolutions and the unacceptable risk of a security dilemma that tends to accompany them.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

The root of the issue is the looming mismatch between U.S. basing options in the region and Chinese base attack capabilities. If aircraft carriers near Taiwan and airbases in Japan and South Korea can be attacked (or threatened to the extent that the United States is politically unable to utilize them) to the extent that sorties generated from them are significantly limited, operations from more distant locations such as Guam become the only remaining option. In addition, threats to bases at these longer ranges appear to be emerging as well, particularly to larger aircraft such as tankers, bombers and intelligence, surveillance, and reconnaissance (ISR) aircraft that require long runways. If basing at Guam could be damaged and sortie generation limited or halted, the United States would be left with few, if any, options for providing land-based fighter sorties.⁸²

The limit on sorties that the anti-access threat creates has several second-order effects. For instance, one of the primary U.S. Air Force missions in a conflict is likely to be the maintenance of air sovereignty. Whereas in the past America could match Chinese numbers and exceed Chinese capability, in the near future, if U.S. basing is attacked, China is likely to be able to exceed the sortie numbers America can generate and begin to approach the capability of the fourth generation fighters making up the bulk of American forces. RAND defense analyst Jeff Hagen believes that this situation is exacerbated by the SAM threat, which reaches close to Taiwan from the mainland and can be pushed further forward by ship-based air defenses. To avoid the SAMs, non-stealthy fourth generation fighters would either be forced to remain behind Taiwan or operate at lower altitudes which put them at further disadvantage in air-to-air combat.⁸³

Although the United States is in the process of modernizing its fighter fleet to regain a capability edge, the small size of the F-22 force and the delayed entry of the F-35 mean that the overall gap is unlikely to close in the near term. The shortage of fighter sorties also makes it difficult to conduct attack operations and protect the vulnerable bomber, ISR and tanker aircraft that enable them. Since the key threats are China's force of strike aircraft and short-range ballistic missiles, finding and killing targets like air bases, air defenses and ballistic missile launchers and infrastructure could be high priority U.S. missions. Although cruise missile strikes from ships and submarines would play an important role, the numbers and types of missiles currently available are not likely to be sufficient.⁸⁴

Cortez Cooper has recently told Congress that for Taiwan and beyond, the United States needs anti-submarine warfare architecture with distributed sensors, unmanned vehicles, and the full complement of surface, sub-surface, and aerial detection, targeting, and weapons systems. Maintaining a larger number of its own nuclear attack submarines in the Pacific would also provide a number of advantages

⁸² Jeff Hagen, "Potential Effects of Chinese Aerospace Capabilities on U.S. Air Force Operations", RAND Corporation, Testimony presented before the U.S.-China Economic and Security Review Commission on May 20, 2010.

⁸³ Ibid.

⁸⁴ Ibid.

that would complicate the Chinese use-of-force decision calculus.⁸⁵ The typical U.S. response to rising tensions anywhere in the world is to begin to deploy forces, especially naval and land-based airpower, into the theater to dissuade, deter, and if necessary, coerce an adversary. Since these forces have operated from near sanctuary, this strategy has worked to U.S. advantage. If the United States were left alone to operate from bases near China, this would likely be the case in the Pacific as well. Thus, China may feel that its only hope for victory is to attack U.S. forces as they deploy into theater. Hagen believes that the very effectiveness of U.S. airpower, coupled with its vulnerability in this theater, has created an incentive for attack, not stability.⁸⁶

In the longer term, the United States and Taiwan may confront an even more fundamental strategic dilemma, one inherent in the basic geography of the situation. Taiwan lies only a few hundred kilometers from the military might of the PLA; Taipei, meanwhile, is about 1,500nm from the nearest U.S. territory on Guam; it is nearly 4,400nm from Honolulu, and about 5,600nm from the West Coast of the United States. This geographic asymmetry combined with the limited array of forward basing options for U.S. forces and China's growing ability to mount sustained and effective attacks on those forward bases calls into question Washington's ability to credibly serve as a guarantor of Taiwan's security in the long run.⁸⁷

Geopolitics, Security, and Policies in Beijing, Taipei, and Washington

Taiwan is located in the southeast of China's sea area and is in the middle of the islands surrounding China's coastline. It is in the primary area of Pacific Ocean sea routes and is thus crowned as the "key to the southwest coastal area of China" and "the fence to the seven provinces in the center of China."⁸⁸ The sea routes from the East China Sea to the South China Sea, from Northeast Asia to Southeast Asia, as well as the route from the West Pacific to the Middle East, Europe, and Asia pass through this area. This is also the area where China can breach the chain of islands surrounding the country in the West Pacific to the vast area of the Pacific, as well as a key strategic area and sea barrier for defense and offense. Should Taiwan be alienated from the mainland, not only do Chinese strategists believe that China's natural maritime system would lose its depth, but also that a large area of sea territory would

⁸⁵ Cortez Cooper, "The PLA Navy's 'New Historic Missions'", RAND Corporation, Testimony presented before the U.S.-China Economic and Security Review Commission on June 11, 2009.

⁸⁶ Jeff Hagen, "Potential Effects of Chinese Aerospace Capabilities on U.S. Air Force Operations", RAND Corporation, Testimony presented before the U.S.-China Economic and Security Review Commission on May 20, 2010.

⁸⁷ David Shlapak, "Questions of Balance: The Shifting Cross-Strait Balance and Implications for the U.S.", RAND Corporation, Testimony presented before the U.S.-China Economic and Security Review Commission on March 18, 2010.

⁸⁸ Portions of the next two sections have appeared in Ryan Clarke, "Chinese Energy Security: The Myth of the PLAN's Frontline Status", Strategic Studies Institute, U.S. Army War College, August 2010.

Yao Youzhi, ed., "The Science of Military Strategy", Military Science Publishing House, Academy of Military Science of the People's Liberation Army, Beijing, 2005, p. 442.

fall into the hands of others.⁸⁹ This assessment clearly suggests that in PLA strategic thought, Taiwan provides an important element in the seaward defenses of Mainland China while an unfriendly Taiwan constrains China's access to the open ocean and could provide a base for attacks against China.⁹⁰

Beijing

The official stance of Beijing is that Taiwan has historically been and still is a part of Chinese territory and its status is not negotiable. Although China favors the current "status quo", in 2005 it passed the Anti-Secession law which stated that China will use force against Taiwan if:

- Taiwan moves towards independence
- Social chaos occurs on the island
- Foreign countries intervene in Taiwan affairs
- Taipei refuses negotiations on reunification for a long period of time
- Taiwan develops nuclear weapons⁹¹

Scholars have also identified two additional "unofficial" situations in which China would use force against Taiwan:

- If Taiwan's military strength becomes significantly weaker than China
- Taipei's suspected strategy of overturning CCP rule on the mainland through a peaceful evolution seems to be working⁹²

China's Taiwan policy has evolved significantly over time. Mao Zedong wanted to merely take the island by force while Deng Xiaoping focused on a peaceful strategy that emphasized economic and cultural exchanges. Deng's successor, Jiang Zemin, made the Taiwan issue a matter of Chinese nationalism, pride, and resisting Western, namely U.S., influence.⁹³ This mixture of economic incentives combined with the threat of military force has caused some to title current Chinese policy as

⁸⁹ Yao Youzhi, ed., "The Science of Military Strategy", Military Science Publishing House, Academy of Military Science of the People's Liberation Army, Beijing, 2005.

⁹⁰ Michael McDevitt, "The Strategic and Operational Context Driving PLA Navy Building", in *Right Sizing the People's Liberation Army: Exploring the Contours of China's Military*, ed. Roy Kamphausen and Andrew Scobell, Strategic Studies Institute, U.S. Army War College, September 2007, pp. 481-559.

⁹¹ Martin Lasater, "Critical Factors in Taiwan's Security" , in *Taiwan's Security in the Post-Deng Xiaoping Era*, ed. Martin Lasater, and Peter Yu, Frank Class Publishers, London, pp. 3-43, p.3.

⁹² Ibid.

⁹³ Zhao Suisheng, "China's Bottom Line and Incentives for a Peaceful Solution" , in *Peace and Security Across the Taiwan Strait*, ed. Steve Tsang, Palgrave Macmillan, New York, 2001, pp. 77-99.

“military coercion with more flexibility and incentives.”⁹⁴ Although Beijing’s policy has softened and become more adaptable, the essential message has remained the same: Taiwan is part of China and will eventually come under CCP leadership.⁹⁵ Further, a goal of the CCP is to recover territories lost to the West and Japan, something which is inextricably linked to its legitimacy as a ruling party.

Although all three parties involved claim that the political status quo is being maintained in the Taiwan Strait, it actually is not. Under CCP leadership, China’s economy has seen impressive growth, improved infrastructure, and gained more recognition in the international arena thereby also decreasing Taiwanese diplomatic space for maneuver. Despite the dire predictions of many, the system of one-party leadership remains strong with substantial staying power within China even though inequality and income disparities are on the rise.⁹⁶ The situation has not remained static in Taiwan either. Taiwan’s democratization and economic development resulting from a market economy has improved its global image and has won it sympathy abroad. In addition, with the collapse of the Soviet Union, China is not nearly as valuable of an ally to the United States and Taiwan is no longer a “pawn in the U.S.-China power game.”⁹⁷ However, the inverse of the Soviet collapse is that now China is no longer preoccupied with the Soviet threat to the north and can concentrate on its deployments in the south of the country. Further, in the post-Cold War era, there was a resurgence of nationalism and the then-independent Baltic States were accepted into the U.N. As a result, some in Taiwan and within the Democratic People’s Party (DPP) began to push for independence. It is also important to note that Taiwan has not been under undisputed mainland leadership since 1895, and enjoys European-style living standards and a high level of democratic freedom.⁹⁸ These luxuries will not be relinquished quietly and as Taiwanese have been witnessing what many claim is creeping CCP influence in the governmental affairs of Hong Kong, many Taiwanese view Beijing’s offer of “one country-two systems” with suspicion.

Two strategies have been identified regarding Beijing and its approach to Taiwan. One Beijing strategy is the “two-pronged strategy” that was demonstrated during the 1995-1996 Taiwan Strait crisis. It consists of a pattern of military coercion followed by a peaceful offensive. The coercion is dependent on the threat of use of force whereas the peaceful offensive focuses on cross-strait political negotiations as well as economic and cultural exchanges that seek to dissuade Taiwan from seeking independence. Because of the high political and economic costs of taking Taiwan by

⁹⁴ Jing Huang, “China’s Taiwan Policy: Past and Present” , in *Conflict in Asia – Korea, China-Taiwan, and India-Pakistan*, ed. Uk Heo and Shale Horowitz, Praeger Publishers, Westport, Connecticut, 2002, pp. 25-41, p. 32.

⁹⁵ Recently, Beijing has hinted at a change in policy regarding Taiwan, with some government officials claiming that PRC would respect Taiwan’s capitalist system.

⁹⁶ For a more in-depth discussion, see Andrew Walder, “Unruly Stability: Why China’s Regime Has Staying Power”, *Current History*, Vol. 108, No. 719, 2009, pp. 257-263.

⁹⁷ Lin Cheng-Yi, “The Taiwan Factor in Asia-Pacific Regional Security” , in *North-East Asian Regional Security – The Role of International Institutions*, ed. Takashi Inoguchi, and Grant Stillman, United Nations University Press, Tokyo , 1997, pp. 98-117, p. 101.

⁹⁸ Richard Bernstein and Ross Munro, *The Coming Conflict With China*, Vintage Books, New York, 1998.

force, combined with the fact that the taking of the island would not be a guaranteed success, Beijing has focused on the peaceful offensive and only briefly utilized the threat of force.⁹⁹

The other strategy is that of “wait-and-see.”¹⁰⁰ Despite threats by Beijing, Chen Shui-bian was elected as President of Taiwan in 2000. During this period, China was a candidate for the World Trade Organization (WTO) and entrance into the overall global economic system. Due to this, then-President Jiang Zemin decided that China should not jeopardize its modernization effort on the account of Taiwan as long as Taiwan did not formally declare independence. After Chen’s election, Beijing stated that although it would never allow Taiwanese independence, China would cease military threats, listen to the position of the Chen administration, and keep the door open for negotiations. During these events, Jiang Zemin introduced a guideline that proposed that China “carefully observe, patiently wait, avoid hurrying or haste, and keep up heavy pressure.”¹⁰¹ This was similar to the two-pronged strategy in that it attempted to combine a credible threat of force with a peaceful offensive without actually starting a war that China neither wanted nor could afford. One way in which Beijing maintained pressure was by attempting to form alliances with the anti-independence movement in order to form a broad, united anti-independence front. This method has continued to the present day with several high-profile members of the KMT visiting Beijing and signing agreements regarding economic cooperation.¹⁰²

Taipei

Although the relatively China-friendly Ma Ying-jeou is currently in power, Taiwan’s China policy remains fairly vague even after the conclusion of the China-Taiwan Economic Cooperation Framework Agreement (ECFA) and not nearly as definitive as the policy of Beijing. Following Chen’s (of the DPP) election, Taiwan’s policy towards China became more focused on Taiwan’s individual identity and future rather than focused on Taiwan as part of China.¹⁰³ However, it seems as though Taipei is satisfied with the current status quo, possibly because it is anything but. Taipei seeks to maintain a balance of power with Beijing through military build-up, closely monitoring the PLA modernization program, and placing itself “under the protection of an effective United Nations or regional collective security system.”¹⁰⁴ Further, Taiwan’s arms purchases and development are for defensive use only, hoping

⁹⁹ Zhao Suisheng, “China’s Bottom Line and Incentives for a Peaceful Solution” , in *Peace and Security Across the Taiwan Strait*, ed. Steve Tsang, Palgrave Macmillan, New York, 2001, pp. 77-99, page 82.

¹⁰⁰ Ibid.

¹⁰¹ Ibid, p.86.

¹⁰² Ibid, p.86.

“China Boosts Aid, Incentives to Taiwan”, *China Post*, July 10, 2006.

¹⁰³ See A.N.D. Yang, “The Alternative to Peace: War Scenarios” , in *Peace and Security Across the Taiwan Strait*, ed. Steve Tsang, Palgrave Macmillan, New York, 2001, pp. 168-185.

¹⁰⁴ Lin Cheng-Yi, “The Taiwan Factor in Asia-Pacific Regional Security” , in *North-East Asian Regional Security – The Role of International Institutions*, ed. Takashi Inoguchi, and Grant Stillman, United Nations University Press, Tokyo , 1997, pp. 98-117, p. 102.

to raise the cost of an attack to a level unacceptable to Beijing.¹⁰⁵ Even with this, Taiwan has laid out tentative conditions for reunification. If Taiwan were to become part of China, Beijing would have to renounce violence, treat Taiwan as an equal, and respect Taiwan's autonomy in international relations.¹⁰⁶ These criteria, although deemed reasonable by some, are in blatant contradiction with China's "one country, two systems" policy. Even though this current policy rift exists, most analysts believe that dramatic moves are unlikely to be made by the Ma administration in the near future because they would not be supported by the United States. Further, even though the ability of the PLA to take the island is questionable, it could nonetheless take forceful measures that would prove damaging to Taiwan. Put simply, with an America unwilling to support a Taiwanese push for independence, the cost-benefit ratio is simply too high.

Attempts to forecast future Taiwan policy towards Beijing will prove to be very difficult. Certain factors such as the desire to avoid a conflict that would damage infrastructure, development, or trade will likely remain consistent while other variables such as public sentiment and interpretation of the grand strategy of China could change dramatically due to perceived aggressive moves by Beijing in the South China Sea and/or the East China Sea, provocative military exercises in the Taiwan Strait, or even the change of leadership.

Washington

Current U.S. policy is to maintain the status quo by officially recognizing the People's Republic of China (PRC) as the one China while preserving Taiwan's autonomy until China liberalizes and opens up enough to form a reunification deal that is acceptable to both sides.¹⁰⁷ However, Beijing does not seem to be abandoning at least official adherence to socialism with Chinese characteristics, one-party leadership, or other authoritarian measures such as closing media outlets, imprisoning journalists, and maintaining state-run enterprises and news networks. The official priority for the United States is to continue America's commitment to defend Taiwan while at the same time ensuring that China continues to remain stable and developing. America stresses the need for a peaceful solution to the problem by discouraging provocative moves by either side and continued adherence to the Taiwan Relations Act, which states that America's diplomatic ties with Beijing depend on a peaceful resolution of the dispute and that if any other means are employed, including boycotts or embargoes, the United States will provide Taiwan with defense resources to allow it to maintain a sufficient self-defense capability. The law also states that the United States can counter any use of force that threatens the security, social or economic

¹⁰⁵ Ibid.

¹⁰⁶ Lecture delivered by Sinologist Dr. Rosita Dellios at Bond University, Gold Coast, Australia, March 2006.

¹⁰⁷ A. Cooper Drury, "Ambiguity and U.S. Foreign Policy on China-Taiwan Relations" , in *Conflict in Asia – Korea, China-Taiwan, and India-Pakistan*, ed. Uk Heo and Shale Horowitz, Praeger Publishers, Westport, Connecticut, 2002, pp.55-67.

system, or the people of Taiwan.¹⁰⁸ This approach has led some to refer to this method as “con-gagement”, stressing containment in security matters but engagement in economic matters.¹⁰⁹ However, this analysis of America’s strategy vis-à-vis China is too simplistic as Washington’s approach clearly does not involve the Cold War-era concept of containment.¹¹⁰

Rather, a systematic analysis of America’s dealings with China reveals a pattern which can be more accurately classified as constraintment. The term constraintment has its roots in the Cold War concept of containment that the United States applied against the Soviet Union. While some of the core principles are similar, constraintment is slightly less hostile and is more flexible. The primary aim of constraintment, like containment, is to systematically utilize all of a nation’s diplomatic, economic, and military tools against a real or perceived adversary in order to frustrate its regional and global ambitions, impede its development in the domestic and international arena, and limit its freedom of action in diplomatic and strategic spheres. As opposed to containment, which is traditionally a firm strategic choice and is very difficult to reverse once set into motion, constraintment has a flexible quality that enables it to be scaled back (or frozen) or even to be used as leverage on individual issues, such as China’s perceived inaction on North Korea. It also tends to be deliberately contradictory and while it hints at positions on key strategic issues, it intentionally leaves them unanswered in order to allow space for the target nation to respond in a “favorable” manner. This response plays a major role in determining the future directions of the constraintment strategy and as such, it is an interactive, fluid process. This differs considerably from its Cold War predecessor. It also differs from the relatively recent term “con-gagement” which, aside from being an invented word, tends to be used to describe the bilateral dealings between the United States and China but does not overtly refer to a systematic and international strategy with broader sophisticated aims.¹¹¹

No matter what view is taken, it is apparent that in the event of an attempted Chinese invasion of Taiwan, Washington would provide some sort of aid, although its

¹⁰⁸ A.N.D. Yang, “The Alternative to Peace: War Scenarios” , in *Peace and Security Across the Taiwan Strait*, ed. Steve Tsang, Palgrave Macmillan, New York, 2001, pp. 168-185.

June Tüefel Dreyer, “China’s Ability to Take a Military Option and Its Calculations” , in *Peace and Security Across the Taiwan Strait*, ed. Steve Tsang, Palgrave Macmillan, New York, 2001, pp. 144-161.

¹⁰⁹ A.N.D. Yang, “The Alternative to Peace: War Scenarios” , in *Peace and Security Across the Taiwan Strait*, ed. Steve Tsang, Palgrave Macmillan, New York, 2001, pp. 168-185, p.101.

¹¹⁰ For the most authoritative discussions of containment, see George Kennan, “The Sources of Soviet Conduct”, *Foreign Affairs*, Vol. 25, No. 4, July 1947, pp. 566-582.

George Kennan, “The Charge in the Soviet Union (Kennan) to the Secretary of State”, Declassified U.S. Diplomatic Cable, February 22, 1946. This cable is often referred to as the Long Telegram and can be obtained from <http://www.gwu.edu/~nsarchiv/coldwar/documents/episode-1/kennan.htm>

John Foster Dulles, “Security in the Pacific”, *Foreign Affairs*, Vol. 30, No. 2, January 1952, pp. 175-187.

¹¹¹ This definition was initially put forward in Ryan Clarke and Zhu Zhiqun, “Recent American and Chinese Military Exercises: Strategic Signaling”, Background Brief No. 550, East Asian Institute, National University of Singapore, August 6, 2010.

extent is debatable. A variety of reasons are given for the aid:

- Taiwan is a critical factor in a highly strategic relationship between the United States and China
- U.S. support for Taiwan is a vital factor for American credibility in Asia
- Taiwan is a key factor for the geopolitical power of China
- Taiwan is a major U.S. trading partner and a primary source of investment for key regions for U.S. foreign policy including Southeast Asia, Latin America, Africa, and the Pacific Island States
- Taiwan is a successful example of how to transition from authoritarian rule to democracy, free enterprise, and capitalism
- Taiwan is an approximate model of what the U.S. wants to see in China—a democratic, market economy with friendly relations with the West¹¹²

Further, the Taiwanese and U.S. military are becoming increasingly integrated with the United States selling Taiwan more advanced weapons, jointly developing terms and rules, and engaging in cooperation on combat simulation and strategic planning. Also, more than 100 visits are made by U.S. officers to Taiwan every year and hundreds of Taiwanese officers have been trained in the United States. The United States has also upgraded its military ties with Taiwan and has begun to share more information and assist with training. In addition, some have called for increased military cooperation with Taiwan as well as integration of both Taiwanese and U.S. command and control (C2) systems. They have also suggested “quartering” the Strait, which involves having Taiwanese submarines stay east of the center line while U.S. Navy ships occupy the western area closer to the mainland. RAND believes that this will help the Taiwanese combat PLAN submarine warfare.¹¹³

PLA Attack Options

In regards to Taiwan, the PLA has developed two apparent categories of attack options. The newer units of the PLA combined with its older components possess conventional attack options that can be divided into initial and follow-on categories. Initial attack options consisting of modern and accurate ballistic and long-range cruise missiles would be used to:

- Degrade air and missile defenses in Taiwan and of intervening U.S. forces
- Decapitate the Taiwan government and demoralize the citizenry

¹¹² Martin Lasater, “Critical Factors in Taiwan’s Security” , in *Taiwan’s Security in the Post-Deng Xiaoping Era*, ed. Martin Lasater, and Peter Yu, Frank Class Publishers, London, pp. 3-43.

¹¹³ See Sheng Lijun, *China and Taiwan – Cross-Strait Relations Under Chen Shui-bian*, St. Martin’s Press, New York, 2002.

- Deter, delay, dissuade, and complicate any U.S. intervention thereby preventing it from being timely or effective (intended to create the impression that direct American help is not going to arrive in time to matter)
- Be a plausible means to shock Taiwan, pursue its capitulation, and confront Washington with a tough decision regarding intervention – all of this is to be done with long range missiles without sending a single PLA soldier into direct combat¹¹⁴

Meanwhile, follow-on options that utilize both modernized and older air and naval units could be employed to:

- Consolidate the damage to, or loss of, critical American and Taiwanese capabilities such as ensuring that damaged air and missile defense systems are not quickly repaired or restored to enable them to threaten further PLA attacks
- Administer a major defeat and/or inflict a very high number of casualties on U.S. forces with this concept stemming from the assessment of some that the United States is casualty averse and would be unwilling to take on another major conflict where U.S. interests are unclear¹¹⁵

Sea blockade also provides a wide range of options for the PLA which include direct attacks on shipping with ship-to-ship missiles, air-launched missiles, land-based cruise missiles, and submarine-launched torpedoes. Further, key ports such as Kaohsiung and Keelung are vulnerable to missile attack or missile blockade if fear regarding physical safety or soaring insurance rates keep merchant ships out of the harbor. Also, China can likely use a variety of methods to lay sea mines, including surface ships, aircraft, and submarines.¹¹⁶ Sea mines are now more sophisticated and harder to detect than ever and can be prepositioned and remotely controlled or can even lie on the ocean floor until activated by the motion of ships. Given Taiwan's proximity to China (roughly 100 nm across the strait), Taiwan's massive trade dependence on sea-going freight (over half of Taiwan's gross national product), the inherent difficulty in clearing mines, and the relative weakness of American mine-clearing capacity all make a blockade a tempting and possibly effective strategy for China that does not necessarily need to close the gap with either Taiwan or the United States in technology or overall military power.¹¹⁷

However, there is also a downside from China's perspective. Sea mines are economically damaging and last a long time and can also be supplemented as they are

¹¹⁴ Li Nan, *et. al.*, "China's Evolving Military Doctrine", *Issues and Insights*, Vol. 6, No. 20, Center for Strategic and International Studies, Honolulu, December 2006, p. 14. Also see June Teufel Dreyer, "China's Ability to Take a Military Option and Its Calculations", in *Peace and Security Across the Taiwan Strait*, ed. Steven Tsang, Palgrave Macmillan, New York, 2001, pp. 144-161.

¹¹⁵ Ibid.

¹¹⁶ Thomas Christensen, "Posing Problems without Catching Up", *International Security*, Vol. 25, No. 4, Spring 2001, pp.5-40.

¹¹⁷ Ibid.

being cleaned by an enemy thus further extending the duration of the blockade. Nonetheless, there is a danger that blockade strategies will simply fail on military grounds due to Taiwan's antisubmarine, mine-clearing, and surface warfare and air defense capabilities as well as the limitations of the PLA's conventionally tipped missiles.¹¹⁸ There are also drawbacks, one of which is the protracted nature of blockade warfare which allows time for a third country to intervene militarily or provide other forms of assistance. Second, as blockade is a form of joint warfare with complex challenges, there is serious concern that enemy counterattacks will reduce its sustainability.¹¹⁹

Regardless, all of this is part of a Chinese strategy to convince Washington that its support of Taipei is too expensive, difficult, and ultimately fruitless while demonstrating to Taiwan the futility of fighting against PLA forces. Some also think that in the case of an attack on Taiwan, the strategy of employing missiles combined with special operations seems to be geared toward a concerted effort *to be able* to initiate a campaign that cannot be preempted nor readily thwarted that does not directly risk major loss, and that might even be halted or reversed following the initiation of hostilities if political or other developments change in favor of Beijing.¹²⁰ Though this approach makes sense in strategic terms, a critical factor will be target selection in the deterrence effort against the United States. If the PLA assesses the role of its missiles to be stronger than what it actually is in a deterrence-oriented scenario, it runs the very real risk of widening the conflict and causing rapid escalation. For example, Chinese strategists have increasingly stressed the need to target U.S. forces not only in the vicinity of the Taiwan Strait, but also in their bases and en route to the conflict zone. This can jeopardize the PLA's primary goal of assuring that conflicts remain local and limited in time and space. These conditions are much more desirable for the PLA as it allows for a fuller utilization of asymmetric capabilities, such as the use of difficult-to-detect submarines and sea mines, and minimizes the opportunities for an opposing force to take advantage of the PLA's conventional weaknesses, which are many.

Beyond Military Considerations - Is Taiwan Actually a "Flashpoint"?

From the early 1990s until 2008, a corrosive political dynamic came to dominate political relations between Taiwan and China, dashing the faint hopes in the early 1990s of a political reconciliation after decades of hostility. All this happened in spite of the region's complementary economic relations. This process was complex, but the result was obvious: deepening mutual suspicion between Taiwan and China. Each feared that the other was preparing to challenge its fundamental interests. China, whose goal is to convince Taiwan to unify on the same terms as Hong Kong, feared that Taiwan's leaders were going to take some action that would have the effect of frustrating that goal and permanently separate Taiwan from China – the functional equivalent of a declaration of independence. Beijing increased its military power to deter such an eventuality and Taiwan feared that China wished to use its military

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Li Nan, *et. al.*, "China's Evolving Military Doctrine", *Issues and Insights*, Vol. 6, No. 20, Center for Strategic and International Studies, Honolulu, December 2006.

power and other means to intimidate it into submission to the point that it would give up what it claims as its sovereign character. Taiwan's deepening fears led it to strengthen and assert its sense of sovereignty.¹²¹

Richard Bush III, of Brookings, believes that Beijing also incorrectly read former Taiwan President Lee Teng-hui's opposition to its one-country, two-systems formula as a rejection of unification all together. Certainly, domestic politics was at play, particularly in Taiwan's lively democratic system. The 2008 Taiwan election was a case in point though politics is a force in China as well. Misperceptions and politics thus aggravated the vicious cycle of mutual fear and mutual defense mechanisms – military on the Chinese side and political on the Taiwan side.¹²²

However, in recent years Beijing has been increasingly trying to de-emphasize the military threat that it poses to Taiwan by relying more on soft power when dealing with Taipei. As such, the challenge for Taipei as well as Washington is to reinforce the Chinese preference for not using military means to resolve the cross-Strait issue.¹²³ By 2007, the overwhelming significance of the Taiwan issue had drastically diminished mostly because the specter of a major war is no longer present in the Taiwan Strait though it has not disappeared entirely. This has been due to a number of factors:

- The readiness of China's leaders to accept the status quo rather than push for unification as long as Taiwan refrains from declaring formal independence
- The belief that economic and other ties will advance the chances for peaceful reunification
- The recent departure of independence-seeking Taiwan President Chen Shui-bian
- The new determination of the United States to restrain Taiwan from provocative actions
- China's confidence in its ability to coerce or conquer Taiwan while making it more difficult for the United States to intervene.¹²⁴

These recent events and others call into question whether it is actually correct to refer to Taiwan as a "flashpoint" thus placing it into the same category as, for example, the Korean Peninsula or the Kashmir dispute between India and Pakistan. However, those who continue to claim that the situation across the Taiwan Strait is

¹²¹ Richard Bush III, "China-Taiwan: Recent Economic, Political, and Military Developments Across the Strait, and Implications for the United States", Brookings Institute, March 18, 2010.

¹²² Ibid.

¹²³ Li Nan, *et. al.*, "China's Evolving Military Doctrine", *Issues and Insights*, Vol. 6, No. 20, Center for Strategic and International Studies, Honolulu, December 2006.

¹²⁴ Ellis Joffe, "'The 'Right Size' for China's Military: To What Ends?'" in *Right Sizing the People's Liberation Army: Exploring the Contours of China's Military*, ed. Roy Kamphausen and Andrew Scobell, Strategic Studies Institute, U.S. Army War College, September 2007, pp. 559-573, p. 560.

characterized by the same degree of war risk have either ignored or actively factored out domestic political developments within Taiwan. An interesting and policy-relevant realization has swept across many voters in Taiwan in the post-mortem phase of the Chen administration. Under the leadership of the DPP leader, Taiwan's economic growth rate had not been appreciably higher, of better quality, or more inclusive than during comparable KMT periods nor did other domestic political or social indicators improve at a higher rate. However, on the diplomatic front Chen placed Taiwan in a very dangerous situation¹²⁵ without any discernable, consumable benefits deriving from this high risk strategy. While a core of pro-independence DPP politicians remain alongside their sophisticated public relations programs, they must contend with this new reality amongst the Taiwanese electorate. Put simply, future pro-independence leaders will have to clearly demonstrate how confronting Beijing and running afoul of the United States will be ultimately beneficial for Taiwan's economic and overall well-being in the long run, which is a most difficult proposition.

Between these recent shifts in Taiwanese political consciousness combined with the ECFA agreement and the consistent American policy to oppose Taiwanese independence, Taiwan should no longer be considered a flashpoint in a traditional sense (like with the Korean Peninsula or Kashmir). Further, while much of the military-centric analysis coming out of the United States regarding the cross-Strait balance of forces is not without merit, it only deals with the "front end" of the issue: preventing invasion. Unfortunately, none seem to have been willing to take their analysis a step further to address the dynamics of a successful Chinese invasion. It is critical to ask basic questions while also look at more complex and multifaceted issues. The most fundamental of these is if America's worst nightmare comes to pass and the PLA successfully invades Taiwan while blunting American (and possibly Japanese) involvement, what is the next step?

As previous sections have discussed in detail, any PLA invasion would likely involve sustained missile strikes on critical infrastructure combined with PLAAF operations that would bring about further destruction of various other auxiliary dual-use infrastructure in Taiwan. Further, a naval blockade (another realistic option) would bring about additional hardship amongst one of the most densely populated areas in the world with an insurgency-friendly mountain range in the background.¹²⁶ Despite the new capabilities that the PLA enjoys, even a successful invasion of Taiwan carries massive national security risks for Beijing:

- Beijing is not likely to obtain and maintain the loyalty of a critical mass of Taiwanese after attacking the island
- There is an extremely high risk of retaliation on other targets outside of the Taiwanese theater by American and/or other allied forces

¹²⁵ For a more in-depth discussion, see Pei Minxin, "China-Taiwan Relations: The Next Step", Public Lecture at the University of Central Florida, February 18, 2010. It can be obtained from the Global Perspectives Institute, University of Central Florida at <http://www.ucf.edu>

¹²⁶ For excellent empirical studies which highlight how surprisingly easy it is to spark and sustain an insurgency, see James Fearon and David Laitin, "Ethnicity, Insurgency, and Civil War", *American Political Science Review*, Vol. 97, No. 1 February 2003, pp. 75-90. Barbara Walter, "Does Conflict Beget Conflict? Explaining Recurring Civil War", *Journal of Peace Research*, Vol. 41, No. 3, May, 2004, pp. 371-388.

- The CCP would risk the outright re-militarization of Japan or even see Tokyo develop a nuclear weapons capability
- An invasion of Taiwan can push Japan and South Korea closer together thus bringing about the development of a trilateral (Washington as the underwriter) and unabashedly anti-China alliance in East Asia
- America could dramatically increase the scale and scope of its defense-based relationship with India

US-Japan Alliance in the Contemporary Period

Though it should not be overstated, this is a sensitive period in U.S.-Japan relations and the credibility of the alliance lies in the ability of the two governments to demonstrate robust security cooperation with basing issues being fundamental to that process. Well-known American Japan experts Michael Green and Nicholas Szecheny advocate broadening the scope of bilateral cooperation and conceiving other ways to exert leadership. Coordination on broader aspects of security will help restore confidence in the alliance and the task at hand is to ensure that the core elements of a comprehensive framework are in place when it is time to move forward.¹²⁷

To address the growing threat of missile proliferation in the region, the United States and Japan have cooperated to develop missile defense technologies and concepts. The United States and Japan are now in the process of producing and employing a missile defense system, sharing the technological capabilities of two of the world's largest economies. By cooperating on this important venture, Japan benefits from the synergies resulting from a missile defense command and control system, improving its joint operational systems and the bilateral ability for Japan and the United States to quickly share critical information. To produce and employ missile defense systems successfully together, Japan changed its prohibition on military exports, allowing such exports to the United States. Through these measures, Armitage and Nye believe that the alliance has made rapid progress in defense cooperation to meet the challenges imposed by the existing security environment.¹²⁸

Cronin, Kliman, and Denmark believe that the United States and Japan confront a rising China and a nuclear-armed, unstable North Korea. To respond to both of these very different challenges, they believe that the United States and Japan must improve the interoperability of their militaries starting with intelligence, surveillance, and reconnaissance (ISR) operations. With sudden change on the Korean Peninsula possible, the two allies should determine how they would respond in a range of contingencies, including how best to support Seoul in the event of Korean

¹²⁷ Michael Green and Nicholas Szechenyi, "A 12-Step Recovery Plan for the U.S.-Japan Alliance", Center for Strategic and International Studies, May 12, 2010.

Portions of the following three sections have appeared in Ryan Clarke, "A More Assertive US in East Asia: Implications for the US-Japan Alliance", Conference paper presented on Japan's Strategic Challenges: China's Rise, the US Hegemonic Decline and Asian Security, East Asian Institute, National University of Singapore and Australia Research Council Asia Pacific Futures Network, January 20, 2011.

¹²⁸ Richard Armitage and Joseph Nye, "The U.S.-Japan Alliance – Getting Asia Right Through 2020", Center for Strategic and International Studies, February 2007.

unification.¹²⁹ As the United States draws down its nuclear arsenal and seeks global nuclear reductions, Cronin, Kliman, and Denmark also believe that Washington should address Japanese concerns about extended deterrence. Given China's development of accurate medium-range ballistic missiles, Washington and Tokyo should analyze the future configuration and defense of U.S. bases in Japan. Lastly, in order to support the building of more coordinated policies, a Track 1.5 dialogue involving the ruling Democratic Party of Japan (DPJ) could help deepen understanding and harmonize American and Japanese views of China.¹³⁰

Japan's Quiet Assertiveness: Breaking With the Past?

The end of the Cold War completely transformed the strategic landscape of East Asia. Ironically, while the 1990s saw the deepening of cultural and economic exchanges between China and Japan, in retrospect the expansion of such ties had no effect on the underlying sources of mutual suspicion and antipathy. This has once again confirmed that, as a historical point, close and interdependent economic ties do not guarantee moderation and mutual restraint in the face of deepening suspicion, acrimony, and distrust.¹³¹

The relative balance of power between China and Japan underwent a dramatic shift in the 1990s. The Chinese economy began its rapid takeoff, while the Japanese economy descended into a decade of stagnation. The fortunes of the two countries diverged so quickly that after a single decade the difference was enough to shift the regional balance of power and affect Sino-Japanese relations. Even though Japan remained well ahead of China in absolute economic and technological capabilities, China was narrowing the gap at an impressive pace. This trend led to an adjustment of geostrategic calculations. The strategic value of Japan, which Beijing had admired as a model of economic modernization in the 1980s, declined dramatically. At the same time, fearful of containment by the United States, Chinese leaders began to focus on steadying their volatile relations with Washington. Unfortunately, this obsession with Sino-American relations led Beijing to become insensitive to Japan's concerns about China's rise.¹³²

From a strategic perspective, Pei and Swaine believe that Beijing should have addressed such concerns and sought to improve relations with Tokyo, in order to loosen, if not weaken, the U.S.-Japanese alliance. Instead, Beijing's neglect and mismanagement of its Japan policy, most visible in the ever more frequent eruptions of previously contained disputes over history and territorial issues, began to make Japanese elites and the Japanese public alike feel increasingly suspicious of Chinese intentions and resentful toward Beijing's heavy-handed approach toward Tokyo. They claim that a second factor that has contributed to troubled Sino-Japanese relations is the transformation of Japan's domestic political landscape. Since the mid-1990s, the

¹²⁹ Patrick Cronin, Daniel Kliman, and Abraham Denmark, "Renewal: Revitalizing the U.S.-Japan Alliance", Center for New American Security, October 2010.

¹³⁰ Ibid.

¹³¹ Pei Minxin and Michael Swaine, "Simmering Fire in Asia: Averting Sino-Japanese Strategic Conflict", Carnegie Endowment for International Peace, Policy Brief 44, November 2005.

¹³² Ibid.

political strength of the pacifist movement has declined dramatically. The new electoral system and campaign finance reforms have weakened the power of party factions and given the prime minister more influence, especially in parliamentary election campaigns. The prime minister's authority in national security decision making has also been significantly enhanced by various administrative reforms introduced in 2001.¹³³

Moreover, domestic public opinion shifted to the right in the 1990s, enabling leading national security hawks to provoke and take advantage of a rising populist nationalism, thereby becoming influential voices on foreign policy issues. Public opinion polls indicate a decline in pacifist sentiment and an increase in support for a more robust national security policy. Most polls show that a small plurality remains opposed to the revision of Article IX of the postwar constitution (which renounces war and armed forces) but an increasing number of Japanese lawmakers favor revision of the pacifist constitution. In the 1990s, the perception of external military threat among the Japanese public grew more acute, particularly after North Korea tested long-range missiles in 1998.¹³⁴

The Japanese political elite are now increasingly highlighting China as a serious long-term threat. While the economic interaction with China is important to Japan and has provided considerable benefits, discomfort with continued double-digit military budget increases, Chinese "provocations" such as the surveillance ship sailings in Japanese EEZ waters, and consistent and highly vocal demands for historical atonement have driven down public and elite trust of China. Although many Japanese dismiss the idea that China can be contained, they have an increasing sense of wariness toward the traditional Middle Kingdom. For example, well-known former Japanese diplomat Hisahiko Okazaki has bluntly warned that the potential for the Chinese to interdict the vital sea lines of communication near Taiwan poses one of the largest security risks for Japan in the coming decades.¹³⁵

The rise of China has clearly stirred Japan's competitive impulses, but its posture toward China remains characterized by considerable ambivalence marked by growing anxiety as opposed to acts of internal balancing (i.e. independent military buildup). Many Japanese leaders are more willing now than in the past to cite China explicitly as a potential military threat, and the two countries have engaged in heated disputes over territorial boundaries, historical issues, and regional leadership. These three sets of issues will, in large measure, drive regional competition between China and Japan in the coming years.¹³⁶ In recent years, Japan has edged closer to the United States and strengthened ties with other regional partners, from India to Australia to Taiwan, moves that are increasingly justified with reference to China. Meanwhile, Tokyo has also demonstrated a new willingness to use the Japanese Coast Guard to patrol disputed ocean areas while Japan's businessmen and economic planners remain

¹³³ Ibid.

¹³⁴ Ibid.

¹³⁵ William Rapp, "Paths Diverging? The Next Decade in the U.S.-Japan Security Alliance", Strategic Studies Institute, U.S. Army War College, January 2004.

¹³⁶ Evan Medeiros, *et. al.*, "Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China's Rise", RAND Corporation, 2008.

convinced that the nation's economic well-being remains tied to continued trade and investment with China. Many Japanese strategists and politicians warn of serious damage to Japan's position in Asia should a Cold War develop between Tokyo and Beijing.¹³⁷

However, it is important to note that Japan presently lacks a viable Cold War capability, both in terms of political will and in a material sense. Nonetheless, many Japanese strategists were likely heartened by U.S. Secretary of State Hillary Clinton's January 2011 speech on Sino-American relations in which she categorically rejected a G-2¹³⁸ framework while she also cautioned against applying zero-sum 19th century theories of how major powers interact. When discussing the future of the international system, she noted that America was moving into uncharted territory.¹³⁹ If America is indeed moving into a less predictable period in Asia, it will likely seek to solidify its alliances and partnerships with nations Washington knows best and trusts the most. In the case of East Asia, it is Japan. A clear reflection of this is likely the January 2011 agreement made between Clinton and Japanese Foreign Minister Seiji Maehara (days before President Hu's visit) to identify new shared strategic goals and to accelerate bilateral cooperation on Japan's defense and regional contingencies.¹⁴⁰

Despite strategic realities and concerns from various sectors of the Japanese establishment, we have witnessed a significant attitudinal shift in Japan since September 2001 away from accommodating China's interests and engaging in less assertive diplomacy. This has fundamentally altered the parameters of political and strategic interaction between China and Japan. From the behavioral pattern observed in a 2009 study by Andrew Forrest, we have obtained two useful insights into what the continued emergence of a more assertive Japan could mean for the future direction of the China-Japan relationship. The first is a more strategically significant relationship between Japan and the United States which does (under current conditions) unavoidably prefigure a shift away from pacifism toward activism in the methods sought and used by Japan to pursue its security aims. The second and perhaps more important observation is the changing patterns of regional security that are making it more difficult for those in Japan's strategic circles to maintain a balance acceptable to the Chinese government and people between honoring its commitment to do more to support the evolving U.S. alliance system and demonstrating adequate sensitivity to growing Chinese concerns that Japan's pacifist identity is being eroded.¹⁴¹

¹³⁷ Ibid.

¹³⁸ Put simply, the supposed G2 framework suggests that the United States and China should work together as partners atop the international order and take the lead on the most critical issues of global significance. This framework is largely rejected in American circles and it also has very little currency outside of a small group of academics within China.

¹³⁹ "Inaugural Richard C. Holbrooke Lecture on a Broad Vision of US-China Relations in the 21st Century", January 14, 2011.

¹⁴⁰ Takeshi Kuroiwa, "Maehara, Clinton vow deeper ties", *Daily Yomiuri*, January 8, 2011. The term "contingencies" refers to potential situations which could adversely impact Japan's security, such as a direct military attack.

¹⁴¹ Andrew Forrest, "Future Patterns in China-Japan Power Relations: A Problematic and Puzzling Reality", *Journal of Peace, Conflict, and Development*, Issue 14, July 2009.

Forrest believes that this strongly suggests that in the short-to-medium term China will be forced to deal with two Japans: an increasingly assertive and self-confident security actor gearing itself up to challenge China politically and militarily for regional preeminence, and a constitutionally inhibited security actor still committed to its post-war pacifist traditions and worried about its limited capacity to determine the nature and scope of its contributions to U.S.-led military operations abroad. However, he notes that both are simplifications of reality and that to avoid resorting to either of these extremes we must continue to scrutinize the default realist analytical framework that has long dominated “serious” research on China’s security relations with Japan. This is the only way to develop a conceptual framework that facilitates a more synthetic assessment of China-Japan relations as they develop, one that is inclusive of realist-centric approaches but not to the extent that it precludes scholars from exploring the social-ideational sources of friction and dispute between the two countries. He believes that the only alternative is to unconditionally resign ourselves to the notion that a larger regional security role for Japan must lead to a politically and militarily divided regional order.¹⁴²

The long-term prognosis is highly uncertain for Sino-Japanese relations, and there are certainly grounds for concern. For the first time in modern history, both China and Japan are unified internally, powerful in economic and military terms, and capable of influencing events beyond their borders. At the same time, the United States is pushing for Japan to assume a larger regional and global role. Domestically, the demise of the Socialist Party during the mid-1990s nudged the political center of domestic politics to the right. Japan’s emergence from 15 years of sluggish economic growth has helped usher in the rise of nationalist sentiments while a new breed of popular politicians has challenged the long-dominant bureaucracy for control of national policy, including foreign policy.¹⁴³

Japan’s new thinking on regionalism is a means of soft balancing that counters a rising Chinese influence. A “hard” balancing strategy through an alliance with the United States is insufficient because the Chinese economy is indispensable to Japan’s prosperity and because China is rising through soft power. Japan’s response uses the concept of community based on universal values.¹⁴⁴ There is no concrete vision of the eventual architecture of institutional economic integration in East Asia, much less a roadmap to get there, with various initiatives being pursued concurrently in a multi-layered fashion. The ASEAN-China Free Trade Agreement will not by itself determine the future course of economic integration in the region. To demonstrate leadership in Asian economic integration, Munakata believes that the United States should lead regional economies to a system of higher economic efficiency, while taking Asian reality into account and showing flexibility where necessary. In order to reduce the margin of discrimination of the free trade agreements in East Asia which the United States is not party to, and to mitigate the ensuing trade distortion, an early

¹⁴² Ibid.

¹⁴³ Evan Medeiros, *et. al.*, “Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China’s Rise”, RAND Corporation, 2008.

¹⁴⁴ Sohn Yul, “Japan’s New Regionalism: China Shock, Values, and the East Asian Community”, *Asian Survey*, Vol. 50, No. 3, May/June 2010, pp. 497-519.

conclusion of the WTO Doha Round is by far the most effective policy remedy and would definitely be in the U.S. interest.¹⁴⁵

Creating a region is a politically contested effort. Because actors' interests differ over membership rules, the scope of key issues, the centralization of tasks, and the rules for governing institutions, and they compete to promote their own ideas and vision. Sheer military and economic might alone is not sufficient. We recall that despite its overwhelming hard power, wartime Japan failed to achieve regional unity (i.e., the East Asian Cooperative Community and the Greater East Asian Co-prosperity Sphere). Crucial to this process is the ability to draw voluntary or quasi-voluntary consent or acquiescence from other states, that is, the ability to get others to agree to one's vision of the region.¹⁴⁶

Japan's strategic shift toward the East Asian Community (EAC) concept highlighted its concern with a rising China. In contrast to China's increasing hard and soft power, Japan found that the resources available for its foreign policy were dwindling and tightening the hard alliance with the United States was insufficient. Japan's EAC sought to attract regional partners and thereby counter rapidly growing Chinese influence. The community was a form of soft balancing and Sohn claims that the upshot was the formation of the East Asian Summit (EAS), which was a product of the concept of community based on universal values for Japan.¹⁴⁷

Japan's renewed enthusiasm in the EAC, and thereby the summit, can be summarized in terms of two factors. First, the community concept was an ideal setup for Japan to bring in universal values and it is no coincidence that Japan's EAC emphasizes universal values that China has opposed in the past. In soft power competition with China, Tokyo's commitment to those values is pronounced as an "instinctive spotlight on what separates" the two countries, and highlights a diplomatic advantage. By claiming universal values as the core value of community, Japan seeks to bind China within an inclusive multilateral framework embedding those values. Thus, China must pay high costs if it deflects those values and binding can easily turn to balancing if China defies this movement. In this case, the EAC strategy also contains an element of hedge: a means of balancing and encircling China.¹⁴⁸

Japan in responding to U.S. expectations for support in the "War on Terror" has also displayed a degree of strategic convergence on global security objectives, thus prompting policy makers and observers to dub it the "Great Britain of the Far East." However, Japan is far from assuming this role and the "War on Terror" serves more as a political pretext to legitimize long-planned for changes in military security policies that are often only marginally related to the United States' anti-terrorism agenda. Instead, Japan has focused much more on using the terror threat rationale as a

¹⁴⁵ Munakata Naoko, "The U.S., China, and Japan in an Integrating East Asia", Brookings Northeast Asia Commentary No. 35, January 2010.

¹⁴⁶ Sohn Yul, "Japan's New Regionalism: China Shock, Values, and the East Asian Community", *Asian Survey*, Vol. 50, No. 3, May/June 2010, pp. 497-519.

¹⁴⁷ Ibid.

¹⁴⁸ Ibid.

means to push forward its response to the regional and traditional security challenges of North Korea and China, even if at times it attempts to depict both as “new security challenges” and as involving elements of counterterrorism. Christopher Hughes believes that U.S. military hegemony may be weakened by Japan’s and the Asia-Pacific’s potential divergence from its global security agenda.¹⁴⁹

Looking to the Future: The U.S.-Japan Alliance and Beijing

A regional power structure with only the United States and Japan facing China would be ineffective as it would unnecessarily force other regional powers to choose between two competing poles. Some might side with the United States and Japan, but most regional powers would choose strict neutrality or align with China. The end result would be a weakening of the powerful example of American and Japanese democracy and return the region to a Cold War era or nineteenth century balance-of-power logic that does not favor stability in the region or contribute to China’s potential for positive change. Stability in East Asia will rest on the quality of U.S.-Japan-China relations, and even though the United States is closely allied with Japan, Washington should encourage good relations among all three.¹⁵⁰

Christensen claims that one unwise way for Japan and the United States to try to reassure China would be to exclude Taiwan explicitly from the scope of the U.S.-Japan alliance. China has pressed Japan and the United States to do this but both have refused because neither wants to encourage irredentism by the People’s Republic against Taiwan by excluding in advance the possibility that they would come to Taiwan’s defense if the Mainland attacks Taiwan without provocation. This is almost certainly a major reason the scope of the alliance in the revised defense guidelines refers to “situational” rather than “geographic” conditions. Despite considerable Chinese pressure, Japan did not even agree to repeat President Clinton’s “three no’s” policy, instead declaring only that Tokyo does not support Taiwan’s legal independence. But, Christensen notes that even if Tokyo did state the other two “no’s,” this would not be the same as excluding Taiwan from the scope of the U.S.-Japan alliance, which would be a radical and potentially destabilizing policy position.¹⁵¹

Japan and the United States must also be prepared to deal with instability in the Korean Peninsula that comes from sources other than missiles or regime collapse and must continue to work closely with the South Korean government to deter future North Korean provocations following the sinking of the Cheonan. In order to do this effectively, Sheila Smith (Council on Foreign Relations) believes that the United States and Japan should focus on formulating an effective crisis management plan

¹⁴⁹ Christopher Hughes, “Not Quite the ‘Great Britain of the Far East’: Japan’s Security, the US-Japan Alliance, and the ‘War on Terror’ in East Asia”, *Cambridge Review of International Affairs*, Vol. 20, No. 2, June 2007.

¹⁵⁰ Richard Armitage and Joseph Nye, “The U.S.-Japan Alliance – Getting Asia Right Through 2020”, Center for Strategic and International Studies, February 2007. “Publics of Asian Powers Hold Negative Views of One Another”, Pew Research Center for People & the Press, September 21, 2006.

¹⁵¹ Thomas Christensen, “China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia”, *International Security*, Vol. 23, No. 4, Spring, 1999, pp. 49-80.

should North Korean provocations increase, or should events within North Korea lead to instability or a collapse of governance. In this respect, it will be critical to have China on board and to convince Beijing that its interests in managing instability in the Korean Peninsula, as well as in developing an Asia-Pacific approach to ensuring maritime stability, make regional security cooperation imperative.¹⁵²

Diplomatically, Smith also states that Tokyo and Washington can each work through the ASEAN Regional Forum (ARF) and through bilateral relationships in the region, including America's bilateral dialogues with Beijing. She asserts that the United States and Japan should be clear and unambiguous with each other on issues that concern them most deeply and then formulate a plan to effectively communicate this with Beijing. In addition, the United States and Japan need to coordinate their respective positions regarding the types of region-wide mechanisms that need to be developed to ensure that maritime traffic remains unrestricted as well as what new rules will be needed as China's maritime capabilities increase.¹⁵³

The Frontiers of Sino-American Strategic Cooperation in Asia – Afghanistan, Pakistan, and Space

Pakistan

Inside the U.S. government, preventing a Pakistani collapse has become the clarion call for inter-agency coordination. However, the antidote is unclear as Pakistani officials have long considered the United States a fickle and unreliable partner. For the last sixty years U.S. policy toward Pakistan has oscillated wildly between two extremes: entrenchment with Islamabad and an unquestioning embrace of its policies, or chastisement of the country for provoking wars or developing nuclear weapons. Today, Pakistani discontent with Washington stands at a record high. According to recent polls, only 16% of Pakistanis have a favorable view of the United States, while 68% look upon the United States unfavorably. From 2000 to 2008, America's unfavorable ratings in Pakistan consistently exceeded 50%. Many Pakistanis believe the United States treats them as a disposable ally—a convenient friend when fighting communism or al Qaeda, but one just as easily thrown away when core American interests are no longer at stake.¹⁵⁴

China, however, has pursued much more disciplined, less intrusive policies in Pakistan that are well-defined and limited in scale and scope, with this pattern of behavior remaining largely consistent since the establishment of diplomatic relations in May 1951. Nonetheless, as China rises, whether with peaceful or revisionist intentions, it has a strong interest to develop internally and to protect its human and physical interests throughout the world. With this mindset, Pakistan sits at the nexus of many of its most pressing concerns and Beijing has invested billions of dollars in highways, naval ports and energy conduits within the country, all of which serve

¹⁵² Sheila Smith, "Time for Leadership for the US-Japan Relationship", Center for Strategic and International Studies, July 29, 2010.

¹⁵³ Ibid.

¹⁵⁴ Bruce Riedel and Pavneet Singh, "U.S.-China Relations: Seeking Strategic Convergence in Pakistan", Brookings Institute, Policy Paper No. 18, January 2010.

China's strategic or economic security needs. Further, in the wake of Uighur riots in Xinjiang, concern in Beijing that militant Islamic ideology in Pakistan might actuate further domestic rioting in the mainland has intensified.¹⁵⁵

The United States and China can coordinate efforts to assist Pakistan in securing and generating energy supplies, liberalizing certain sectors to trade and restoring confidence in its fiscal position. All of Pakistan's senior leadership agrees that Pakistan needs enduring financial and technical commitments to restore domestic and international confidence in the nation.¹⁵⁶ There is still space for American and Chinese officials to discuss tactical security initiatives and perhaps the most pressing security issue that the two sides can discuss is the safety of Pakistan's nuclear weapons. This issue is not free from its share of political and legal difficulties—both Pakistan and China might see this as an American ploy to provide India with strategic information on the location of nuclear weapons, or even as an American effort to prepare for an invasion of Pakistan. Further, America and others have long suspected, and A.Q. Khan recently confirmed, that the Chinese actively provided nuclear technology to Pakistan in contravention of international norms.¹⁵⁷

China's commitment to provide Pakistan with two additional civilian nuclear reactors has created great unease in the international nonproliferation community. While some compare this assurance to the U.S.- India nuclear cooperation agreement, the differences between the two are significant:

- Unlike the U.S.-India civilian nuclear initiative, whose terms were publicly debated, the Sino-Pakistani agreement is a secret covenant, secretly concluded
- China appears willing to dismiss its obligations to the Nuclear Suppliers Group (NSG)—which it joined in 2004—by privately claiming that the prospective sale is grandfathered under a Sino-Pakistani contract dating back to the 1980s
- Whereas the United States respected the international nonproliferation regime by requesting a special NSG waiver to permit nuclear trade with India, China seeks to short-circuit the NSG rather than appeal to its judgment¹⁵⁸

The United States must convey to China its strong concern about the planned reactor sale to Pakistan. The integrity of the global nonproliferation system requires an orderly and coordinated process for managing change, which the NSG provides, and China, as a member of that group, should be permitted to consummate its prospective deal with Pakistan only if it first secures an NSG exemption from the

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.

¹⁵⁷ Ibid.

In a speech broadcast on Pakistani television on February 4, 2004, nuclear scientist Dr. Abdul Qadeer Khan apologized for having transferred nuclear secrets to other countries. The transcript of the speech can be obtained from the Federation of American Scientists at <http://www.fas.org/nuke/guide/pakistan/nuke/aqkhan020404.html>

¹⁵⁸ Ashley Tellis, "The China-Pakistan Nuclear 'Deal': Separating Fact from Fiction", Carnegie Endowment for International Peace, *Policy Outlook*, July 16, 2010.

current guidelines.¹⁵⁹ By leading international opposition to the Sino-Pakistani deal in its current form—both bilaterally and multilaterally—Washington can prompt Beijing to reconsider its plans. It would also encourage other countries to insist that Beijing respect the integrity of the global nonproliferation system overseen by the NSG. China has shown its willingness in the past to listen, and many experts, including Ashley Tellis, believe it is time for the United States to raise its voice again.¹⁶⁰

However, while the suggestions of Tellis are not without merit, he only deals with the supply side of the equation, which in this case is China. Despite finding itself in a crisis situation regarding public finances, its subsidy regime, and the fact that most security experts have long warned that the primary threat to the Pakistani state emanates from irregular, violent Islamist organizations such as the Pakistani Taliban, Lashkar-i-Taiba, and Lashkar-i-Jhangvi and the like,¹⁶¹ Pakistan's nuclear weapons program has actually accelerated its rate of expansion in recent years and some even estimate that Pakistan now has a larger stockpile than India.¹⁶² Instead of dismissing these actions as irrational and/or flagrantly irresponsible, we should instead analyze Pakistani strategic thought and practice more carefully while minimizing selective value judgments. We cannot realistically expect Pakistan to behave as a “normal” state unless Islamabad believes that it is living in a “normal” region with a more stable and predictable balance of power.

Pakistan feels compelled to expand its nuclear arsenal for a number of reasons, some of which are not entirely unreasonable. Some rather harsh strategic realities do face the country, such as the fact that 24 out of 33 Indian infantry divisions, all three of India's armored divisions, and all three of India's mechanized divisions are located

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

¹⁶¹ See Saeed Shafqat “From Official Islam to Islamism: The Rise of Dawat-ul-Irshad and Lashkar-e-Taiba”, in *Pakistan - Nationalism without a Nation?*, ed. Christophe Jaffrelot., Manohar Publishers & Distributors, New Delhi, 2002, pp. 131-149.

Hassan Abbas, “A Profile of Tehrik-i-Taliban Pakistan”, *CTC Sentinel*, Vol. 1, Iss. 2, January 2008.

Farhana Ali and Mohammed Shehzad, “Lashkar-i-Tayyiba Remains Committed to Jihad”, *CTC Sentinel*, Vol. 2, Iss. 3, March 2009.

Afzal Khan, “The War on Terror and the Politics of Violence in Pakistan”, *Terrorism Monitor*, Vol. 2, Iss. 13, July 1, 2004.

Mustafa Qadri, “In Pakistan, sympathy for the Taliban”, *Foreign Policy in Focus*, September 17, 2008.

Syed Saleem Shahzad, “Karachi: Where Terrorists Hide and Thrive”, *Terrorism Monitor*, Vol. 2, Iss. 17, September 9, 2004.

Jessica Stern, “Pakistan's Jihad Culture”, *Foreign Affairs*, November/December 2000.

“The State of Sectarianism in Pakistan”, Asia Report No. 95, International Crisis Group, April 2005.

Mumtaz Ahmed, “Revivalism, Islamisation, Sectarianism and Violence in Pakistan”, in *Pakistan 1997*, ed. Craig Baxter and Charles Kennedy, Westview Press, Boulder, 1998.

Mukhtar Ali, “Sectarian Conflict in Pakistan – A Case Study of Jhang”, RCSS Policy Studies 9, Regional Centre for Strategic Studies, Colombo, 2000.

¹⁶² Tom Shanker and David Sanger, “Pakistan is Rapidly Adding Nuclear Arms, US Says”, *New York Times*, May 17, 2009.

“Report says Pakistan's Nuclear Arsenal Tops 100”, *Voice of America*, January 31, 2011.

on Pakistan's borders and were fully mobilized during the troop buildups of 2002 and 2008 which witnessed nearly one million troops in total amassing on either side.¹⁶³

Many Pakistanis in both civilian and defense circles, rightly or wrongly, continue to view India as an existential threat. New Delhi's perceived gains with the Karzai regime in Afghanistan, Washington's reluctance to push India to discuss the Kashmir dispute, as well as the growing defense-based relationship between India and the United States have further heightened these fears. Pakistan is a distressed state that does not exert unquestioned control and authority over large strategic areas of its own declared territory near the border with Afghanistan and cannot impose its will by default. This is an utterly unacceptable situation for any government and one positive aspect (from Pakistan's perspective) of this robust nuclear weapons program is that it almost guarantees that the country will not be ignored and permitted to sink into the abyss while also providing a strong (but not completely air-tight) assurance that Pakistan's chronically weak state structure will not facilitate an invasion. Until these fundamental issues are addressed, America's ability to meaningfully pressure the Chinese regarding this matter will be limited.

However, this is not to suggest appeasement of Pakistan or to view Chinese involvement in the country as a counterforce which is inherently antithetical to American interests. There is indeed a downside for China that stems from Pakistan's unwavering preoccupation with India; elements within the Pakistani security and intelligence apparatus have come to view militant Islam as a legitimate, sustainable foreign policy tool to achieve limited objectives in an asymmetric manner.¹⁶⁴ This largely explains the unevenness and inconsistency of Pakistan's counterterrorism and military operations in its volatile tribal regions and Islamabad's refusal to target the Afghan Taliban leadership in Quetta, the capital of Balochistan province, as well as shut down militant infrastructure in Pakistan-Administered Kashmir (PAK).¹⁶⁵

¹⁶³ For a first-hand look into Pakistan's threat perceptions, see Dr. Fareed Zakaria's interview with former Pakistani President Pervez Musharraf, Fareed Zakaria GPS, CNN, May 16, 2009.

¹⁶⁴ For a more in-depth discussion, see Ryan Clarke, *The Crime-Terror Nexus in South Asia – States, Security, and Non-State Actors*, Routledge, London/New York, May 2011.
Ryan Clarke, "Lashkar-i-Taiba: The Fallacy of Subservient Proxies and the Future of Islamist Terrorism in India", Strategic Studies Institute, U.S. Army War College, March 2010.
Daniel Byman, *Deadly Connections: States that Sponsor Terrorism*, Cambridge University Press, 2005.
Daniel Byman, "Passive Support of Terrorism", MIT Security Studies Seminar, October 6, 2004.
Daniel Byman, "The Changing Nature of State Sponsorship of Terrorism", Analysis Paper No. 16, Saban Center for Middle East Policy, Brookings Institute, May 2008.
Daniel Byman, "Trends in Outside Support for Insurgent Movements" RAND Corporation, 2001.
Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia*, Yale University Press, 2001.
Ahmed Rashid, *Descent into Chaos: The United States and the Failure of Nation-Building in Pakistan, Afghanistan, and Central Asia*, Penguin Books, London, 2008.
"Pakistan: The Mullahs and the Military", Asia Report No. 49, International Crisis Group, March 2003.

¹⁶⁵ "Pakistan's Tribal Areas: Appeasing the Militants", Asia Report No. 125, International Crisis Group, December 2006.
Angel Rabasa, "The Lessons of Mumbai", Occasional Paper, RAND Corporation, Washington D.C., 2009.

Pakistan's behavior alongside its active omissions clearly demonstrate that it is planning for a post-America, post-NATO Afghanistan and continues to view various insurgents, such as the Haqqani group in North Waziristan, as levers to secure core Pakistani interests that can also be used to pressure potentially unfriendly governments in Kabul. This approach runs counter to not only American interests, but also those of the Chinese thus representing virtually the only area of potential disconnect in Sino-Pakistani relations.

Many of those fighting against NATO forces and the Afghan government have spent time in Pakistani madrassas (Islamic boarding schools) near the Afghan border and during the 1990s these schools were periodically emptied wholesale and its entire student body sent to Afghanistan to fight for the Taliban as it was advancing toward Kabul.¹⁶⁶ This militant-madrassa nexus¹⁶⁷ continues today and the ideas emanating out of these "institutions" will pose a major challenge to security in Afghanistan, Pakistan, as well as several Central Asian nations which either directly border China's Xinjiang province or are in close geographic proximity, namely Tajikistan, Kyrgyzstan, and Uzbekistan. Like other totalitarian ideologies, militant Islam has shifted and mutated over time in response to geopolitical forces, the responses of individual governments, and the movement's chief successes and failures as determined by its senior strategists and ideologues.

In addition to its more violent yet less sophisticated cousins, such as the Taliban (both Afghan and Pakistani) and the Islamic Movement of Uzbekistan,

Brian Jenkins, "Terrorists Can Think Strategically – Lessons Learned from the Mumbai Attacks", RAND Corporation, Testimony presented before the Senate Homeland Security and Governmental Affairs Committee, January, 28, 2009.

Ahmed Rashid, "How to succeed and fail in FATA", *Daily Times*, February 5, 2008.

Michael Scheuer, "Islamabad rides a terror tiger", *Asia Times*, September 20, 2008.

Sadia Sulaiman, "Empowering "Soft" Taliban Over "Hard" Taliban: Pakistan's Counter Terrorism Strategy", *Terrorism Monitor*, Vol. 6, Iss. 15, July 25, 2008.

Rahimullah Yusufzai, "The Impact of Pashtun Tribal Differences on the Pakistani Taliban", *Terrorism Monitor*, Vol. 6, Iss. 13, February 7, 2008.

¹⁶⁶ For additional information, see Vahid Brown, "Foreign Fighters in Historical Perspective: The Case of Afghanistan", in *Bombers, Bank Accounts, & Bleedout – Al-Qa'ida's Road In and Out of Iraq*, ed. Bergen, Peter, et. al., Combating Terrorism Center, West Point, July 22, 2008.

Brahma Chellaney, "Fighting Terrorism in Southern Asia: The Lessons of History", *International Security*, Vol. 26, No. 3, Winter 2001-2002.

¹⁶⁷ The most authoritative studies are Christine Fair, "Militant Recruitment in Pakistan: A New Look at the Militancy-Madrasah Connection", *Asia Policy*, No. 4, July 2007, pp. 107-134.

Christine Fair, "The educated militants of Pakistan: implications for Pakistan's domestic security", *Contemporary South Asia*, Vol. 16, Iss. 1, March 1, 2007, pp. 93-106.

Hussain Haqqani, "Pakistan's Terrorism Dilemma", in *Religious Radicalism and Security in South Asia*, ed. Satu Limaye, et. al., Asia-Pacific Center for Security Studies, Honolulu, 2004, pp. 351-365.

Suroosh Irfani, "Pakistan's Sectarian Violence: Between the 'Arabist Shift' and Indo-Persian Culture", in *Religious Radicalism and Security in South Asia*, ed. Satu Limaye, et. al., Asia-Pacific Center for Security Studies, Honolulu, 2004, pp. 147-171.

Vali Nasr, "Regional Implications of Shi'a Revival in Iraq", *The Washington Quarterly*, Vol. 27, No. 3, Summer 2004, pp. 7-24.

Vali Nasr, *The Shia Revival – How Conflicts within Islam Will Shape the Future*, W.W. Norton & Company, Inc. New York, 2006, pp. 81-119.

Mariam Abou Zahab, "The regional dimension of sectarian conflicts in Pakistan", in *Pakistan: Nationalism Without a Nation*, ed. Christophe Jaffrelot, Zed Books Ltd., London, 2002, pp. 115-131.

Central Asia and Xinjiang face a more serious challenge from transnational ideological groups such as Hizbut Tahrir (HT) which seek to systematically undermine established systems of governance through incremental, non-dramatic steps that add up considerably in the aggregate while rhetorically rejecting the use of terrorism and violence to achieve their goals. However, their goals, namely the outright imposition of sharia law, are the same as the aforementioned militant groups and these two strains only differ in their choice of tactics. These developments have largely been enabled by Pakistan through its active support for several militant Islamist groups and its granting of the safe haven that terrorists enjoy in a country which views them as a viable strategic response to an India which has the bulk of its conventional forces on its border with Pakistan. This two-pronged (violent and non-violent) Islamist challenge has a direct impact on China's domestic security, its pipeline projects and energy security in Central Asia, and Beijing's Look West diplomatic strategy.

In this potential crisis lies an opportunity for China-U.S. relations. America enjoys considerable diplomatic and economic influence with both India and Pakistan while China enjoys an "all-weather friendship" with Pakistan and the sometimes grudging respect of India's leadership. While we must be disciplined and cautious when linking complex geopolitical events together, it is likely the case that a reduction in Pakistan's threat perceptions regarding its eastern border will provide its key planners with the strategic space necessary to engage in a fundamental re-think on their views on the utility of Islamism and militancy as a foreign policy tool and strategic equalizer.

America can leverage its influence with India to de-emphasize New Delhi's Cold Start Doctrine¹⁶⁸ while also publicly encouraging India to adjust its force structure and overall strategic posture to more accurately represent the challenges that India faces in the 21st century, namely internal insurgencies of multiple varieties, natural disasters, increasing maritime security issues, severe population and environmental pressure in Bangladesh,¹⁶⁹ and actualizing India's Look East Policy. It should also be noted that a detrimental shift (from Beijing's perspective) in the regional balance of forces is unlikely as China enjoys a major advantage vis-à-vis India near disputed territory that New Delhi is not presently able to shrink in any appreciable manner.¹⁷⁰ Provided with this new breathing space, both American and Chinese pressure can serve to restrain Pakistan from seeking to capitalize on what would initially be a degree of strategic flux in India as well as shrink the space for argument that Pakistan could use to justify a rapidly growing nuclear weapons program to an increasingly distressed civilian populace. Given the sheer complexity of the region, multi-pronged diplomacy is required at various levels to address these two specific issues.

¹⁶⁸ For a more in-depth discussion, see Walter Ladwig III, "A Cold Start for Hot Wars? The Indian Army's New Limited War Doctrine", *International Security*, Vol. 32, No. 3, Winter 2007/2008, pp.158-190.

¹⁶⁹ Intensive multilateral diplomacy will be required to address Bangladesh's threat perceptions in response to any shift in Indian military infrastructure near its border.

¹⁷⁰ For a more in-depth discussion, see Ryan Clarke, "Sino-Indian Strategic Relations: Assessing the Risk of Great Power Rivalry in Asia", Working Paper No. 157, East Asian Institute, National University of Singapore.

Afghanistan

Chinese companies are starting to adopt corporate social responsibility principles, but such efforts are still limited in scope and depth. The Metallurgical Corporation of China (MCC), for example, did not conduct an environmental impact assessment of its Aynak investment. The United States could work with Afghanistan to promote better corporate stewardship by ensuring that due diligence is conducted before future contracts are awarded. Specifically, it could train Afghan officials on best practices for effective environmental and social impact assessments. It could also help develop technical solutions for problems like waste and water management. More can clearly be done to harness the potential of Chinese investment to improve the Afghan economy but, at the same time, it is also important to maintain a realistic sense of the limits of the endeavor. The United States cannot simply inject money into the right projects and fix the Afghan government, which Transparency International¹⁷¹ ranked as the second most corrupt in the world. Chinese investment is not a panacea; it provides just one of the many pieces needed to rebuild the Afghan economy.¹⁷²

Development experts have estimated that Afghanistan will need at least six to eight successful Aynak-sized (US\$3.5 billion) investments before its economy is on the right track for the long term. Still, Chinese investment gives Afghanistan a realistic chance to begin what will inevitably be a long and arduous process of reconstruction. Despite concerns to the contrary, it is in the Washington's interest if projects like Aynak succeed. The outcome for Afghanistan could prove disastrous if they fail.¹⁷³

Many in the United States and other NATO countries have criticized what they feel is Chinese "free riding" in both Afghanistan and Iraq. Essentially, the argument is that Chinese enterprises have moved in to resource-rich areas in a post-conflict situation thereby benefiting economically without having to do any "heavy lifting." This view is as overly simplistic as it is wrong. America should be welcoming these massive investments while also seriously discussing the idea of providing security for these projects if the Afghan security forces are unwilling/unable or China is unwilling/unable to dispatch personnel for the job.

America's stated purpose for its involvement in Afghanistan is to prevent chaos in the country and to establish a modern, relatively self-sufficient nation state. Put it a bit more crudely, American involvement in Afghanistan is to ensure that Afghanistan's problems do not become America's again like what we witnessed in September 2001. However, while these legitimate concerns are not to be discounted, the evidence of militant Islam of the Afghan variety directly impacting, or even substantially influencing, America's homeland is rather sparse. Further, most reasonable analysts conclude that members of the former Afghan Taliban regime

¹⁷¹ Transparency International is a global network which includes more than 90 locally established national chapters and chapters-in-formation. The organization aims to increase transparency in governance and combat corruption through civil engagement.

¹⁷² Tiffany Ng, "China's Role in Shaping the Future of Afghanistan", Carnegie Endowment for International Peace, Policy Outlook, September 1, 2010.

¹⁷³ Ibid.

would be most unlikely to host the al Qaeda leadership again given the high overhead costs and limited potential benefits.

This is not to suggest an acceleration of the American disengagement from Afghanistan; far from it. The most dangerous security threat emanating out of Afghanistan which directly impacts American security on an everyday basis is the narcotics trade and all of the violence and corrosion of institutions and public trust that accompany it. According to the U.N. Office on Drugs and Crime, Afghanistan accounts for over 90% of the world's opium production and the industry is supported by a reserve army of disaffected farmers, unemployed young males, and local governments whose sole source of revenue is the trade.¹⁷⁴ Opium poppy grows naturally in many parts of Asia but it is no coincidence that Afghanistan dominates the market. A myriad of factors influence the trade, namely demand in the region itself, Russia, the West, and China as well as the war economies that exist in parts of southern and eastern Afghanistan. However, the key force is unemployment and the complete lack of legitimate means of upward socio-economic mobility and participation in the licit economy for these sub-sections of the population.

Mineral and resource exploitation industries provide the most viable alternative but key Western mining companies and investment banks continue to wait on the sidelines citing insurgency, organized crime, corruption, a lack of infrastructure, an insufficiently skilled workforce, and a weak domestic financial system as the primary reasons. In such a situation, Washington cannot afford to be overly discriminate when companies such as MCC are willing to sink major long-term investments into Afghanistan. If replicated six to eight times,¹⁷⁵ we are most likely to see the narcotics trade suffer a severe manpower shortage with this having a direct impact on the ability of various insurgents to operate as they are also almost solely dependent upon the drugs trade.¹⁷⁶ Massive mining operations combined with the service and other auxiliary industries which surround them will play a major role in solidifying the gains which NATO is presently achieving in the country and ensuring that they are not rolled back. This is not naive or idealistic. Rather, it is a realistic assessment based upon an empirical examination of the ground realities in Afghanistan.

Space

China seems bent not so much on winning the revolution in military affairs, but on launching a counterrevolution in military affairs to weaken and coerce more advanced powers that are increasingly dependent on high-tech command and control and information-gathering systems to project their power. None of the high-tech or low-tech methods...will allow China to close the overall gap with the United States in military power to any significant degree, nor will they necessarily enable the China to invade and occupy Taiwan, but they might achieve certain political goals regarding

¹⁷⁴ U.N. Office on Drugs and Crime, "2010 Afghan Opium Survey", Vienna, 2011.

¹⁷⁵ Tiffany Ng, "China's Role in Shaping the Future of Afghanistan", Carnegie Endowment for International Peace, Policy Outlook, September 1, 2010.

¹⁷⁶ For an excellent field-based study, see Gretchen Peters, *Seeds of Terror: How Heroin is Bankrolling the Taliban and al Qaeda*, St. Martin's Press, 2009.

Taiwan at acceptable costs. At a minimum, and perhaps more importantly, they might prove extremely dangerous if Chinese elite believe them to be more effective even when they are not.¹⁷⁷

Chinese leaders recognize that the PLA has fallen behind foreign militaries regarding its ability to integrate science and technology with weapons and equipment, and in this context the PLA is relatively inferior to advanced foreign militaries. Historically, Chinese forces emphasized asymmetric strategies and tactics to account for the inferiority of their weapons and equipment.¹⁷⁸ This characteristic remains an important part of Chinese strategic culture and has a significant impact on Chinese military thinking despite the recent priority that has been placed on introducing advanced military hardware into the PLA. Though China's leading military strategists recognize the relative inferiority of PLA weapons and hardware, it must be noted that this acknowledgement is not consistent with their judgments about China's ability to be successful against a superior military adversary in an information age war.¹⁷⁹

Some of China's best-known military scholars assess that the PLA can win an asymmetric conflict against a superior military under the right conditions despite the shortcomings in military hardware. While this seems illogical to many analysts, PLA scholars apply a holistic approach to the assessment of military capabilities, potential, and opportunities to seize the initiative on the battlefield. This holistic approach view is usually complemented by disciplined action of dialectical and relativistic reasoning.¹⁸⁰ Using those approaches, they judge the military strengths, weaknesses, and capabilities of American armed forces in comparison to the PLA's. This method is rare amongst U.S. military analysts but dialectical and relativistic thinking are a defining characteristic of Chinese military science and strategic thinking and allows Chinese military scholars to rationalize the ability of the inferior to beat the superior.¹⁸¹

This methodology can be dangerous as it could prompt the PLA to take overly risky actions if its assessments regarding American weaknesses are overexaggerated or misplaced entirely or the PLA overestimates its ability to control and shape battlefield conditions. It could also possibly lead PLA strategists to expand the set of what it considers acceptable targets in asymmetric warfare, something that could bring about a range of unintended negative consequences for China. Any missteps not only jeopardize China's international image and its "peaceful rise" agenda, but also lead the CCP to run the risk of losing domestic legitimacy.

¹⁷⁷ Thomas Christensen, "Posing Problems without Catching Up", *International Security*, Vol. 25, No. 4, Spring 2001, pp.5-40, p. 26

¹⁷⁸ Jason Bruzdinski, "Demystifying *Shashoujian*: China's "Assassin's Mace" Concept", in *Civil-Military Change in China: Elites, Institutes, and Ideas After the 16th Party Congress*, ed. Andrew Scobell and Larry Wortzel, Strategic Studies Institute, U.S. Army War College, September 2004, pp. 309-365.

¹⁷⁹ Ibid.

¹⁸⁰ Ibid.

¹⁸¹ Ibid.

It took remarkably little time for the PLA to introduce and press for the formal incorporation of the idea of asymmetric strikes – a supposedly new method of “not fighting fair” to initiate lethal, pre-emptive attacks to paralyze high value targets by utilizing its most powerful weapons.¹⁸² Asymmetric strikes themselves emerge as a dominant example of operational practice and appear to fit precisely into the PLA’s combat tradition. The basic principle of such attacks is fighting on Chinese terms by inflicting heavy costs on an opponent at the time and place that they least expect it.¹⁸³

Although strategically sound given current PLA capabilities and immediate security concerns, such actions are likely to cause an opponent to assume the worst regarding China’s intentions and possibly escalate tensions to an unnecessary level. If this opponent is conventionally superior, as is the case with the United States, it can inflict heavy and long-lasting damage to China’s various sources of national power, such as its coastal economies, even if China is able to achieve its primary objectives in a local conflict, such as Taiwan. Somewhat ironically, even though asymmetric tactics are meant to deter an enemy and limit escalation, if not conducted while bearing other political and economic considerations in mind, they can actually lead to a disaster. This concern assumes even greater salience if Beijing applies this asymmetrical logic in outer space, which seems to be the case at present.

Many arms control specialists believe that China’s counterspace programs are driven primarily by its desire to accumulate bargaining chips that could be traded for an eventual ban on space weapons. In reality, however, Beijing’s investments in space denial technology are driven by strategic concerns that have little to do with arms-limitation agreements of any kind. In the near term, China is heavily focused on developing all possible means of defeating the superior U.S. conventional forces it expects to encounter in any war over Taiwan and over the longer term, some believe that China is seeking to prepare for a prospective geopolitical rivalry with the United States. To achieve these goals, China must be able to exercise sufficient control over its land and sea borders to prevent U.S. forces from mounting attacks on the Chinese heartland from them. It must also be able to protect its nuclear deterrent from being neutralized by U.S. theater and national missile defenses. China must be able to construct a sufficiently secure regional system within which it can shape the political choices of its major neighbors and prevent any local adversaries from challenging it under the cover of American protection.¹⁸⁴

The near-term objective of preventing what Beijing would call Taiwanese secession from the mainland, and defeating any U.S. expeditionary forces that may be committed in support, remains the dominant consideration for China’s military modernization. The resulting capabilities would then become the nucleus for servicing more ambitious geostrategic aims as the country’s economic strength increases over time. For the moment, both objectives converge admirably in that they require Beijing

¹⁸² Bi Jianxiang, “Joint Operations: Developing a New Paradigm”, in *China’s Revolution in Doctrinal Affairs: Emerging Trends in the Operational Art of the Chinese People’s Liberation Army*, ed. James Mulvenon and David Finkelstein, CNA Corporation, December 2005, pp. 29-79, p. 62.

¹⁸³ Ibid.

¹⁸⁴ Ashley Tellis, “Punching the U.S. Military’s ‘Soft Ribs’: China’s Anti-Satellite Weapon Test in Strategic Perspective”, Carnegie Endowment for International Peace, Policy Brief 51, June 2007.

to develop all the capabilities required to prevent superior U.S. forces from entering the relevant theater of operations and, if that goal should prove unsuccessful, deny them the freedom to operate. Whether the theater of action is the limited geographic area around Taiwan or a wider expanse like the western Pacific, the tasks facing the PLA therefore remain the same in the short to medium terms: It must be able to successfully prosecute anti-access and battle-space denial operations against all threatening American military forces. China understands that its best chance of successfully countering U.S. military power lies in asymmetry and the ability to attack America's relatively vulnerable eyes, ears, and voice. China cannot be expected to trade away its counter space capabilities for any arms-control regime that would further accentuate its competitors' military advantages.¹⁸⁵

Beijing's attitude toward space arms control will change only when one or more of the following conditions are met:

- China acquires the capacity to defeat the United States despite America's privileged access to space
- The investments in Chinese counterspace programs begin to yield diminishing returns because the United States consistently nullifies these capabilities through superior technology and operational practices
- China's own strategic and economic dependence on space intensifies to the point where the threats posed by any American offensive counterspace programs exceed the benefits accruing to Beijing's own comparable efforts¹⁸⁶

However, despite much fanfare, it is actually unlikely that China would use kinetic kill weaponry, such as its direct ascent anti-satellite weaponry, or ASAT (which successfully targeted an ageing weather satellite in January 2007), in an attempt to disrupt U.S. space-based assets. If U.S. satellite dominance were to be disrupted, then a massive sky-clearing operation would be required because the United States has constellations of satellites with multiple redundancies. The American Global Positioning System (GPS) provides tactical communication and precision navigation thus making it a desirable target. However, GPS uses at least five satellite constellations and when one is destroyed others can be maneuvered to fill holes in the net. Not all of these satellites are within striking range at any given time and a sky-clearing operation would take a significant amount of time thereby revealing Beijing's intentions.¹⁸⁷ This would cause a major international dispute due to space debris and allow the United States to maneuver its other satellites out of harm's way. As such, it is more likely that China would attempt to knock out the corresponding relay stations on earth by using a cyber attack. Chinese strategists have focused on neutralizing the uplinks and downlinks of the space-based systems through diverse forms of cyber attack. This gives the advantage of deniability and low cost and would remove distance from the equation thus allowing multiple targets to be

¹⁸⁵ Ibid.

¹⁸⁶ Ibid.

¹⁸⁷ Jason Fritz, "How China Will Use Cyber Warfare to Leapfrog in Military Competitiveness", *Culture Mandala*, Vol. 8, No. 1, October 2008, pp. 22-80.

taken out simultaneously, regardless of location, while avoiding international condemnation.¹⁸⁸

For Beijing, the operational objective of information warfare (IW) is to maximize damage to an opponent's military and civilian infrastructures through control of computer networks and cyberspace. IW will be decisive if it successfully jams and halts GPS navigation satellites and commercial communication systems on which militaries increasingly rely and if it threatens to collapse the enemy's most critical banking, financial, or transportation networks, the central nerve of the home front, without any prospect of killing innocent people.¹⁸⁹ Such a scenario would be intended to cause a hostile opponent, even if it enjoys clear conventional superiority, to think twice about the real costs that it faces. However, though striking the most sensitive targets is a logical choice, attacking the world's most powerful and internationalized economy (America) would produce devastating impacts on an international scale and potentially prompt the opponent to escalate rather than de-escalate the conflict, perhaps by using a weapon of mass destruction.¹⁹⁰

At present, China's economic growth is largely interlinked with domestic demand in America as well as foreign capital inflows and as such, this option is not available to Beijing at this point in time. Not only would this eviscerate what is a mostly benign international environment and prompt it to become overtly hostile, it would also greatly damage China's economic growth, the key source of the CCP's legitimacy. As China's population has become accustomed to high and relatively inclusive growth rates and near full employment (though there is still many challenges on this front),¹⁹¹ this is something that the CCP can ill-afford. Further, any massive damage to the American economy would likely cause the dollar to depreciate, something that would greatly diminish China's own foreign currency reserves and spark inflationary pressures.

While admittedly less sensational than discussions over naval blockades, ballistic missiles, and nuclear weapons, the unregulated weaponization of space through IW and possibly ASAT (despite the aforementioned logistical challenges that any potential aggressor must contend with) pose one of the most serious challenges in China-U.S. strategic relations. Any untoward incidents which escalate in an unpredictable manner will almost inevitably produce a massive negative economic impact that will reverberate around the world. The current American leadership has rightly sought to enhance space cooperation with China and in January 2011 President

¹⁸⁸ Ibid.

¹⁸⁹ Bi Jianxiang, "Joint Operations: Developing a New Paradigm", in *China's Revolution in Doctrinal Affairs: Emerging Trends in the Operational Art of the Chinese People's Liberation Army*, ed. James Mulvenon and David Finkelstein, CNA Corporation, December 2005, pp. 29-79.

¹⁹⁰ Ibid.

¹⁹¹ For several excellent discussions, see John Wong, "China's Economy 2010: Continuing Strong Growth, With Possible Soft Landing", *EAI Background Brief* No. 591, East Asian Institute, National University of Singapore, January 31, 2011.
John Wong, "China's Economy 2008 and Outlook 2009: Crisis of a Sharp Slowdown", *EAI Background Brief* No. 422, East Asian Institute, National University of Singapore, December 24, 2008.
Zhao Litao and Huang Yanjie, "Unemployment Problem of China's Youth", *EAI Background Brief* No. 523, East Asian Institute, National University of Singapore, April 28, 2010.

Hu Jintao and President Barack Obama stated that they will seek to enhance dialogue and exchanges regarding the matter. While this is a welcome move and time is needed for these statements to mature into concrete actions, formal institutional mechanisms are needed. Thus far, the Strategic and Economic Dialogue (S&ED) has focused mostly on trade and other related issues since its establishment in April 2009. This dialogue is the ideal mechanism for this topic to be discussed as it allows the S&ED to evolve and broaden into a strategic issue which also has a strong link to the economic well-being of both countries that is less affected by the burden of history (though it is not entirely free). Unlike other core issues in the China-U.S. relationship, both countries lack a mechanism for “doing business” in this sphere thereby necessitating the creation of a sub-dialogue within the greater S&ED that focuses exclusively on this issue.

There is no necessity for this mechanism to be overly ambitious and should begin with both sides laying out their respective concerns. The one issue which Washington should push for is for China to “civilianize” its space program and move it from under the command of the PLA. This is an international best practice for good reason and is not, as some may claim, an attempted imposition of an American system on the Chinese. This shift is also clearly in the interest of China’s civilian leadership as well given the multiple sources of its legitimacy which is impacted by space and would enable both countries to advance discussions within a similar overarching civil-military framework. This is the equation which has the highest probability of sustained success.

Assessments

The largest structural issue that will continue to hover over China-U.S. relations will be the fundamental disconnect in American and Chinese thinking regarding the Asian regional order. America’s stated role in Asia is that of power balancer, serving as a deterrent for great power conflict while underwriting the stability necessary for continued economic growth and development. What exists in Asia in general and East Asia in particular is not a balance of power in a literal sense, but rather an imbalance of power that tips in the favor of the United States. China is most unlikely to accept this arrangement over the long term and recent maritime disputes should be viewed within this context.

Despite much change over the past few decades, the logic that underpins the U.S.-Japan alliance is the prevention of a regional hegemon.¹⁹² In the 1950s the

¹⁹² For a more in-depth discussion of consistent patterns in American strategic thought and practice, see Stephen Walt, “Alliances in a Unipolar World”, *World Politics*, Vol. 61, No. 1, January 2009, pp. 86-120.

Stephen Walt, *The Tragedy of Great Power Politics*, W.W. Norton, 2003.

Stephen Walt, *Origins of Alliances*, Cornell University Press, 1987.

John Ikenberry, “Liberalism and Empire: Logics of Order in the American Unipolar Age”, *Review of International Studies*, Vol. 30, No. 4, October 2004, pp. 609-630.

John Ikenberry, “America’s Imperial Ambition”, *Foreign Affairs*, Vol. 81, No. 5, September/October 2002, pp. 44-60.

John Ikenberry, “Institutions, Strategic Restraint, and the Persistence of American Postwar Order”, *International Security*, Vol. 23, No. 3, Winter, 1998-1999, pp. 43-78.

Charles Krauthammer, “The Unipolar Moment Revisited”, *National Interest*, Winter 2002/03, pp. 5-17.

concern was potential Soviet hegemony but now it is increasingly clear that this has shifted to preventing Chinese hegemony. The United States has a well-established track record of maintaining its own hegemony in North America while simultaneously seeking to prevent it elsewhere, whether in Europe, Latin America, the Middle East, or East Asia. While other aspects of the U.S.-Japan alliance should not be discounted or factored out of the equation, it is shared concerns over future Chinese ambitions combined with a current lack of realistic prospects for the development of effective security institutions in East Asia that will likely prove to be the strongest catalyst for Japan and the United States to continue to deepen and expand their defense cooperation. While this trend is already present, it is set to accelerate following the recent incidents regarding the South China Sea and the Diaoyu/Senkaku Islands.

This is not to suggest that the United States seeks to launch a hostile containment strategy, but rather a strategy of constraint. The term constraint has its roots in the Cold War concept of containment that the United States applied against the Soviet Union.¹⁹³ While some of the core principles are similar, constraint is less hostile and is more flexible. The primary aim of constraint, like containment, is to systematically utilize all of a nation's diplomatic, economic, and military tools against a real or perceived adversary in order to frustrate its regional and global ambitions, impede its development in the domestic and international arena, and limit its freedom of action in the diplomatic and strategic spheres. As opposed to containment, which is traditionally a firm strategic choice and is very difficult to reverse once set into motion, constraint has a flexible quality that enables it to be scaled back (or frozen) or even to be used as leverage on individual issues, such as China's perceived inaction on North Korea. It also tends to be deliberately contradictory and while it hints at positions on key strategic issues, it intentionally leaves them unanswered in order to allow space for the target nation to respond in a "favorable" manner. This response plays a major role in determining the future directions of the constraint strategy and as such, it is an interactive, fluid process. This differs considerably from its Cold War predecessor.¹⁹⁴

The idea is not to try to undercut or subvert Chinese growth and progress, as this is not possible, but rather to signal to Beijing that Washington welcomes it into

Victor Cha, "Powerplay Origins of the U.S. Alliance System in Asia", *International Security*, Vol. 34, No. 3, Winter 2009/2010, pp. 158-196.

Barry Posen, "Command of the Commons: The Military Foundation of U.S. Hegemony", *International Security*, Vol. 28, No. 1, Summer, 2003, pp. 5-46.

Robert Keohane, "The Big Influence of Small Allies", *Foreign Policy*, No. 2, Spring 1971, pp. 161-182.

¹⁹³ For the most authoritative discussions of containment, see George Kennan, "The Sources of Soviet Conduct", *Foreign Affairs*, Vol. 25, No. 4, July 1947, pp. 566-582.

George Kennan, "The Charge in the Soviet Union (Kennan) to the Secretary of State", Declassified U.S. Diplomatic Cable, February 22, 1946.

<http://www.gwu.edu/~nsarchiv/coldwar/documents/episode-1/kennan.htm>

The cable is often referred to as the Long Telegram.

John Foster Dulles, "Security in the Pacific", *Foreign Affairs*, Vol. 30, No. 2, January 1952, pp. 175-187.

¹⁹⁴ This term was initially articulated in Ryan Clarke and Zhu Zhiqun, "Recent American and Chinese Naval Exercises Around the Korean Peninsula: Strategic Signaling", *East Asian Policy*, October-December 2010, pp. 96-104.

the international system and is willing to make some adjustments to its rule-based order to accommodate legitimate Chinese interests. However, through its relationship with Japan, South Korea, and Taiwan, Washington appears to seek to signal to China that this willingness to accommodate should not be interpreted as a sign of weakness or capitulation and that the United States continues to possess other options in the event of Chinese “non-cooperation” and even “belligerence.” This carrot-and-stick approach is a well-established practice in American diplomacy and it is through this paradigm that America’s recent offer to mediate the dispute over the Diaoyu/Senkaku Islands and the statement that the Japan-U.S. Security Treaty also applies to this dispute should be viewed.

While suffering from the most recent financial crisis and difficulties in Iraq and Afghanistan, there is little evidence that suggests that the United States has modified its ambitions in Asia or that it is questioning the long-term utility of the U.S.-Japan alliance. Strategic realities do not usually shift in the same manner as domestic political interests and, though it may seem somewhat cynical, in many ways we can use former Japanese Prime Minister Hatoyama’s unsuccessful attempt to shift the Futenma air base in Okinawa as the litmus test of the relationship’s durability over time. History has consistently shown us that trade alone is not a sufficient condition to prevent conflict and with the shifting in the balance of power the United States does not presently appear to have another option aside from following the “peace through strength” logic if it wants to secure its interests in the region.

However, these larger structural issues do not have to place China and the United States on a pre-determined path of mutual suspicion and geopolitical rivalry. In the potential crisis in Pakistan lies an opportunity for China-U.S. relations. America enjoys considerable diplomatic and economic influence with both India and Pakistan while China enjoys an “all-weather friendship” with Pakistan and the sometimes grudging respect of India’s leadership. It is likely the case that a reduction in Pakistan’s threat perceptions regarding its eastern border will provide its key planners with the strategic space necessary to engage in a fundamental re-think on their views on the utility of Islamism and militancy as a foreign policy tool and strategic equalizer.

America can leverage its influence with India to de-emphasize its Cold Start Doctrine¹⁹⁵ while also publicly encouraging India to adjust its force structure and overall strategic posture to more accurately represent the challenges that India faces in the 21st century, namely internal insurgencies of multiple varieties, natural disasters, increasing maritime security issues, severe population and environmental pressure in Bangladesh,¹⁹⁶ and actualizing India’s Look East Policy. Provided with this new breathing space, both American and Chinese pressure can serve to restrain Pakistan from seeking to capitalize on what would initially be a degree of strategic flux in India as well as shrink the space for argument that Pakistan could use to justify a rapidly growing nuclear weapons program to an increasingly distressed civilian

¹⁹⁵ For a more in-depth discussion, see Walter Ladwig III, “A Cold Start for Hot Wars? The Indian Army’s New Limited War Doctrine”, *International Security*, Vol. 32, No. 3, Winter 2007/2008, pp.158-190.

¹⁹⁶ Intensive multilateral diplomacy will be required to address Bangladesh’s threat perceptions in response to any shift in Indian military infrastructure near its border.

populace. Given the sheer complexity of the region, multi-pronged diplomacy is required at various levels to address these two specific issues.

America should be welcoming massive Chinese mining investments in Afghanistan while also seriously discussing the idea of providing security for these projects if the Afghan security forces are unwilling/unable or China is unwilling/unable to dispatch personnel for the job. America's stated purpose for its involvement in Afghanistan is to prevent chaos in the country and to establish a modern, relatively self-sufficient nation state while most reasonable analysts conclude that members of the former Afghan Taliban regime would be most unlikely to host the al Qaeda leadership again. As such, the most dangerous security threat emanating out of Afghanistan which directly impacts American security on an everyday basis is the narcotics trade and all of the violence and corrosion of institutions and public trust that accompany it. The key force driving the market is unemployment and the complete lack of legitimate means of upward socio-economic mobility and participation in the licit economy for certain sub-sections of the Afghan population.

Mineral and resource exploitation industries provide the most viable alternative but key Western mining companies and investment banks continue to wait on the sidelines citing insurgency, organized crime, corruption, poor infrastructure, a relatively unskilled workforce, and a weak domestic financial system as the primary reasons. In such a situation, Washington cannot afford to be overly discriminate when Chinese companies are willing to sink major long-term investments into Afghanistan. If replicated six to eight times, we are most likely to see the narcotics trade suffer a severe manpower shortage with this having a direct impact on the ability of various insurgents to operate as they are also solely dependent upon the drugs trade.¹⁹⁷ Massive mining operations combined with the service and other auxiliary industries which surround them will play a major role in solidifying the gains which NATO is presently achieving in the country and ensuring that they are not rolled back.

The current American leadership has rightly sought to enhance space cooperation with China and President Hu Jintao and President Barack Obama stated that they will seek to enhance dialogue and exchanges regarding the matter. While this is a welcome move and time is needed for these statements to mature into concrete actions, formal institutional mechanisms are needed. Thus far, the S&ED has focused mostly on trade and other related issues since its establishment in April 2009. This dialogue is the ideal mechanism for this topic to be discussed as it allows the S&ED to evolve and broaden into a strategic issue which also has a strong link to the economic well-being of both countries that is less affected by the burden of history (though it is not entirely free). Unlike other core issues in the China-U.S. relationship, both countries lack a mechanism for "doing business" in this sphere thereby necessitating the creation of a sub-dialogue within the greater S&ED that focuses exclusively on this issue.

This mechanism does not need to be overly ambitious and should begin with both sides laying out their respective concerns. The one issue which Washington should push for is for China to "civilianize" its space program and move it from under

¹⁹⁷ For an excellent field-based study, see Gretchen Peters, *Seeds of Terror: How Heroin is Bankrolling the Taliban and al Qaeda*, St. Martin's Press, 2009.

the command of the PLA. This is an international best practice for good reason and is not, as some may claim, an attempted imposition of an American system on the Chinese. This shift is also clearly in the interest of China's civilian leadership as well given the multiple sources of its legitimacy which is impacted by space and would enable both countries to advance discussions within a similar overarching civil-military framework. This is the equation which has the highest probability of sustained success.

The vast majority of attention had been placed on China's response, or lack thereof, to North Korea's actions in 2010. China is virtually the only nation with influence (albeit limited) over North Korea, due to its trade links, aid provisions and defense pact. The United States, Japan and South Korea expected China to take decisive action against Pyongyang, with many openly expressing frustration that this has not been forthcoming. In the initial stages, all parties were at pains to avoid open disagreement and temporarily accepted China's noncommittal stance. However, international pressure built throughout 2010; at the G20 summit, Barack Obama called the Cheonan incident "an example of Pyongyang going over the line in ways that just have to be spoken about seriously", and cautioned Beijing against "willful blindness" over the matter.¹⁹⁸

China's refusal to acknowledge the results of the international investigation into the sinking of the Cheonan or to condemn the recent actions of Pyongyang is the result of sophisticated strategic thinking in Beijing. China appears well aware that if it were to publicly condemn and distance itself from the Kim Jong-il regime, it would significantly raise the risk of North Korea's internal disintegration, an occurrence that holds a real potential for war. Alternatively, the emergence of a pro-U.S. united Korea on China's borders is a cause for concern. Given the presence of American troops in Japan, American engagement with and arms supplies to Taiwan, Washington's growing strategic partnerships with India and Kazakhstan, new American military bases in Uzbekistan and Kyrgyzstan, and a long-term, multifaceted presence in Afghanistan and Pakistan, such an outcome would be unacceptable to the Chinese political leadership and its key strategists. In this explanation, Beijing is now an experienced player in the game of realpolitik and views North Korea as a bargaining chip with the United States.¹⁹⁹

Beijing views the Cheonan dispute through the paradigm of greater China-U.S. relations. Accordingly, China likely expects some kind of concession from the United States in exchange for meaningful actions against North Korea. Beijing has drawn criticism for its refusal to take strong action against North Korea and frustration with Pyongyang is building within the Chinese leadership, but – barring any further DPRK military action – the status quo remains Beijing's preference.²⁰⁰ To alter this, there would have to be clear, unambiguous strategic gains for China combined with assurances (in the event of a North Korean collapse) that there would not be a new hostile state on its northeastern border, as well as renewed discussions about the

¹⁹⁸ Ryan Clarke, "Vassal States and Core National Interests – Rethinking China's Relationships with North Korea and Myanmar", *RUSI Journal*, Vol. 156, No. 1, February/March 2011, pp. 46-51.

¹⁹⁹ Ibid.

²⁰⁰ Ibid.

future of American troops in South Korea and/or Washington's Taiwan policy. Such a major discussion on the future of the East Asian security architecture is overdue. Nevertheless, mutual misgivings remain, and China is not ready to abandon North Korea, suggesting that despite the military provocations (and the ongoing costs of illegal immigration and narcotics trafficking across the border), China remains the senior partner in that relationship.²⁰¹

In spite of the fact that the cross-Strait military balance increasingly favors the PLA, recent events call into question whether it is actually correct to refer to Taiwan as a "flashpoint" thus placing it into the same category as, for example, the Korean Peninsula or the Kashmir dispute between India and Pakistan. However, those who continue to claim that the situation across the Taiwan Strait shares similar characteristics has either ignored or actively factored out domestic political developments within Taiwan in recent years. An interesting and policy-relevant realization has swept across many voters in Taiwan in the post-mortem phase of the Chen administration. Under the leadership of the DPP leader, Taiwan's economic growth rate had not been appreciably higher, of better quality, or more inclusive than during comparable KMT periods nor did other domestic political or social indicators improve at a higher rate. However, on the diplomatic front Chen potentially placed Taiwan in a very dangerous situation without any discernable, consumable benefits deriving from this high risk strategy. While a core of pro-independence DPP politicians remain alongside their sophisticated public relations programs, they must contend with this new reality amongst the Taiwanese electorate. Put simply, future pro-independence leaders will have to clearly demonstrate how confronting Beijing and running afoul of the United States will be ultimately beneficial for Taiwan's economic and overall well-being in the long run, a most difficult proposition.

While much of the military-centric analysis coming out of the United States regarding the cross-Strait balance of forces is not without merit, it only deals with the "front end" of the issue: preventing invasion. Any PLA invasion would likely involve sustained missile strikes on critical infrastructure combined with PLAAF operations that would bring about further destruction of various other auxiliary dual-use infrastructure in Taiwan. Further, a naval blockade, another realistic option, would bring about additional hardship amongst one of the most densely populated areas in the world with an insurgency-friendly mountain range in the background.²⁰²

Even with the new capabilities which the PLA enjoys, could Beijing obtain and maintain the loyalty of a critical mass of the Taiwanese after engaging in such behavior? Is the CCP willing to risk retaliation on other targets outside of the Taiwanese theater by American and/or other allied forces? Is the CCP willing to risk the outright re-militarization of Japan or even see Tokyo develop a nuclear weapons capability? Would the CCP accept the fact that an invasion of Taiwan might push Japan and South Korea closer together thus bringing about the development of a

²⁰¹ Ibid.

²⁰² For excellent empirical studies which highlight how surprisingly easy it is to spark and sustain an insurgency, see James Fearon and David Laitin, "Ethnicity, Insurgency, and Civil War", *American Political Science Review*, Vol. 97, No. 1 February 2003, pp. 75-90. Barbara Walter, "Does Conflict Beget Conflict? Explaining Recurring Civil War", *Journal of Peace Research*, Vol. 41, No. 3, May, 2004, pp. 371-388.

trilateral (Washington as the underwriter) and unabashedly anti-China alliance in East Asia while America expands its defense-based relationship with India? The answer to all of these questions is “not likely” and as such, the Taiwan dispute should be viewed as a latent, structural challenge in the same category as the Spratly Islands dispute rather than as a flashpoint.

One Humble Policy Recommendation

A new trend in the field of International Relations is to provide a wide range of policy recommendations and to engage in “out of the box thinking” on critical issues. While this is not to discount its usefulness, in East Asia we have to first build a reliable base before we have the luxury of engaging in more unconventional scholarship. A regional security mechanism which is led by the East Asian states themselves (but underwritten by American and allied diplomatic support) is long overdue and it is in everyone’s interests, including the United States to establish one. While bilateralism appears set to be the mode of interaction for the foreseeable future, this does not preclude the development of such a mechanism. It should not try to do too much at once and should likely only meet twice a year in its initial stages and focus on less controversial and less emotional issues such as the Chunxiao gas field and combating organized crime. Cynics will likely refer to this body as irrelevant in its initial stages but this is deficient short-term thinking.²⁰³

It seems ironic to an outsider that Japan and China are willing to both participate in the multinational anti-piracy mission in the Gulf of Aden under the logic that both have a national interest in securing shipping and oil supply routes as they are both net importers. However, on other issues related to national interests in their immediate neighborhood, the mode is zero-sum realpolitik and confrontation with this being more valid regarding China. This paradox is largely the result of a low-level security dilemma that exists due to a lack of trust and a reliable framework for cooperation. China is not interested in fighting a war with Japan over the Diaoyu/Senkaku Islands but behaved quite aggressively recently. While part of this is attributable to a recent domestic wave of anti-Japanese nationalism, China also likely feels that toughness is its only policy option in the absence of other alternatives. While a regional security forum is hardly a magic bullet, it can serve as a valuable risk reduction mechanism that can evolve into a more sophisticated instrument over time.

Similar ideas have been expressed previously and even some younger Japanese scholars have been willing to break out of the strategic groupthink which continuously advocates American-led bilateralism in East Asia. One of the most prominent is Japanese scholar Koga Kei who argues that the Japan-U.S. alliance, whose core function is military and political cooperation, needs to deepen a common strategic vision of East Asia rather than to “widen” the scope of the alliance. Given the asymmetric nature of the military and diplomatic resources between Japan and the United States, Japan cannot play the same military and political role in the global

²⁰³ This policy recommendation was initially put forward in Ryan Clarke, “A More Assertive US in East Asia: Implications for the US-Japan Alliance”, Conference Paper Presented on Japan’s Strategic Challenges: China’s Rise, the US Hegemonic Decline and Asian Security, organized by the East Asian Institute, National University of Singapore and Australia Research Council Asia Pacific Futures Network, January 20, 2011.

arena as the United States. To this end, he claims that the alliance should be fine-tuned: narrow the scope of the alliance to facilitate the establishment of a regional security mechanism.²⁰⁴

However, Koga believes that the Japan-U.S. alliance should be imbedded into ASEAN-led East Asian regionalism.²⁰⁵ While his ideas are largely sound, innovative, and break with traditional thinking which is primarily interested in the maintenance of the status quo, he erroneously makes one key assumption: that ASEAN is ready and willing to play a leading role in an increasingly complex and potentially volatile region with nuclear weapons, strong militaries (American and regional), and mutually conflicting self-images amongst several leaderships, namely China and Japan, as well as their respective populations. In such a challenging yet anemically institutionalized environment, it is quite unclear whether ASEAN, or any other external groupings for that matter, would be willing to take on such high risks. Put simply, East Asia is not likely to be able to link to other progressive regional groupings, such as ASEAN, without having its own internally powered, reliable regional grouping in the first place.

This suggested initiative is not meant to occur at America's expense. As a nation with global ambitions and interests, new threats and challenges are ever-emerging from state and non-state sources and American diplomacy and force structure in various theaters has to reflect changing realities. America's leaders and its people are not interested in seeing the United States play a "policeman" role in Asia indefinitely and would like to see cooperation with Japan and others focus more on technology and less on actual troops on the ground. With a functional regional security mechanism in place, issues such as missile defense, naval patrols, and diplomatic moves in Southeast Asia can become less explosive though some friction will remain.

With strong bilateral ties with Japan and South Korea (both also lack other potential alliance partners), nascent security cooperation between South Korea and Japan, and a non-hostile China which seeks to integrate itself into the established rule-based order, it is not overly idealistic to suggest that the United States has the ability to push for such a regional mechanism that is in the interests of all regional parties, including Russia. This will help reduce regional tensions while also providing the United States with an avenue to shift troops and other resources elsewhere without running the high risk of having its core interests, namely the freedom of the seas, compromised. Such an arrangement should satisfy even the most hard-line American realists as this will not compromise American navigation in the commons while its strong bilateral ties with Japan and South Korea will act as a break on any regional hegemony. While historical animosities, distrust, and deeply-rooted feelings of entitlement are by no means easy to overcome, it would be beneficial to begin the process. There is no such thing as permanent adversaries.

²⁰⁴ Koga Kei, "Regionalizing the Japan-U.S. Alliance: Toward the Construction of a Peaceful Transition System in East Asia", *Issues and Insights*, Vol. 10, No. 8, March 2010.

²⁰⁵ Ibid.