CONTENTS

Preface ................................................................. vi

The Financial Crisis in Northeast Asia and Sustainable Recovery
   The Financial Crisis in Northeast Asia and Sustainable Recovery
      Tom Byrne ......................................................... 1
   From Crisis to Recovery: Korea’s Policy Response to the Global
      Financial Meltdown, August 2007–June 2009
      Park Yung-chul ..................................................... 17

The U.S.-ROK Economic Relationship: Free Trade and the Future
   Whither the KORUS FTA: The Moment of Truth
      Choi Byung-il ....................................................... 45
   Free Trade Agreements and the Future of U.S.-Korean Trade Relations
      Jeffrey J. Schott ..................................................... 59

The North Korea Challenge
   The North Korean Issue: What Can Be Done?
      Andrei Lankov ...................................................... 77
   The North Korea Challenge
      David C. Kang ....................................................... 93

The Rise of China and Its Impact on the North Pacific Security Environment
   Rising China and North Pacific Security: A Net Assessment
      Denny Roy .......................................................... 115
   The Rise of China and Its Impact on the North Pacific Security Environment
      John S. Park ........................................................ 137

Future Directions for Northeast Asian Regionalism:
New Security and Trade Architectures
   Future Directions for Northeast Asian Regionalism: New Security and
      Trade Architectures (…with an Emphasis on Security)
      James L. Schoff ...................................................... 151
   A Political Economy Approach to Northeast Asian Regionalism:
      From a Crisis Model to a Political Leadership Model?
      Park Jehoon ........................................................ 173

Young Leaders Perspective on U.S.-ROK Relations
   Divergent Consensus: Meeting the Needs of Both Sides of the Coin
      Jiun Bang, Dae-woo Lee, Kevin Shepard, Adrian Yi .................. 195
RISING CHINA AND NORTH PACIFIC SECURITY: A NET ASSESSMENT

Denny Roy*

CONTENTS

I. Introduction

II. Increased Risk of War?

III. How Much Does China Want to Change the International Order?

IV. The Future: Changed Capabilities, Changed Intentions?

V. Tensions, but Formidable Buffers

* Denny Roy is a Senior Fellow at the East-West Center, Honolulu.
I. Introduction

The rise of China means that the regional (not global) power structure is shifting from unipolarity to bipolarity. Whether this is a positive or negative development depends on a particular government’s viewpoint. Many Asia-Pacific states might welcome an international system based on the principles the Chinese claim they will champion: peace, equality between the rich and poor and between the large and small states, mutual benefit in economic relations, and nonintervention in each other’s internal affairs. The North Pacific governments, however, have generally seen U.S. influence as positive: supportive of a peaceful international environment and expanded international trade and, therefore, conducive to mutual prosperity. If relatively unchecked U.S. influence was beneficial, the prospect that U.S. influence will be diminished, diluted, or divided by rival Chinese influence is not necessarily welcome.

This paper will attempt to evaluate this important question of the likely effects of the rise of China on North Pacific security. Because the issue pits contending sets of effects or trends against each other, the exercise will be a net assessment.

II. Increased Risk of War?

It is fairly easy to foresee how a stronger China might increase the risk of some conflict scenarios. The rise of China puts strategic pressure on both Japan and South Korea either to reaffirm their alliances with the United States, a policy that has higher political costs to them than before, or to accommodate China in painful and heretofore unaccustomed ways. For Japan, the rise of China sidelines the potential dangers that might result from a China that is too weak, which for many Japanese is as fearful a strategic scenario as a strong China. Unquestionably, however, a rising China is problematic for Japan. A stronger relative position probably reduces China’s responsiveness to the strategic and military issues over which Tokyo raises objections, such as China’s military buildup and activities near the Japanese coast. China’s ascendance reduces the possibility of Japan regaining its former position as leader of the region. Most seriously, a more powerful China intensifies the security dilemma for the Japanese, pushing forward a vicious spiral of military strengthening, mutual suspicions, and increased bilateral tensions.

A stronger China further legitimizes the Chinese model of economic liberalization within a one-party authoritarian political system, a model the Chinese have urged North Korea to adopt. A stronger China may also increase North Korea’s dependence on China. This would seem to increase the likelihood that North
Korea will succumb to Chinese pressure to undertake economic reforms and to discontinue its nuclear weapons program. Unfortunately, this is not foreseeable because Pyongyang has proven its ability to resist Chinese pressure and still maintain the flow of Chinese economic life support. Thus, strengthening Chinese capabilities presages relatively little substantial change in either North Korea’s security situation or Pyongyang’s negative impact on the regional security environment.

The rise of China undercuts the viability of an independent Taiwan. Whether a strong China makes a Taiwan Strait war more or less likely is debatable. The People’s Liberation Army is increasingly capable of mounting a military operation against Taiwan with a reasonable expectation of success, a change from the recent past. Yet the Chinese hope this military buildup has the dissuasive effect of making Taiwan independence untenable and thereby forcing Taiwan to surrender without the need for a cross-strait war. This has differing implications for the people on Taiwan, depending on their political persuasion. For the “Green” Taiwanese who see themselves as a nation distinct from the mainland Chinese, the apocalypse has become visible in the distance. A stronger China is an existential security threat.

For those of Taiwan’s people who believe their rightful destiny is to unify with China, the meaning of a rising China is more ambiguous. A militarily strong China with economic leverage over Taiwan could force the island into submission under unfavorable terms. In particular, few people on Taiwan want to be ruled by an authoritarian central government. Many who hope for eventual unification still want political support and arms sales from the United States in the meantime, which China will not tolerate indefinitely. Nevertheless, these “Blue” Taiwanese can take pride in China’s recent accomplishments and newfound international prestige. They might also hope that rapid economic development in China is shortening the days before a political transformation that could reduce the distance between the governance systems on the two sides of the Taiwan Strait. Thus, some Taiwanese see the rise of China as hastening a peaceful solution of the cross-strait dispute, potentially eliminating Taiwan’s most serious military threat.

The stress of a burgeoning China may be most intense at the great-power level. As power transition theorists point out, the rise of a new great power in a region inhabited by an established hegemon can dramatically raise the danger of war. The rising challenger may feel it is strong enough to demand changes in the international order to more closely suit its own interests and preferences. For its part, the established but aging dominant power becomes sensitive to increases in
the new challenger's capabilities and may even consider initiating a preventive war. As the Asia-Pacific region transitions from unipolarity to bipolarity, a key question is whether and to what extent this development increases the chances of a U.S.-China military conflict. The United States has become accustomed to playing the role of regional security manager and provider of public goods. It is by now an institutionalized U.S. government view that an internationalist policy, including such elements as global surveillance, forward military deployment, and patrolling of international air and sea space, benefit the rest of the world as well as serve a U.S. interest—some Americans would say a vital U.S. interest—in preventing the emergence overseas of threats to U.S. security and prosperity.

As a weak and rebuilding country in the first decades since the Chinese Communist Party (CCP) captured power, China disliked many aspects of the projection of U.S. power into Asia but had no recourse. With China growing relatively stronger, that situation changes. Chinese eagerness to redress some aspects of regional political affairs, one of the fruits of China's new strength, could clash with arrangements that serve U.S. interests. In some cases the U.S. government might be willing to eschew open resistance and accommodate Chinese preferences. But where an insistent Chinese challenge (particularly one that becomes characterized as a matter of national honor) meets a perceived vital U.S. interest, bilateral adjustments to make room for a rising China will be difficult, and the potential for crises will be high. The recent episodes of Chinese vessels harassing U.S. surveillance ships near the Chinese coast, which took place within a legal gray area, are an apt illustration, as the confidence built by China's recent successes has evidently emboldened at least some Chinese to try to halt a specific, rankling U.S. policy that undoubtedly has no place in China's future vision for the region. This may be a harbinger of increased Chinese push-back against what they have described as vestiges of "Cold War thinking." In the coming years there will undoubtedly be additional Chinese attempts to redress accustomed aspects of the established system, some of which will be difficult for Washington to accept.

The proclivity of bilateral conflict has varied through various phases of the post-World War II period. The key variable has been China's intentions and orientation toward the liberal-capitalist world. Tensions were high when China was hostile toward the global economic and political order and tried to undermine it by supporting insurgencies in Asia. Post-Mao China turned down the heat by seeking to engage with the international community and earn its respect. The likelihood of conflict in the next era will similarly hang on Chinese (as well as U.S.) intentions. The possibility of a U.S.-China conflict is higher in the era when both countries are great powers (in the next decade and beyond) than when the
United States was a superpower and China was a middle power, but not necessarily higher than when China was a weak, revolutionary power.

Two structural factors will work to help reduce the war proneness of the U.S.-China hegemonic transition. The first of these is the possession of nuclear weapons by both China and the United States. Nuclear deterrence has prevented war between the major powers since the end of World War II and will continue into the future to inject circumspection into any consideration by either Washington or Beijing to use force against the other.

The second pacifying structural factor is the international system. The power transition scenario is dangerous because the rising challenger state is both dissatisfied with the current system and believes changing the system to its own liking is a cost-effective proposition. In this respect, G. John Ikenberry (2008a) argues that the current international system is itself a giant safety net. Historically unique in its character, the Western-centered global order of today is both accessible to China and beneficial to China, giving China more reasons to accept and integrate into the system than to oppose it. The system offers China opportunities, institutions, and protections (for example, dispute-settling mechanisms). The Chinese realize that with globalization, their prosperity depends on managing China’s interdependence with partners around the world, not antagonizing these partners.

Across the region, we see a general pattern of enthusiastic economic engagement with China combined with strategic caution. The policies of regional states toward China are perhaps best described as “hedging” because they combine elements of both accommodation and balancing behavior. China’s neighbors recognize the positive aspects of China’s rise, want a constructive and cooperative relationship with China, and are willing to make limited sacrifices toward this goal. Yet they also remain suspicious of future Chinese behavior and are not prepared to cancel their insurance policies, of which the United States is the chief underwriter. This hedging is perhaps the ideal behavior to minimize the chances that a strong China will prove to be a bully. The willingness of other states to give China prestige and economic access deepens China’s satisfaction with the current international order. At the same time, formal and informal strategic cooperation arrangements provide a potentially robust deterrent against Chinese behavior that the region might find threatening.

As an increasingly powerful and important country, China attracts accommodation. The Asia-Pacific community recognizes that any effort at regional cooperation must account for China. From Admiral Timothy Keating of the U.S.
Pacific Command (AAP 2009) to the Japanese Foreign Ministry (Reuters 2006a) to President Gloria Macapagal-Arroyo of the Philippines (de Borchgrave 2003) to the Australian ambassador to China (Thomas 2004), government officials throughout the region, even those who have (sometimes privately) expressed concerns about the strategic implications of a more powerful China, are careful to say they do not consider China a “threat,” as if they take seriously Joseph Nye’s dictum that “if you treat China as an enemy, China will become an enemy” (Prager, Simons, and Thompson 1996).

Often there is a lag time between a rising power’s attainment of greater capabilities and its “prestige,” which is the recognition by other countries of those new capabilities. In China’s case, however, the reverse seems to be occurring: China is enjoying advance prestige based on widespread expectations that China will be the next superpower. Polling data published in 2006 indicated, for example, that about half of Americans believed China would surpass the United States as the world’s largest economic power within 10 years (Zhao 2009, 238), which is considerably sooner than reputable analysts predict.

Chinese economic influence is rapidly penetrating the region. China has recently replaced the United States as the largest trading partner of Japan, South Korea, and Taiwan. All three of these countries see China as a major contributor to their future prosperity. There is a downside also, as China has the potential to be internationally competitive across a wide range of economic activities, threatening to take over many of the market niches currently held by other Asia-Pacific countries. As China gains weight in the global economy, both as a producer and a consumer, it exerts an increasing gravitational pull on other states in the region. Governments and business communities want to be on good terms with China to be in position to gain their share of the economic benefits China has to offer. China’s economic growth leads to Chinese influence both directly and indirectly. Most of China’s bilateral economic relationships are asymmetric in China’s favor. In an asymmetric relationship, any interruption in trade or investment would hurt the smaller partner more than the larger one, so the larger partner can credibly use the threat of an economic cutoff to coerce its smaller partner. Less directly, business communities that favor friendly relations with an economic great power will lobby their respective governments accordingly, reshaping their policies toward accommodation of the great power (Hirschman 1980, 18–37).

While accommodating China in terms of economic and diplomatic engagement, however, regional states are in a broader sense hedging. In Japan, the two most recent Liberal Democratic Party prime ministers backed off from visiting the
Yasukuni Shrine in deference to China. The new ruling Democratic Party of Japan entered office indicating that it may value the alliance with the United States less than previous governments and that it planned to place greater emphasis on Japan’s relationships within Asia. Nevertheless, both Tokyo and the Japanese public still remain committed to the alliance, and in recent years Japanese officials have consistently raised a set of security concerns involving China, including the Chinese military buildup, not infrequent Chinese naval incursions into Japanese territorial waters, and the Chinese government’s complicity in anti-Japanese nationalistic sentiment among the Chinese public.

Seoul clearly places great importance on maintaining a cooperative relationship with China because of the potential economic benefits for Korea. A wealthier, developing China can be an engine of South Korean economic growth for the foreseeable future, although this is increasingly balanced by Korean concerns that competition from China for export markets and for energy supplies will constrain Korean prosperity. South Korea strategists and much of South Korean society, nonetheless, remain highly attentive and reactive to signs of what they perceive as Chinese domination. It is far from clear that recent dissatisfaction by many South Koreans with the U.S. alliance is the beginning of a trend that will culminate in Korean “bandwagoning” with China. Nigel Cox (2009, 270) writes, “Opinion surveys make clear that despite the intensity of Korean/Chinese exchanges, the Koreans have not fallen into any sort of Chinese sphere of influence and remain suspicious of China’s geopolitical intentions.” In a poll by the British Broadcasting Corporation and GlobeScan (2008), 55 percent of South Korean respondents said they considered China “more of a threat than an ally.” In a 2006 Korea Institute for Defense Analyses survey asking South Koreans which country they expected would pose the greatest threat in 10 years, China was the country named most often, accounting for nearly 40 percent of the responses (Reuters 2006b). None of the main schools of strategic thought in South Korea supports an alliance with China. They seek, rather, ways to restrain China’s power (Kim 2008, 213).

In Taiwan, while the Ma Ying-jeou government has halted movement toward independence, treats Beijing with considerable deference, and welcomes the deeper economic engagement that Beijing believes is conducive to unification, Taipei still emphasizes the importance of its relationship with the United States, the need for Taiwan to speak with China from a position of strength rather than weakness, and a continuing requirement for purchases of advanced U.S. weapons.
Even North Korea might wish for an improved relationship with the United States to balance its heavy dependence on China. This may be one of the aims that underlies Pyongyang’s long-running effort to bilaterally engage the United States.

The United States has largely been the single most significant contributor to China’s rise, buying a huge share of China’s exports, supplying technology and expertise, and helping to educate large numbers of Chinese students. The official U.S. position on the rise of China across several presidential administrations has been that the United States welcomes a stronger and wealthier China, provided China is peaceful and adheres to international norms. But while acquiescing to the rise of China, Washington has hedged by shifting additional forces to the western Pacific, shoring up relations with allies and potential allies and complaining about China’s military buildup (OSD 2009).

That Chinese leaders have been very active in offering the region assurances in various formulations that “China will never threaten any country, pursue expansion or seek hegemony” is significant not because Chinese leaders always keep their word, but because these assurances reveal that China is extraordinarily sensitive to the danger of an anti-China coalition (Xinhua 2004). One of the war scenarios arising from the historical circumstance of a hegemonic transition has the rising challenger starting a war with the established hegemon in order to hasten the new power’s ascension to dominance (Kugler and Organski 1989). In this case, Chinese have proven that they are good students of history and that they are extremely averse to this risk. In recent years Chinese officials have frequently consulted with Chinese scholars of history and international politics on the question of the reaction of the established great powers to a newly rising power. The Chinese political elite have even shared their concerns with the Chinese public through such means as the airing of a documentary prime-time television series in 2006 on the historical rise and fall of great powers.

III. How Much Does China Want to Change the International Order?

Admittedly the “international order” is a somewhat abstract and even dubious notion. Stephen D. Krasner (2009, 11) asserts that “there is no set of norms and values shared by all significant actors in the international system,” especially if we include nonstate actors such as al Qaeda. Nevertheless, it is useful to observe that most of the more substantial Asia-Pacific states generally assent to a set of principles, with supporting institutions and arrangements, that the United States has championed since the end of World War II. The principles that
undergird this international order include the following: the conditional sovereignty of states (that is, the legitimacy of foreign intervention in the event of egregious failures of governance); a capitalist global economy working toward free trade; peaceful resolution of disputes; respect for human rights; adherence to international law; and recognition that the United States has a special role as a regional peacekeeper. Whether a strong China would continue to support these principles and, if not, what alternative principles China might substitute become extremely important questions.

Chinese leaders have claimed countless times that China will be a peaceful great power. How much confidence does China’s recent behavior instill in this pledge? We must begin with China’s threat to make war against Taiwan if Taipei declares independence, a threat that persists even amid the recent improvement in cross-strait relations. Because the Chinese frame Taiwan as a domestic issue, some observers would write this off as a unique case that is not illustrative of how China will deal with other Asian countries. In its ongoing territorial disputes with other countries, China has been compromising and nonaggressive in recent years, even as China was enjoying recognition as a budding great power (Fravel 2005). China’s claim over a large part of the South China Sea, disputed by four other governments (not counting Taiwan, whose claim overlaps with China’s), could be seen as an aggressive territorial grab with ominous implications for the future.

Another way of looking at the issue, however, is that while Chinese interest in maintaining their claim has not slackened, the Chinese have shown a willingness to be patient and to solve the question through dialogue. Similarly, in China’s dispute with Japan over the Senkaku/Diaoyutai Islands, China has neither sought a confrontation nor pushed for an early resolution on Chinese terms. The issue has flared up in recent years mostly because of the activities of private nationalist groups, not the Chinese government. Nevertheless, it is clear that China is currently focusing on capability building—becoming a great power—and that shelving disputes to clear the way for trade and diplomacy is part of what may be a temporary strategy. The empirical record is not so strongly supportive of Chinese promises as to assure the permanence of Beijing’s claimed peacefulness after China has attained stronger relative economic and military capabilities.

China does not share the interest of the liberal democracies in promoting political liberalization and civil liberties throughout the Third World. Ultimately this threatens the most highly ranked goal of the Chinese government, which is keeping the CCP in power. China has often been accused of an outmoded view of national sovereignty (Clark 1991, 38). Beijing frequently clashed with the
Western governments during the 1980s and 1990s over the question of international intervention, with the Chinese asserting the principle of noninterference in the domestic affairs of sovereign states. China's position stemmed from the Chinese experience with foreign imperialism as well as from the more modern threats of Taiwan separatism and pressure on the CCP for political liberalization. Despite a rhetorical commitment to nonintervention, however, during this decade Beijing has consistently acquiesced to various Western-led intervention operations (particularly if they were sponsored by the United Nations) and expanded Chinese participation in international peacekeeping. As an incentive, participating in humanitarian interventions has the advantage to China of offering opportunities for training and practical experience for Chinese security forces (Stahle 2008, 653–54). "While the Chinese remain leery of intervention, they now also accept it is part of the post-Cold War world order," writes Allen Carlson (2006, 218, 234). "China is no longer so much of an outlier when compared with other states in the international system." China and the more activist Western governments are far from seeing eye to eye, but the present trend is toward a weakening of China's adherence to the nonintervention principle.

China's citizenship in the World Trade Organization (WTO) has produced somewhat polarized commentary, with some seeing a glass half full and others a glass half empty.

There is little doubt that by now China is fully invested in the international capitalist economic system and, furthermore, that not only China's plans for national development but also the continued legitimacy of the ruling CCP depend on China's continued engagement with the global economy. Despite entering the WTO under demanding conditions that are controversial within China and have caused great unhappiness among many parts of China's economy, China has basically adhered to the WTO's rules of international trade and has not distinguished itself as a noncomplier (McNally 2008, 116). It is important to note that the other major economies, including that of the United States, have also drawn fire for allegedly breaking the rules. Chinese leaders made considerable sacrifices to join the WTO, the regulations of which required the repeal or altering of more than 2,000 Chinese laws, and they appear to be increasingly appreciative of the WTO's value as a vehicle for fighting protectionism in other countries against Chinese products (Sternberg 2009).

Where China attracts more criticism, and where there is a less-well-codified set of international rules, is in the area of international finance. China is often accused of currency manipulation, specifically of state intervention to limit Chinese currency appreciation and thereby give Chinese exports a competitive advantage.
Another common accusation is that Chinese policies encourage high rates of domestic savings. China is not always supportive of the global monetary regime, saying the exchange rate issue is a matter of national sovereignty and threatening to promote a rival Asian monetary fund. China’s alleged state intervention in the foreign exchange market to hold down the value of its currency contravenes the International Monetary Fund rules that China has agreed to uphold. Some commentators argue, however, that in self-serving monetary practices China is following in the footsteps of Japan and other Asian economies—countries not commonly or widely suspected of trying to undermine the current system (Edmonds, La Croix, and Li 2008, 185).

The Chinese are historically suspicious of market economics and averse to the risk of economic instability. Beijing would clearly prefer more regulation in the international financial system. Chinese officials also openly complained during the 2008–09 economic crisis about what they call overreliance on the U.S. dollar as the key world currency. Nevertheless, Chinese behavior up to late 2009 exhibited no strategic design to replace or even substantially modify the present global economic system. Rather, Beijing appeared largely reactive, and its criticism of the U.S. role in the crisis was shared by many other governments.

Can a strong China continue to accept U.S. hegemony? Part of today’s international system is the superpower role of the United States, including strong regional U.S. influence through its network of bases and security relationships in East Asia—the alliances with Japan and South Korea and support for Taiwan, including arms sales. China already strongly objects to U.S. policy toward Taiwan. Beijing has long insisted as a matter of principle that countries should not keep foreign military bases. There is little question that Beijing wants U.S. forces to eventually leave Korea, which historically has been within the first circle of China’s sphere of influence. Although the Chinese have been ambivalent about the U.S. military presence in Japan, their preferred outcome is a neutral Japan that is deferential toward China. China is building up its military forces, and particularly its power projection capabilities. These enhanced capabilities will certainly complicate U.S. strategic planning for the region, will likely restrict U.S. freedom of maneuver, and could eventually rule out certain contingency-based operations by U.S. forces that up to now were considered feasible. The era of U.S. dominance over the sea and airspace of the Asia-Pacific may be ending. There is also a clear risk of an intensifying Sino-U.S. security dilemma.

That said, there is no question that the United States continues to field a military force that is the world’s most capable by a wide margin. After years of substantial increases, China’s defense spending is only about one-fifth of America’s.
Beijing clearly favors a multipolar rather than a unipolar world, one in which the United States must be more mindful of the interests of other important countries, and China has moved unambiguously into the ranks of the top global powers. At present, however, China is not directly challenging the pre-eminent global and regional position of the United States. There are several reasons to believe that even a relatively stronger China would not try to replace the United States as a regional hegemon and global superpower.

First, China lacks the resources to do it alone. Even as a great power, China will still be poor on a per capita basis, unevenly developed, and vulnerable to large-scale public disorder fomented by various discontented groups within Chinese society. Domestic demands weigh heavily on the minds of China’s leaders. Either inviting a confrontation with the United States or attempting to play the superpower role would drain funds China needs for its ongoing nation-building project. This would decrease rather than increase China’s security.

Second, other states are not interested in joining China in an anti-U.S. coalition. Globally, few governments were willing to confront the United States even when the George W. Bush administration took a foreign policy posture that many foreign observers viewed as relatively assertive and unilateralist even for Washington (Pape 2005). Instead, this has been the decade of “soft balancing”: states that share a common discomfort with U.S. predominance have increased their political and security cooperation but, at the same time, have made no open declaration of hostility and have avoided activities that would trigger significant U.S. retaliation. Within the region there is even less interest in cooperating with China to drive out U.S. influence. If no major or middle powers would join such an enterprise, China would again be left alone in pursuing a prohibitively expensive objective.

Third, the Chinese realize some benefits from U.S. influence in the Asia-Pacific. U.S. hegemony has scarcely constrained China’s rapid economic development, even if it has perpetuated certain specific circumstances the Chinese dislike. China enjoys advantages along with the rest of the region, and perhaps proportionately more so, from the public goods provided by U.S. predominance, including the policing of international waters and sponsorship of the international economic system from which China derives massive gains in wealth and technology. The U.S. alliance with Tokyo and U.S. bases in Japan are potentially aimed at restraining China, but they have also precluded the postwar Japanese from building a large, well-rounded military force and nuclear weapons. At the same time the U.S. alliances with Japan and South Korea have not prevented either country from establishing strong economic relationships with China.
Instead, what the Chinese seek is to “constrain the U.S. ability to constrain China,” as Evan S. Medeiros (2009, xxii) puts it. Many analysts believe Chinese leaders have concluded that both trying to force U.S. influence out of the region and attempting to insert China into the leadership role the United States now plays would be excessively expensive and would likely fail in terms of promoting Chinese prosperity and security (Ross and Zhu 2008, 296–97). To date, China’s behavior has been largely consistent with this supposition.

What kind of a stake does China have in the current international order? This raises the issue of, in Alastair Iain Johnston’s (1996; see also Sohn 2008) phrase, “learning versus adaptation”: whether the Chinese government has developed a respect for and an ideological commitment to the international community’s rules and principles or, alternatively, is employing the cynical, opportunistic tactic of portraying China as a good citizen in order to gain the benefits of membership. Some analysts, including Tang Shiping (2008, 158), assert that China has “learned” that “the only viable option is for China to rise within the system.” Many analysts (Shambaugh 2004–05; Johnston and Ross 2006) have argued that the effects of globalization and of Chinese participation in multilateral activities, instrumentally encouraged by many governments concerned about the rise of China, may have the effect of “socializing” China to abiding by and even internalizing international norms. Yet one could draw up a list of recent Chinese policies that call into question China’s commitment to the rules of the international system.

In 2001, a U.S. EP-3 signals surveillance aircraft collided with a Chinese fighter aircraft about 70 miles southeast of Hainan Island. Seriously damaged, the EP-3 made an emergency landing at the Chinese military air base at Lingshui, reportedly after sending several unanswered distress calls. The Chinese held the EP-3 crew captive for 11 days until the U.S. government issued a statement of apology containing the famous two “very sorrys.”

The incidents at sea in the spring of 2009 were related to the EP-3 affair. Two U.S. Navy surveillance vessels, the Impeccable and the Victorious, operating, respectively, 75 and 125 miles off the coast of Hainan Island, were reportedly monitoring activity by Chinese submarines. The Chinese vessels carried out several acts of harassment that flouted commonly accepted maritime safety conventions. One night a Chinese patrol boat turned a bright spotlight on the Victorious and later sailed across its bow at close range. Chinese fishing boats also sailed dangerously close to the Impeccable. After the Impeccable radioed its intention to leave the area, two Chinese boats moved into its path and then stopped, forcing Impeccable to conduct an emergency all-stop procedure to
avoid a collision. A crewman stood at the bow of one of the Chinese ships with a grappling hook, apparently trying to snag the Impeccable’s towed sonar array.

Both the EP-3 collision and the more recent U.S.-China incidents at sea stem from bilateral disagreement over what kind of activities are permissible in China’s 200-mile exclusive economic zone (EEZ) under international law. The United Nations Convention on the Law of the Sea (UNCLOS, which the United States has not ratified but with which it has voluntarily complied) says all states enjoy freedom of navigation in and overflight of a particular state’s EEZ, and the U.S. Navy is traditionally insistent on reserving for U.S. ships and aircraft the greatest possible latitude for operating in and above the world’s oceans. China, in contrast, asserts that surveillance by a foreign military within the Chinese EEZ is illegal. UNCLOS has a vague requirement for compliance with “the laws and regulations adopted by the coastal state” and also stipulates that use of the sea shall be for “peaceful purposes,” allowing the Chinese to argue that their wishes must be respected and that military surveillance is not “peaceful.” The Chinese are on shakier ground, however, in attempting to justify the holding of the EP-3’s American crew hostage or the carrying out of patently dangerous nautical maneuvers simply because they were angry about perceived affronts to national honor.

Many governments condemned China’s use of a ground-launched missile to destroy one of its own satellites orbiting more than 500 miles above the Earth in 2007. Critics pointed to the lack of prior consultation and the creation of a large debris field in space that could damage other countries’ space assets. Others lamented this act as another step toward the militarization of space. The Chinese government acted with typical gracelessness: officials initially denied the action in public before owning up to it several days afterward. In fairness to China, there was no international agreement preventing anti-satellite tests, so Beijing did not technically break any rules it had promised to obey.

Later in 2007 Chinese authorities denied a U.S. request to allow two vessels to take refuge from a storm and refuel in Hong Kong harbor, apparently in retaliation for either U.S. arms sales to Taiwan or U.S. contact with the Dalai Lama. U.S. PACOM commander, Admiral Timothy Keating, said this violated an unwritten commitment among mariners to aid their fellow sailors in need.

C. Fred Bergsten et al. (2008, 15–21)¹ allege that China’s foreign trade policy suggests Beijing is not committed to the values of the current global economic

¹ Although the book is coauthored, the preface indicates that Bergsten wrote the section quoted here.
system but rather views the system as a convenient tool for pursuing larger China-centric political goals. China shows a “preference for bilateral deals without much economic content” and a “disinterest in pursuing strategies to defend the broader trading order.” The motives underlying China’s regional trade agreements are “almost wholly political,” such as the free trade agreement with the Association of Southeast Asian Nations, which has narrow applicability and seems primarily intended to provide assurance to Southeast Asian governments that Chinese economic power will not undercut their development. In contrast, countries such as Australia seeking “economically meaningful agreements” with China have made less progress, Bergsten writes. China is also indirectly undermining WTO norms by leading the creation of a China-centered Asian trade bloc. In the area of foreign aid, China is now a major donor but rejects one of the guiding norms of international aid agencies, which is that recipients must conform to minimum standards of human rights and environmental protection to qualify for assistance. This runs counter to the agenda of many Western and other democratic governments to promote good governance in the developing world. What “conditionality” China imposes tends to be narrowly self-serving: Beijing asks in return that aid recipients back Chinese political positions in the United Nations and other multinational forums and agree to make China a priority customer for supplies of primary products.

China’s harmonization with international principles is somewhat selective. In September 2009, Iran acknowledged the existence of an undeclared and previously unknown second uranium enrichment plant, bringing upon Tehran strong international condemnation not only from the Western powers but even from Russia. Yet China, which has strong cooperative ties with Iran and therefore an interest in providing Tehran with political cover, continued to call for negotiation rather than sanctions. “You talk about punishment, and personally I don’t like the word ‘punishment,’” Chinese Vice Foreign Minister He Yafei responded to questioning by reporters. “I think all issues can only be solved through dialogue and negotiation” (Shear and DeYoung 2009). When it comes to Taiwan, however, China prescribes punishment with gusto. China has used its veto power in the United Nations Security Council, for example, to block the dispatch of peacekeeping forces to Guatemala and Haiti because of those countries’ diplomatic support for the Taipei government.

In sum, China’s track record in recent years does not demonstrate an interest in a wholesale overthrow of the international system. Indeed, Beijing has largely professed general support for most aspects of the status quo and a willingness to abide by its rules. At the same time, however, China has exhibited a drive to seek unfair advantages within the competition that takes place under status quo
arrangements—not to make revolution, but to cheat. Another tendency that seems to emerge from China’s track record is a belief by Beijing that adherence to the rules is part of a national strategy and subordinate to larger Chinese national interests and, therefore, can be suspended when in conflict with a seemingly more important political issue. In this China sounds much like the other great powers. Nineteenth-century Western nations were champions of international free trade but also sought to “trade with advantage,” in some cases backed by military force (Till 2004). Whether China’s behavior in this regard has been more or less egregious than that of other great powers is a matter of interpretation. It is worth emphasizing, however, that China’s demonstrated tendencies to occasionally cheat or altogether lay aside the rules of international convention occur in a historical period when China is focused on building up and consolidating its capabilities, minimizing tensions with its neighbors, and presenting itself as a peaceful and cooperative country that supports the status quo.

IV. The Future: Changed Capabilities, Changed Intentions?

The Chinese leadership describes the first two decades of this century as a “period of strategic opportunity” when major international conflict is unlikely and China can concentrate on economic development. One or two decades from now, after realizing the expected gains from this rebuilding period, Beijing may see the world differently. Thus, China’s current posture of support for or at least tolerance of most of the international status quo might change in the future. The rise of Chinese capabilities relative to those of the United States and other Asia-Pacific countries will lower the cost to China of assertive, self-interested Chinese behavior. If the Chinese judge the cost of confronting one of their neighbors to be too high now, that cost might appear manageable in 2020 or 2030. At a minimum, given that there are some aspects of the current system that China dislikes, it is reasonable to expect that a strengthening China will oppose these aspects of the system more forcefully over time, unless either these issues disappear by themselves or China’s development results in a more relaxed Chinese outlook.

In addition to a change in relative capabilities, more assertive Chinese behavior in the future might stem from China’s domestic politics. Some observers, such as Andrew Shearer (2009) of Australia’s Lowy Institute, argue that “secrecy, state control and arbitrary abuses of power” are characteristics of CCP governance whether in national or foreign policy, and that the same “bullying” tactics Chinese leaders employ at home are appearing in official Chinese behavior abroad. China’s one-party system and the CCP’s reliance on continued and rapid economic growth to maintain its own legitimacy could leave China prone to backsliding.
If an economic downturn or a major perceived affront to China's prestige called the legitimacy of the CCP or its top leaders into question, Beijing's current policy of robust global economic engagement and responsible international citizenship could give way to a backlash against marketization and a nationalistic orientation that could lead to assertive and even belligerent external policies (Kirshner 2008, 256; Ross and Zhu 2008, 303; Johnston 2003, 49–50).

Some observers argue that for insight into how the strong China of the future might treat its neighbors, we should look to China's premodern past, during much of which China was the dominant country in its region. The results, however, are inconclusive. By one interpretation the Chinese tribute system was a form of imperialism, but by another it was mutually beneficial. Much of the territorial conquest by ancient China can be blamed on Chinese leaders who were actually not Chinese, but ethnic Manchu or Mongolian. Perhaps the most important point to make here is that the premodern world was so different from the modern world that the former is of limited use in predicting the latter.

V. Tensions, but Formidable Buffers

There are dangers associated with the rise of China, but also powerful mitigating effects. China's ascension to a more powerful position within a regional political architecture long dominated by the United States will create tensions in U.S.-China relations. Strategic disputes could be intensified by domestic politics on either side. The structural buffers against military conflict, however, are formidable. Well into the future, China will lack the resources to attempt to force U.S. influence out of Asia. Moreover, such a strategy would likely spark open balancing against China by Asia-Pacific states. These states appear ready to resist China if they feel threatened. China seems eager to avoid making itself the target of a defensive coalition. China does not appear to be searching for opportunities to push for major changes in the international system, most aspects of which benefit China.

Military conflict between China and the United States is not foreordained. Therefore, hedging and low-level balancing against China is appropriate, but U.S. policies signaling that Americans expect war with China or are not willing to accept a strong China regardless of its intentions risk contributing to an avoidable war.

Recognizing the potential restraining power of the current international system, many analysts have correctly recommended that the United States prepare for the rise of China by strengthening and reinvigorating that system through such
measures as assuring the international community of U.S. respect for international law and regimes,

Reaffirming key alliances and multilateral institutions, working to prevent regionalization by promoting U.S.-Asia free trade areas to counter China's, and integrating larger developing countries such as India and Brazil (along with China) into the system are suggestions by Ikenberry (2008a) to balance China's growing influence. These are activities that China tacitly accepts or at least does not actively resist but that might help restrain a strong and disruptive China in the future. This set of policies thus offers great potential value tomorrow for little political cost today.

Some analysts argue that the United States should go further than this and forestall tensions with China by offering Beijing significant concessions. Robert Art (2008, 283–84), for example, recommends that Washington accept an improved Chinese second-strike nuclear capability and concede a united Korea to China's sphere of influence. Alternatively, the United States might take steps that are stronger but subject to being interpreted by Beijing as unfriendly, such as strengthening U.S. military capabilities and those of regional allies, cultivating new alliances, and supporting a stronger leadership role for Japan as a counterweight to China (Ikenberry 2008b, 114). Such moves must be weighed carefully against their potential to worsen the U.S.-China security dilemma.

Navigating the shift from unipolarity to bipolarity in the Asia-Pacific region will require patience on the part of China, adaptability on the part of the United States, and willingness by both governments to move contentious issues from the category of vital interests over which they are willing to go to war to the category of managed disagreements.

It is possible that over the long term China's power relative to that of the United States and other Asia-Pacific countries could reach such an imbalance in China's favor that the restraining effects of the international system, potential anti-China balancing behavior, and the cost of challenging the United States are overwhelmed. In this case, with China achieving superpower status, we could expect Beijing to mold the system according to its preferences no less forcefully than hegemons of the past. Given the amount of global change between now and the realization of that scenario, foreseeing today what those Chinese preferences might be is impossible.
LIST OF REFERENCES


Medeiros, Evan S. 2009. China’s International Behavior: Activism, Opportunism, and Diversification. Santa Monica, Calif.: RAND.


Navigating Turbulence in Northeast Asia: The Future of the U.S.-ROK Alliance


NAVIGATING ECONOMIC TURBULENCE
The Financial Crisis in Northeast Asia & Sustainable Recovery
  Tom Byrne, Park Young Chul
The U.S.-ROK Economic Relationship: Free Trade & the Future
  Choi Byung-il, Jeffrey Schott

U.S.-ROK ALLIANCE IN TIME OF CHANGE
The North Korea Challenge
  Andrei Lankov, David Kang
The Rise of China & its Impact on the North Pacific Security Environment
  Denny Roy, John Park

MANAGING NORTHEAST ASIA’S FUTURE
Future Directions for Northeast Asian Regionalism:
  New Security & Trade Architectures
  Jim Schoff, Park Jehoon
Divergent Consensus: Meeting the Needs of Both Sides of the Coin (A Young Leaders’ Perspective on U.S.-ROK Relations)
  Jiun Bang, Daewoo Lee,
  Kevin Shepard, Adrian Yi

Academic Symposium
October 23–24, 2009

Sponsored by:
The Korea Economic Institute
The Korea Institute for International Economic Policy
The East-West Center