

**D**ramatic increases in China's economic and political power were among the most important changes in international politics during the 1980s and 1990s. China's vast territory and huge population had made China a potential superpower for decades, but this potential did not come close to being realized until China embarked on an ambitious program of economic reform and modernization in the 1970s and 1980s. China's gross domestic product (GDP) more than quadrupled between 1978 and 1999. Other economic indicators, such as levels of trade and foreign reserves, also leapt upward. At the same time, China began to modernize its armed forces and bought advanced weapons from other countries.

The apparent rise of China has stimulated many debates among scholars, policymakers, and journalists. At least four themes have been prominent in these debates about the implications of China's rise. First, how large are China's economic and military capabilities? Some observers have extrapolated from recent trends and concluded that China will become a superpower of unprecedented proportions early in the twenty-first century. Lee Kuan Yew, former prime minister of Singapore, has declared that "it's not possible to pretend that [China] is just another big player. This is the biggest player in the history of man."<sup>1</sup> Others argue that China threatens to become a hegemonic power in East Asia.<sup>2</sup> But some analysts are more skeptical about the extent of the increase in China's power. Gerald Segal, for example, argues that China's economic growth is overstated by misleading statistics. In his view, China is actually "a second-rank middle power" that should not be regarded as a potential superpower. "In fact," he argues, "China is better understood as a theoretical power—a country that has promised to deliver for much of the last 150 years but has consistently disappointed."<sup>3</sup> This debate suggests that many assessments of Chinese capabilities depend on projections of current economic trends that may or may not continue.

Second, what does the growth of Chinese power (if it is growing) imply for the peace and stability of the international system? Some theorists of international relations argue that rise of a new great power often leads to war, either because the rising power uses force to change the international system to suit its interests or because the existing leading power launches a preventive war

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1. Lee Kuan Yew, as quoted in Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996), p. 231.

2. Denny Roy, "Hegemon on the Horizon? China's Threat to East Asian Security," *International Security*, Vol. 19, No. 1 (Summer 1995), pp. 149–168.

3. Gerald Segal, "Does China Matter?" *Foreign Affairs*, Vol. 78, No. 5 (September/October 1999), p. 24.

to preserve its position while it still has the capabilities to do so.<sup>4</sup> This theoretical perspective implies that conflict—and perhaps war—is likely between the United States and China. Other observers, however, might point to the peaceful end of the U.S.-Soviet rivalry as evidence that great powers can rise and decline without provoking major wars.

Third, what are China's intentions? Does it seek to aggressively challenge and change the international system? There is no consensus on these questions. Some observers argue that China will, at most, seek greater influence in East Asia. Unlike the Soviet Union, it will not engage in a global ideological competition with the United States. Other, more pessimistic, observers argue that China has shown a propensity to use force, believes it has been the victim of repeated acts of aggression and humiliation, and will eventually assert its territorial claims to Taiwan, the Spratly Islands, and the Diaoyu (Senkaku) Islands. This pessimistic analysis suggests that China will be drawn into conflict with the United States because Washington will attempt to protect Taiwan from Chinese threats and will clash with China on Beijing's other territorial claims.

Fourth, how should the United States—and other countries—respond to China's growing power? During the mid-1990s, American commentators debated whether the United States should pursue a policy of containment or engagement toward China. Although the content of these two alternatives was often unclear, containment usually implied treating China as a potential military adversary, attempting to limit its economic growth, restricting its access to militarily significant technologies, punishing China for violating human rights, and strengthening U.S. alliances and military capabilities that are at least potentially directed against China. Engagement, on the other hand, entails continuing economic interaction with China and efforts to give China "a seat at the table" in important international institutions. Proponents of engagement hope that these policies will encourage China to liberalize internally and to avoid aggressive international behavior. While scholars and analysts have debated the merits of these approaches, U.S. policy has included elements of each.

This book includes essays that address these themes in detail. The first four essays in this volume present perspectives on China's power and China's

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4. For important examples of "power transition" and "hegemonic transition" theories, see A.F.K. Organski and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980); Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981); and Jacek Kugler and Douglas Lemke, eds., *Parity and War: Evaluations and Extensions of The War Ledger* (Ann Arbor: University of Michigan Press, 1996).

attitudes toward the world. They carefully consider China's aggregate capabilities, military power, apparent intentions, and perceptions of the world. Taken together, they offer a nuanced account of China's rise and its implications.

In "Great Expectations: Interpreting China's Arrival," Avery Goldstein considers the implications of China's increasing political, economic, and military power. He argues that objective measures suggest that China's increase in capabilities remains modest and that future increases may not be as large as many observers expect. Goldstein also suggests that China's rising power need not threaten international stability.

Statistics suggest that China's power has increased dramatically. China's GDP doubled in the 1980s and more than doubled in the 1990s. Its trade surplus and reserves of foreign exchange grew as it expanded its exports of consumer products. Goldstein notes, however, that China's military power has not increased dramatically. In the 1990s, increased military spending often went to fund operations and maintenance, not to procurement of more advanced weapons. Moreover, most of China's forces are not trained and equipped for modern, high technology warfare. China has begun to import advanced weapons, but it may not be able to integrate these weapons into its forces and use them effectively.

Goldstein argues that China's military capabilities must be assessed by comparing them to those of Beijing's likely adversaries: the ASEAN (Association of South-East Asian Nations) states; Taiwan; Japan; and the United States. These countries have more experience with advanced weapons and, in most cases, have enhanced their military capabilities in response to China's military buildup. ASEAN and Taiwan may not be able to defeat China, but their forces would make it very difficult and costly for China to launch offensive military operations in the South China Sea or across the Taiwan Strait. China's capabilities lag far behind those of the United States, but Beijing's modernization has denied Washington the option of decisive and risk-free military intervention in East Asia.

Given the limits on China's power, why have many observers concluded that China is rapidly rising to great-power status? Goldstein offers five answers. First, historically China has been cast in the role of a great power, even when it lacked the requisite capabilities. China was depicted as a great power during World War II and the Cold War, thereby creating a sense of unfulfilled expectations.

Second, China's recent growth seems especially impressive because it began from such a low baseline. China was an extremely poor country at the end of

the 1970s and its armed forces remained backward. China's growth was more rapid because it began from a low starting point, creating the impression that it could continue until China joined the ranks of the leading powers.

Third, China's military modernization programs indicate that China is planning to project its power and influence. Beijing is acquiring ballistic missiles, strategic nuclear warheads, and air and naval forces that are traditional tools of great powers eager to project their power.

Fourth, a change in the method of calculating China's GDP has exaggerated the increase in China's economic power. In 1993, the International Monetary Fund began calculating GDP on the basis of purchasing power parity (PPP) instead of current exchange rates. As a result, China jumped from tenth to third on the list of the world's largest economies, trailing only Japan and the United States. Although this change was not just a statistical quirk, because the PPP method more accurately reflected China's economic vitality, it gave the impression of an even more rapid ascent by China.

Finally, the return of confrontational diplomacy and military threats between China and Taiwan in 1995 and 1996 added to the impression that China had replaced the Soviet Union as the principal military threat to the United States.

As its economy has grown during the 1980s and 1990s, China has begun to see itself as a more significant player in international economic diplomacy. Goldstein points out that China has sought to gain entry into the World Trade Organization (WTO) on its own terms and has resisted U.S. economic pressure. Beijing also has perceived itself as more militarily secure since the end of the Cold War; it no longer needs to cultivate one superpower as an ally against the other.

Assessing China's actual, as opposed to perceived, capabilities is complicated by the absence of recent "power tests"—crises and wars that provide an opportunity to assess capabilities and determination. Such tests were frequent in the early Cold War (e.g., the Korean War, crises in the Taiwan Strait) but have been rare since China's 1979 invasion of Vietnam. China's 1996 military coercion against Taiwan suggests that China is prepared to use force to prevent Taiwanese independence but also reveals that China's power-projection capabilities are weak.

To assess the implications of China's rising power, Goldstein examines the claims of five theoretical perspectives: theories of changing power relations, the significance of regime type, the role of international institutions, the effects of economic interdependence, and the strategic consequences of the nuclear revolution. These theoretical perspectives offer conflicting predictions. Some theo-

ries of changing power relations, for example, predict that major war between China and the United States is likely, whereas theories of economic interdependence imply that China's continued rise may be peaceful.

Goldstein concludes that China's military capabilities will continue to lag behind those of other major states—particularly those of the United States. Despite its rapid economic modernization, China will not be able to deploy technologically advanced forces for several decades, because it lacks the requisite scientific infrastructure. Nevertheless, China will increase its capabilities and is likely to come into conflict with other states. The open question is whether these conflicts will lead to war. Although many theories predict conflict between China and other powerful states, these theories do not specify the intensity of that conflict and many of them suggest ways of ameliorating it. Goldstein thus suggests that most observers have been too alarmist about the rise of China. He contends that the worst-case scenario may be a “manageable, if undesirable, cold war.”

Many observers have wondered whether rising nationalist sentiment in China will lead Beijing to adopt a more assertive foreign policy. In “Legitimacy and the Limits of Nationalism: China and the Diaoyu Islands,” Erica Strecker Downs and Phillip Saunders consider whether China is becoming increasingly nationalistic. Downs and Saunders examine China's behavior in China's 1990 and 1996 disputes with Japan over the Diaoyu (Senkaku) Islands. They find that China adopted restrained policies and placed economic development ahead of stridently nationalist goals.

Downs and Saunders note that the Chinese government now relies on nationalism and economic performance to maintain its legitimacy, because communist ideology has collapsed as a legitimating force. These sources of legitimacy sometimes come into conflict. Excessive nationalism may imperil China's access to international markets, and excessive dependence on foreign markets and investment may undermine the Communist Party's nationalist credentials. China's government must carefully manage this dilemma.

The Diaoyu Islands, claimed by China, Taiwan, and Japan, are uninhabited but are adjacent to potential oil reserves in the East China Sea. China argues that these islands should have reverted to Beijing's control after World War II, but Japan regained “administrative rights” to the islands when the United States returned Okinawa to Japan in 1972. The United States has not taken a position on the sovereignty issue.

In 1990, a crisis over the Diaoyus arose when the Japanese Maritime Safety Agency prepared to recognize officially a lighthouse that had been erected on

the islands by a right-wing Japanese group. China protested that such recognition would infringe on its sovereignty. During the ensuing war of words, Taiwanese boats attempted to reach the islands and Chinese protesters held anti-Japanese demonstrations in Hong Kong, Taiwan, and the United States. The Chinese government, however, banned demonstrations and engaged in restrained diplomacy with Japan, which had been one of the first countries to restore economic ties with China after the Tianamen Square riots of 1989.

In 1996 Japanese right-wingers erected a second lighthouse and a Japanese flag on the Diaoyu Islands. Japan's foreign minister reiterated Japan's claim to the islands. China issued stern warnings and called upon Japan to control the right-wing groups, but refused to let the dispute jeopardize Sino-Japanese relations and trade. Anti-Japanese demonstrations erupted in Hong Kong and Taiwan, but the Chinese government prevented demonstrations in China. Many Chinese wrote letters and signed petitions demanding a more assertive Chinese posture, but the government again was willing to emphasize economic development over strident nationalism.

Downs and Saunders argue that China's economic interests will lead Beijing to pursue policies of restraint over Taiwan and the Spratly Islands. Although developments such as major economic failure or Japanese and U.S. attempts to contain China might cause the Chinese government to conclude that it has nothing to lose by embracing strident nationalism instead of economic performance, for now at least, "Chinese nationalism is cause for concern, but not yet cause for alarm."

One hallmark of a great power is its ability to deploy advanced weapons. China has spent half a century attempting to build an effective, modern air force, but these efforts have failed repeatedly. In "China's Search for a Modern Air Force," John Wilson Lewis and Xue Litai review the history of China's air force to determine why China's efforts have failed and what policies China might pursue in the future. They find that China's failures took place for different reasons during different periods, making it harder for China to draw and apply useful lessons. China has again asserted its desire to deploy a modern air force, but it may not be able to achieve this goal.

China first attempted to acquire a combat-ready air force during the Korean War, when Chinese forces suffered heavy casualties due to U.S. air raids. For the next twenty-five years, China continued to try to manufacture and operate Soviet-designed aircraft. These efforts failed as a result of poor planning, lack of resources, and the priority given to building strategic nuclear forces. China's

air force also neglected pilot training in the chaos of the Cultural Revolution. At the same time, aircraft designers and engineers were persecuted as ideological enemies. As a result, in the mid-1970s China had a fleet of poorly designed aircraft with serious technical problems, as well as pilots who flew poorly and rarely hit their targets.

Under Deng Xiaoping in the late 1970s China tried to revitalize its air force. Deng declared that the air force would receive a higher priority, but these efforts failed. China's continued commitment to self-reliance meant that it refused to buy advanced aircraft from other countries. By 1988, roughly half of China's aircraft, missiles, and radar systems were not operational.

The 1991 Gulf War against Iraq prompted China to rethink its doctrine for aerial warfare and to make more vigorous efforts to catch up with the United States and other advanced industrial countries. China's air force embraced more offensive concepts of air operations, while combining them with the establishment of a national air defense network. These doctrinal changes have been accompanied by a reduction in aircraft and personnel. Many obsolete planes have been retired. China is now trying to create the technical and infrastructure base for upgrading its air force, while simultaneously buying advanced foreign aircraft from Russia. Beijing has yet to train pilots capable of fighting high-technology wars; only 20.7 percent of its air officers are college graduates. After 1996, when Taiwan became the focus of China's military planning, Beijing accorded additional priority to modernizing its air forces and enhancing its conventional forces more generally.

Why does China continue to attempt to develop a modern air force when its potential adversaries have huge advantages in producing and using advanced combat aircraft? Lewis and Xue point out that China's leaders feel that China must have a modern air force to become a modern military power, that China must respond to aerial threats, that having conventional air power reinforces nuclear deterrence, and that an effective air force will be critical in any future confrontations with Taiwan—or any other high-technology war. It remains unclear whether these arguments and aspirations for a modern air force will be translated into reality.

In "China's Military Views the World: Ambivalent Security" David Shambaugh examines the beliefs and attitudes of China's People's Liberation Army (PLA). Given the growing power of China, it is particularly important to understand how China's military perceives the current international situation. Shambaugh finds that the PLA continues to see numerous latent security

threats, even though China is apparently in the midst of a period of unprecedented peace. PLA commentators are particularly worried about the predominance of the United States.

Shambaugh begins by noting that it is difficult to gather information on the PLA's worldview. High-ranking generals rarely meet with foreigners and most have had little interaction with the outside world. There are, however, more opportunities for interaction with the next generation of China's military leaders, many of whom have spent time abroad and speak foreign languages. Because it is impossible to meet with many of China's highest-ranking military officers, PLA books and periodicals are the most important source of information on the PLA's views. It is also possible to interview some intelligence officers, military attachés, and personnel at military colleges.

Shambaugh finds that the Chinese military is deeply ambivalent about China's national security. On the one hand, China now has normal diplomatic relations with its neighbors and its borders are peaceful. Relations with Russia are at their best since the 1950s. China's continued economic growth and military modernization should make it even more secure. On the other hand, China's military worries about China's declining influence over North Korea, India's acquisition of nuclear weapons, political tensions with Taiwan, and, above all, U.S. capabilities and willingness to project military power globally.

PLA observers were particularly concerned by the U.S. advanced weapons used during the 1999 Kosovo Conflict. They were impressed by how the accuracy of U.S. advanced, long-range weapons had improved since the 1990–91 Gulf War. Such capabilities could be used against a Chinese army that historically has prepared for traditional ground combat with its enemies. On the other hand, Chinese observers also noted that Yugoslavia was able to hide many of its forces, and that China would be even better positioned to limit damage and absorb U.S. attacks. However, another lesson of the Kosovo conflict is that Taiwan would be able to hide its forces from Chinese attack.

The United States is the greatest security concern for PLA leaders. Chinese military leaders regard the United States as hegemonic and expansionist—as do most of China's civilian leaders. Chinese military leaders hope and expect that other countries will resist and prevent U.S. hegemony. They believe that the United States is trying to prevent any reunification between Taiwan and mainland China. They also resent U.S. alliances and regard them as directed against China.

In Northeast Asia, China's military continues to distrust Japan and remains suspicious of potential Japanese militarist tendencies. Chinese military com-



mentators believe that the U.S.-Japan alliance is an attempt to contain China and they are particularly alarmed by Japan's participation in U.S. theater missile defense (TMD) programs. China does not believe that North Korea is on the verge of collapse and has opposed U.S. attempts to put pressure on the Pyongyang regime.

To the north, China has demilitarized its border with Russia, demarcated the boundary, and increased Sino-Russian cooperation directed against the United States. Much of this cooperation consists of rhetorical statements denouncing U.S. "hegemonism" but Russia also has increased its arms sales to China. Some Chinese military analysts, however, continue to be suspicious of Russia's long-term objectives.

In Southeast Asia, Chinese military commentators have devoted little attention to the ASEAN Regional Forum. Such institutions are seen not as attempts to promote cooperative security, but as potential instruments to disrupt U.S. hegemony and the U.S.-Japan alliance.

Few PLA analysts have written about South Asia, but India's May 1998 nuclear tests stimulated Chinese military officers to criticize India for its hegemonic aspirations and to note that India's conventional forces have grown stronger.

Shambaugh concludes that China's military continues to perceive many sources of instability and threats, even though China's objective security situation has not been better for over 50 years. The United States should attempt to engage PLA officers at all levels in an attempt to understand and potentially change their outlook. Nevertheless, Americans should not delude themselves about the depth of Chinese suspicion of the United States. "Competitive coexistence" is the most realistic relationship that the United States and China can probably achieve.

The next section of essays in this volume examines how China's increasing power and diplomatic assertiveness will influence the stability of the Asia-Pacific region and relations between Beijing and Washington. These issues have stimulated vigorous debate, and many scholars and analysts have argued that the rise of China is just one of many factors that will make the Asia-Pacific region increasingly insecure.<sup>5</sup>

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5. See, for example, Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," and Richard K. Betts, "Wealth, Power, and Instability: East Asia and the United States after the Cold War," both in *International Security*, Vol. 18, No. 3 (Winter 1993/94), pp. 5-33; 34-77.

In “China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia,” Thomas Christensen argues that there is a particularly intense security dilemma among the leading powers of the Asia-Pacific region.<sup>6</sup> Historical memories and ethnic hatred exacerbate the security dilemma between China and Japan. The relationship between China and Taiwan creates a situation where even defensive military preparations are seen as having offensive purposes, further intensifying the security dilemma. In these circumstances, almost any change in the U.S.-Japan alliance will provoke Chinese opposition and potentially destabilize the region.

China’s fears of Japan reflect a deep distrust of Japanese intentions. Chinese observers are concerned that Japan’s failure to acknowledge and accept guilt for the 1937 Nanjing massacre and other atrocities will eventually make younger Japanese generations willing to increase Japan’s military power. These Chinese fears are exacerbated by China’s nationalist dislike of Japan and the role that anti-Japanese nationalism has played in legitimizing the Chinese Communist Party. Although their assessments are not couched in emotional or nationalistic terms, Chinese defense analysts worry about Japan’s growing military strength and the potential for a future buildup.

According to Christensen, China believes that the U.S.-Japan security alliance is the critical factor in restraining the growth of Japanese military power. Beijing’s leading defense experts fear any change in the alliance. If the alliance breaks down, Japan may decide to act unilaterally and expand its armed forces. If, on the other hand, strengthening the U.S.-Japan alliance requires Japan to assume a larger share of its defense burdens, China would worry that an expanded Japanese military would threaten Chinese security. In particular, China fears that revitalization of the U.S.-Japan alliance might require Japan to offer greater support for U.S. military operations near Taiwan. China also has reacted negatively to Japanese plans to send peacekeeping forces to other countries and to cooperate with the United States in the development of TMD.

Christensen argues that the relationship between mainland China and Taiwan creates an unusual and pernicious security dilemma in East Asia. Most scholars agree that security dilemmas become more intense when two potentially hostile countries deploy offensive forces and less severe when they have defensive capabilities. In the China-Taiwan relationship, however, Taiwanese

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6. For a critique of Christensen’s arguments, and Christensen’s response, see Jennifer M. Lind and Thomas J. Christensen, “Correspondence: Spirals, Security, and Stability in East Asia,” *International Security*, Vol. 24, No. 4 (Spring 2000), pp. 190–200.

deployments of defensive forces exacerbate the security dilemma, because Beijing sees such defensive capabilities as an attempt to prepare for Taiwanese independence.

China's concerns about Taiwan influence its security relationship with Japan, according to Christensen, because Beijing fears that Japanese and U.S. deployments of TMD would reduce China's ability to coerce Taiwan with ballistic missiles. In a future crisis in the Taiwan Strait, Washington might ask Tokyo to deploy ship-based TMD systems to protect Taiwan against the threat from Chinese missiles. China would be particularly opposed to Japan's role in such a crisis, given the legacy of distrust between Beijing and Tokyo. China's leaders would have similar concerns if Japan assisted in minesweeping operations in response to a potential Chinese attempt to blockade Taiwan by laying mines around the island.

Christensen argues that the China-Japan security dilemma will be hard to defuse because Chinese leaders and analysts do not recognize that Japanese military policies may reflect fears of China. Other Chinese analysts even contend that China's growing power may enable it to coerce Japan into accommodating China. Either attitude will make it hard to resolve the security dilemma between the two countries. Christensen notes, however, that China's emerging interest in multilateral security forums such as the ASEAN Regional Forum provides grounds for moderate optimism about the potential for ameliorating the China-Japan security dilemma.

Christensen recommends that the United States maintain its presence in Japan, because this presence helps to stabilize East Asia. Japan should assume new responsibilities in the alliance, including logistics support, base access, and minesweeping, but the United States should maintain sufficient capabilities so that it does not have to rely on Japanese assistance. The United States and Japan should not exclude Taiwan from the scope of the U.S.-Japan alliance. This approach may help to deter Chinese military actions against Taiwan. The United States also should not encourage Japan to develop TMD, because this would provoke China. Instead, the United States should develop TMD independently, reserving for the future the possibility of reconsidering joint development with Japan.

Christensen observes that East Asia's security dilemmas may ease in the coming decades. Tokyo and Beijing may improve their bilateral ties, particularly as new generations come to power in each country. Regional confidence-building measures may increase transparency and reduce suspicion. In the short run, however, U.S. policies to maintain the U.S.-Japan alliance without

provoking China will play the most important role in maintaining stability in East Asia.

Robert Ross offers a more optimistic analysis of the prospects for peace between China and other states. His “The Geography of the Peace: East Asia in the Twenty-First Century” argues that geography will play a central role in shaping great power competition in the Asia-Pacific region—and whether that competition remains peaceful. Ross argues that geography ensures that the Asia-Pacific region will remain bipolar and peaceful, with China and the United States as the two great powers.

Ross contends that East Asia is bipolar because China is an established regional power and the United States is a global superpower but only a regional power in East Asia. China dominates mainland East Asia and the United States dominates maritime East Asia. No other country can become a great power in East Asia. Russia’s population lies far to the west of its East Asian regions and it has had difficulty projecting its strategic power to the Asia-Pacific region. Japan lacks the size and resources to be a regional great power. It depends too much on other great powers—particularly the United States—to aspire to great-power status.

According to Ross, China and the United States will be rivals in the bipolar East Asia of the twenty-first century. He argues that it is misleading to label China a “rising” power; China is already a great power in the East Asian region. It could only destabilize the region by challenging U.S. maritime supremacy, which no other East Asian country could do. China’s vast size, natural resources (e.g., coal and oil), and population endow it with the prerequisites for strategic autonomy.

Because the United States is separated from East Asia by the Pacific Ocean and surrounded by weak neighbors, it can develop military power in isolation and project it into East Asia. It has considerable natural resources and a vibrant economy that depends little on foreign trade.

Ross argues that the Chinese-U.S. competition in East Asia resembles the U.S.-Soviet competition during the Cold War. In both bipolar rivalries, a land power competed with a maritime power for influence in a region of global geopolitical significance. In each rivalry, each competing state had the capabilities to challenge the vital interests of the other.

In Ross’s view, the U.S.-Chinese competition is likely to be a stable bipolar rivalry. The competition exhibits the features one would expect in a bipolar system. China has balanced against the United States by abandoning its Marxist economic ideology to pursue pragmatic economic policies. It has improved

its relations with most of its neighbors and compromised with the United States on many issues. For its part, the United States continues to maintain substantial forces in East Asia and has revitalized its alliance with Japan. U.S. defense spending continues at high levels, despite the end of the Cold War. Because the structure of the regional system is bipolar, smaller states do not matter very much. China and the United States can tolerate free-riding by their allies. And because the U.S. and Chinese spheres of influence are geographically distinct and separated by water, each can intervene in its own sphere without threatening the other. During the Cold War in Europe, by contrast, Soviet interventions in Eastern Europe threatened neighboring Western Europe and increased tensions.

The stability of the competition between the United States and China is further enhanced by the fact that the two countries—thanks to geography—have complementary interests in East Asia. The United States seeks to dominate the region's shipping lanes so that it can maintain access to regional markets and resources. It can accomplish this task without threatening China because East Asia has many island nations that offer the United States allies and bases. The U.S. margin of naval superiority over China is large and probably growing, but it lacks the capability or desire for major land wars in Asia. Thus the United States benefits from the status quo, can defend it relatively easily, and has no incentives to challenge it by, for example, attempting to project land power onto the Asian mainland.

China's primary geopolitical interest is to secure its land borders. Recently, it has been remarkably successful in reducing land-based threats, but the fact that China borders on Russia means that this problem can never be eliminated. Throughout history, the main threats to China have come from the land; maritime powers like Britain imposed humiliations, but did not threaten to invade or occupy China. China will thus continue to pursue a continental strategy. It will find it difficult to challenge U.S. naval supremacy.

Ross argues that the security dilemma between the United States and China is likely to remain mild. The superiority of the United States at sea, and of China on land, gives each power a defensive advantage in its own theater and makes it hard to take offensive action in the other's theater. China and the United States can increase their own security without reducing the other's security.

There are three East Asian flashpoints that could trigger conflict between the United States and China: the Spratly Islands, Korea, and Taiwan. Of these, the Spratly Islands is the least important, because China lacks the means or the

interest to occupy these islands in the South China Sea. Korea and Taiwan, however, could become major sources of tension. Both are exceptions to the general stability of the U.S.-Chinese maritime-continental rivalry. The Korean Peninsula is the only place on the Asian mainland where the United States has retained land forces. Fortunately, the status quo—reinforced by U.S. nuclear deterrence—has remained stable for almost half a century. The problem may be resolved eventually by Korean unification and the withdrawal of American troops. Taiwan is also a geographical anomaly because it lies in the Chinese continental theater and the U.S. maritime theater. However, Taiwan is not a vital strategic interest of the United States and it is likely that Washington and Beijing will be able to continue to manage this issue.

Ross concludes that if the United States avoids the temptation to withdraw from East Asia, and if China continues to pursue limited aims, there is no reason why the bipolar East Asian system cannot remain stable well into the twenty-first century. There is no guarantee that the two countries will achieve this outcome, but geography creates the possibility of avoiding a new Cold War in East Asia.

The final two essays in this volume examine the debate over how to respond to China's changing power and policies. The two sides in this debate are usually described as proponents of "containment" or "engagement." The former school favors a harder line toward China, whereas the latter prefers accommodation.

In "Containment or Engagement of China? Calculating Beijing's Responses" David Shambaugh considers how China is likely to respond to policies of containment or engagement. He examines the domestic factors that will shape Chinese policies and concludes that the best, although imperfect, option for Asian and Western governments is engagement.

Shambaugh recalls that the United States tried to contain China between 1950 and 1971, when President Richard Nixon adopted a policy of engagement, although he did not use that label. Analysts and commentators are again debating these two alternatives. Almost all the participants in this debate assume that China will inexorably grow to become a superpower. Most also fail to take into account how China will change in respond to whatever policy the United States chooses. Shambaugh points out that both these viewpoints are debatable. Domestic instability or an economic slowdown could interrupt China's drive for superpower status. And China's international environment will almost certainly influence the evolution of China's internal politics and society.

Shambaugh recognizes that China's rise may cause international instability and conflict. The rise of new, dissatisfied great powers historically has provoked major wars. China fits the profile of a rising, ambitious great power that wants to change the international status quo. Moreover, it has shown itself willing to use force against its neighbors, having fought more border wars than any country since 1945.

In Shambaugh's view, whether China forcefully challenges the international status quo or behaves by established rules and norms will depend on domestic factors in China. He identifies three sets of important factors: China's domestic politics, the decision-making milieu, and the elite's worldview.

Shambaugh argues that three elements of China's domestic politics will influence Beijing's foreign policy. First, the succession politics following the death of Deng Xiaoping will include factional struggles in which Chinese leaders will find it hard to make international concessions or compromises. As they struggle to retain or enhance their political standing following Deng's death, Chinese politicians will not be able to adopt a soft line against "hegemony" or "imperialism." China will thus be unwilling to be flexible on issues such as Hong Kong, Taiwan, and the South China Sea.

Second, the fragility of China's political system and its potential inability to address the political, social, and economic demands generated by rapid economic modernization increase Chinese leaders' suspicion of foreign demands for domestic change in areas such as human rights and intellectual property. At a time when China's citizens seek continued economic growth and improved social services, Beijing regards foreign requests for internal change as subversion.

Third, the devolution of central political control to subnational actors and units has reduced China's ability to comply with international agreements. The growing autonomy of local and regional authorities has made it more difficult for China to enforce compliance with international agreements on, for example, trade, transfers of weapons, and software piracy. Nevertheless, the central authorities retain firm control over the military and the making of national security policy.

Shambaugh finds that the institutional milieu in which China's leaders operate is an important source of China's foreign policy. Power is concentrated in the hands of a few leaders in the Politburo and the Central Military Commission. There are few, if any, opportunities for domestic lobbying or input from the National People's Congress. As a result, pressures from the bureauc-

racy and interest groups do not shape Chinese policies, but policy options may be narrowed.

In China's decision-making milieu, the worldview of political leaders clearly plays a crucial role in shaping Chinese foreign policy. In Shambaugh's view, this worldview is based on the socialization of key policymakers, the impact of the 1989 Tianamen Square demonstrations, and Chinese nationalism. He points out that many members of China's current elite were trained in the Soviet Union during the 1950s. They do not see Russia as a threat and have sought to improve Sino-Russian relations. The 1989 Tianamen Square demonstrations, as well as the global collapse of communist governments during that year, have increased the Chinese elite's fear of instability and given it a siege mentality. Nationalism is probably the most important element shaping the worldview of Chinese leaders. Shambaugh argues that China's nationalism combines arrogance with insecurity about China's place in the world. It thus produces an assertive yet defensive worldview.

How will these various domestic factors shape China's foreign policy? Shambaugh concludes that China will remain preoccupied with domestic issues and will not undertake major international initiatives. Beijing will often be truculent and suspicious in its dealings with the West. China will regard U.S. policies of engagement as covert attempts at containment. China's leaders will resist U.S. attempts to persuade China to accept international norms and multilateral institutions, unless China receives worthwhile financial incentives. A containment policy, however, would fare even worse. It would confirm Chinese suspicions of U.S. motives and provoke China to refuse to cooperate on most issues. Containment would not improve human rights or stimulate civil society in China. Shambaugh recalls that the United States tried to contain China from 1949 until 1971. The policy failed then and should not be resurrected now. Engagement will be difficult, but there is no other choice.

Gerald Segal's "East Asia and the 'Constraint' of China" analyzes how East Asia should respond to China's growing power. So far, the debate on this issue has been between proponents of "engagement" and "containment." Segal argues that these categories are inadequate. He suggests that engagement with China is a necessary, but insufficient, first step. China's neighbors and other powers also must defend their interests by constraining China. The question is whether they have the will to adopt such a policy of "constraint."

Segal contends that China is weaker than it appears at first glance. Statistics on its territory, population, and economic growth conceal its massive social problems and weak leadership. China's economy depends on continued access



to foreign markets and technology. Other East Asia states, particularly Japan, may be able to manage a growing China.

Whatever the objective prospects, Segal sees little evidence that East Asian states have the will to balance against China. East Asia is fragmented. Some countries may tend to lean toward China because they have substantial ethnic Chinese populations. The Koreans view their relationship with China through the narrow prism of the issue of their unification. In Northeast Asia, the issue of North Korean nuclear weapons is intimately related to policy toward China. In Southeast Asia, the issue is not salient at all. There are no strong regional security institutions that might serve as a basis for common policies against China.

Proponents of engagement with China claim that balancing China is unnecessary because China will be restrained by economic interdependence. This school of thought suggests that China's dependence on the international economy will prevent it from becoming too assertive or aggressive toward its neighbors. Segal points out that ASEAN's engagement with China has not prevented Chinese military actions against the Philippines in the Spratly Islands. He suggests that the lesson of these events is that engagement is not sufficient to restrain China. At least some states in East Asia seem to share this conclusion. China did moderate its behavior in the South China Sea in late 1995 after it became clear that other states might begin to balance against it.

Segal concludes that China will pursue a complex and uncertain foreign policy, plagued by internal divisions and invocations of intense nationalism to forge domestic unity. It is not very constrained by economic interdependence, but its behavior probably can be moderated by concerted external pressure. Other states, in East Asia and beyond, will have to maintain such pressure in order for it to be effective.

The essays in this volume do not cover every topic related to the rise of China. As this book goes to press, China's entry into the World Trade Organization and the continuing tension over Taiwan's apparent aspirations for independence have taken center stage in Sino-American relations. Other issues will continue to emerge as China asserts its newfound power. We hope, however, that the book's overview of many aspects of China's rise will provide a useful introduction to these topics.