

**Foreign Devils, Dictatorship,
or Institutional Control:
China's Foreign Policy Towards
Southeast Asia**

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Preface

This dissertation has benefited from the input of many individuals. I am in particular indebted to my supervisors Professor Peter Wallensteen, Associate Professor Ramses Amer as well as Associate Professor Kjell-Åke Nordqvist at the Department of Peace and Conflict Research, Uppsala University, for invaluable comments. Outside of the Department, I am heavily indebted to Professor Allen Whiting at Arizona University for comments at an early stage and to Professor Alan Wachman at the Fletcher School of Law and Diplomacy for comments during my writing and finally to Professor Michael Schoenhals at Lund University for his valuable comments at the final stage. The English editing, which made this thesis readable, was superbly done by Rod Bradbury.

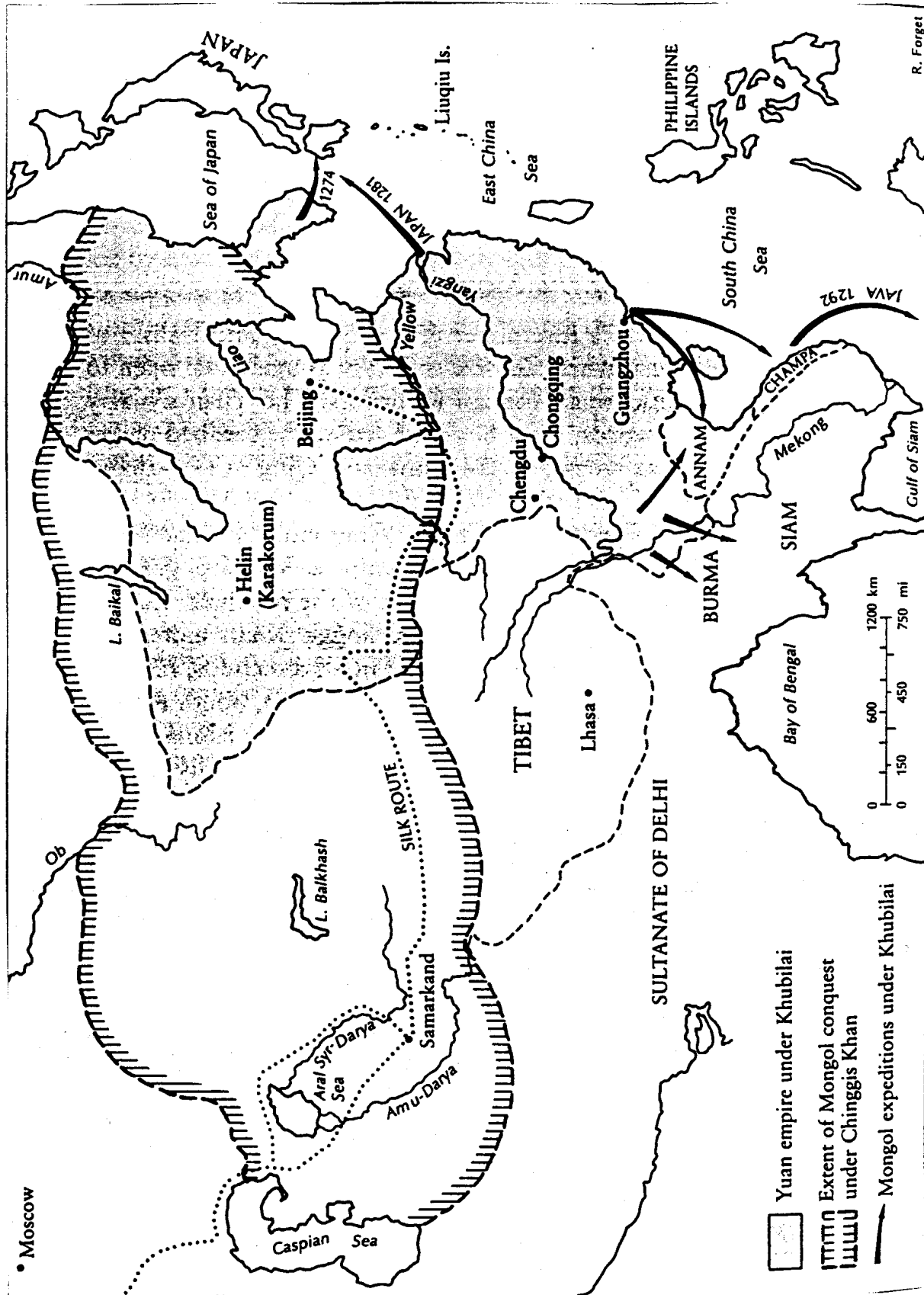
I am also indebted to the Fulbright Commission for sponsoring my two years at the Fletcher School of Law and Diplomacy and to the American-Scandinavian Foundation for generous support during my time in Boston. I am moreover thankful to Uppsala University for sponsoring my studies at Beijing University, and for the Swedish Foundation for International Cooperation in Research and Higher Education (STINT) which made this thesis possible by sponsoring my research trips to Asia.

Without leaving anybody out, I am grateful to all those who helped and inspired me during my writing and I would especially like to thank *my* universities – Uppsala University, Beijing University and the Fletcher School of Law and Diplomacy – for making me struggle.

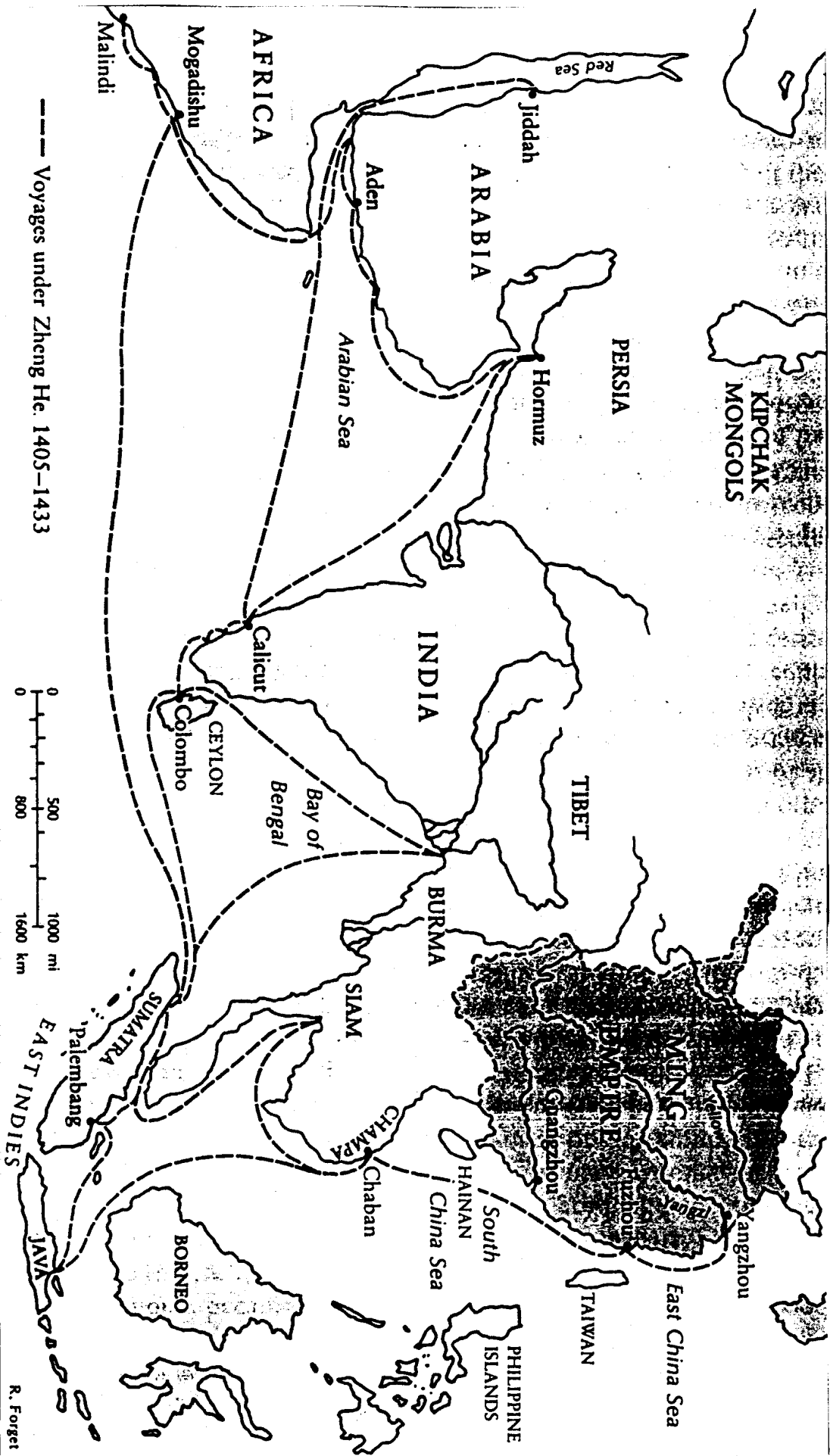
Finally, it should be pointed out that without the support of my parents and my brother my academic journey would have been short and as a sign of appreciation this thesis is dedicated to them.

Niklas Swanström
Uppsala, April 2001

Map 1: Mongol Conquests and the Yuan Empire in 1279

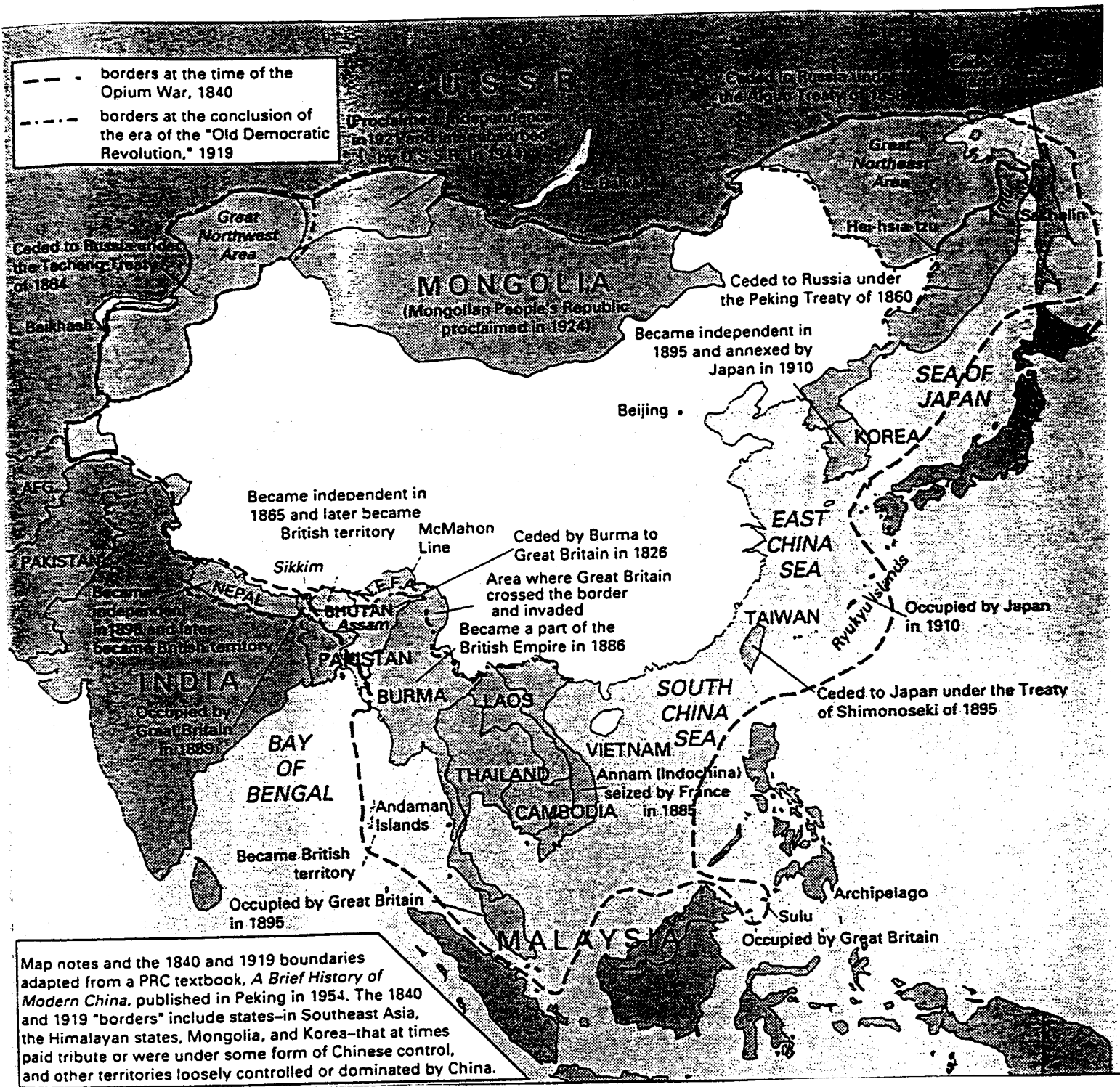


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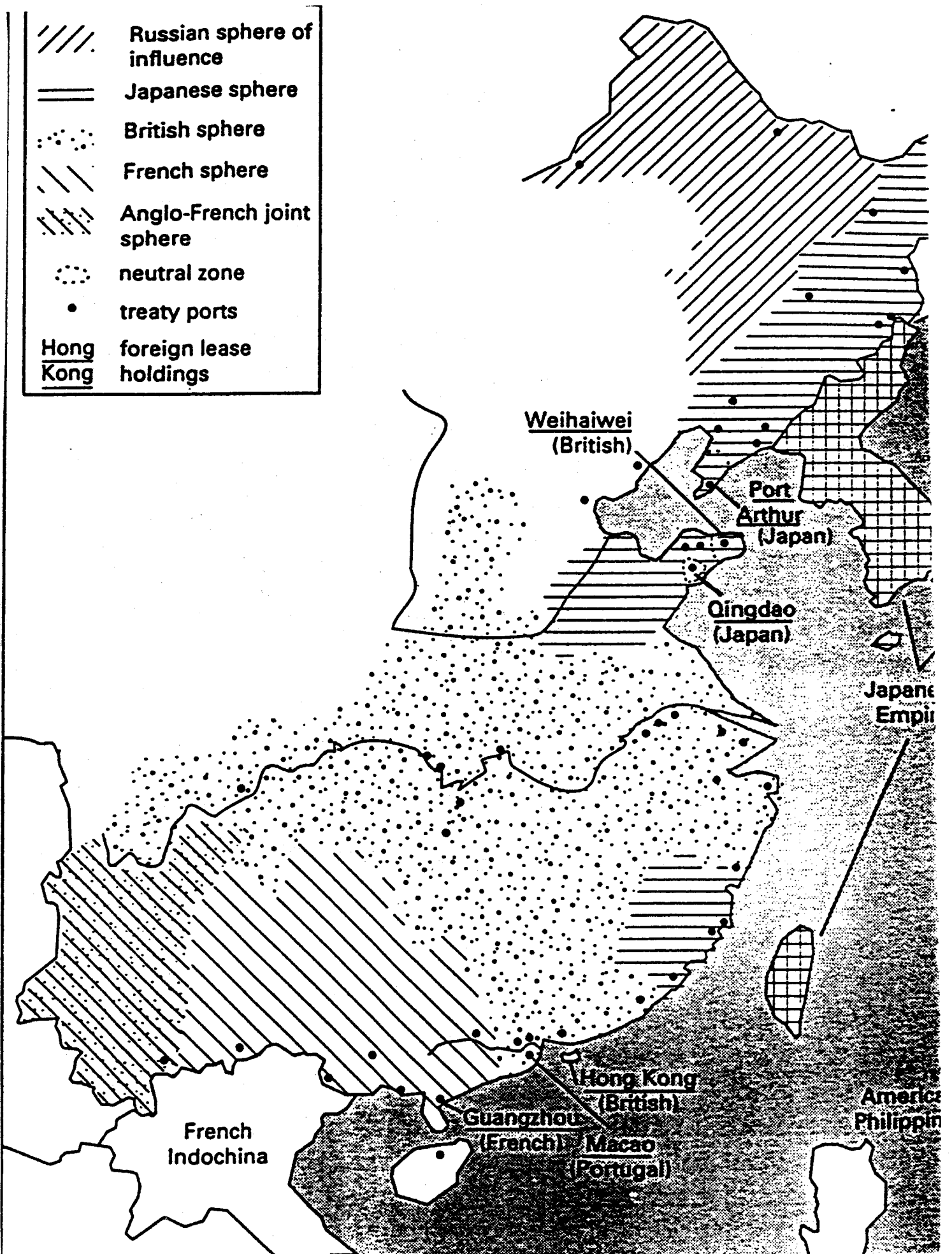


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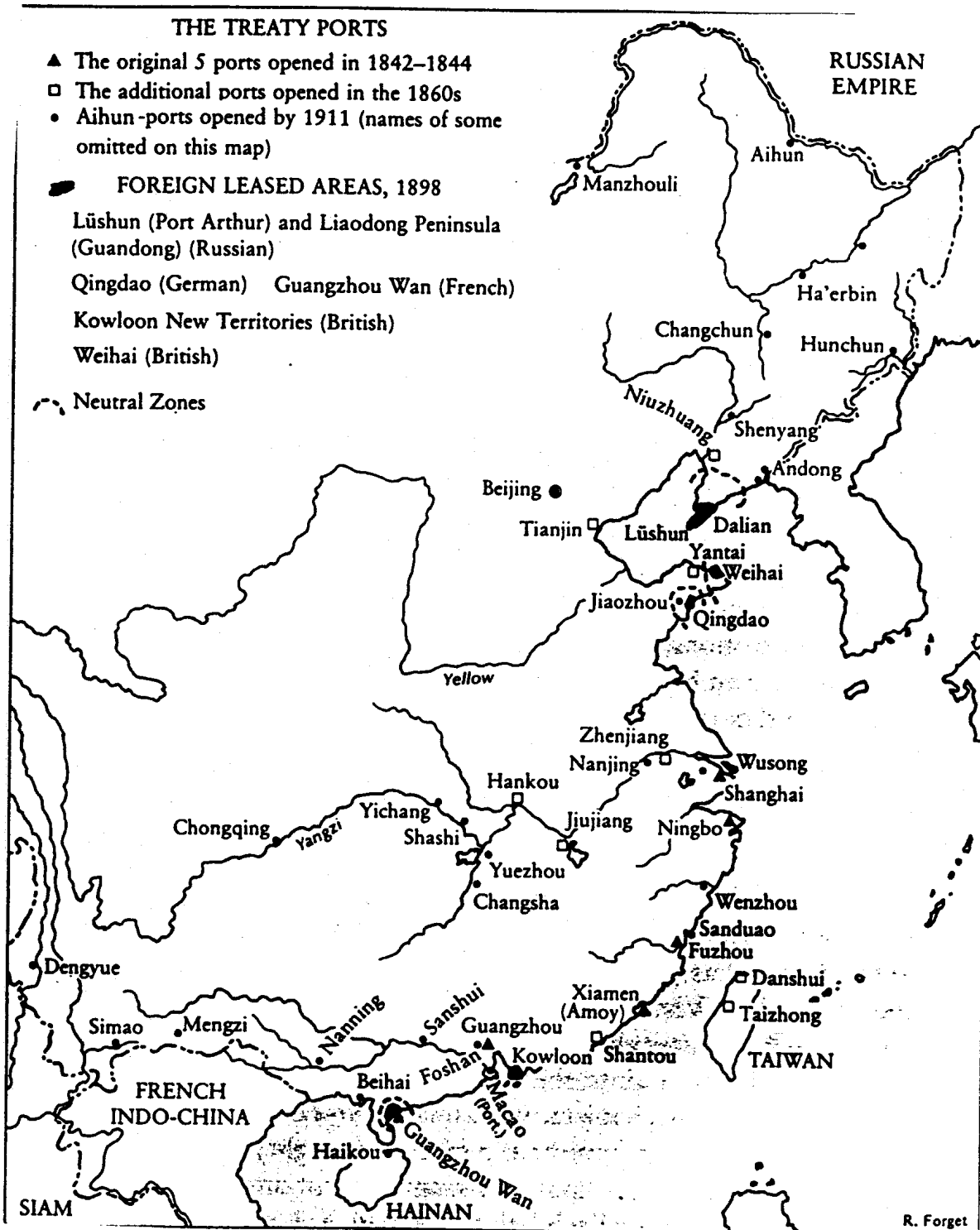
(Central Intelligence Agency, PRC, Atlas, 1971)



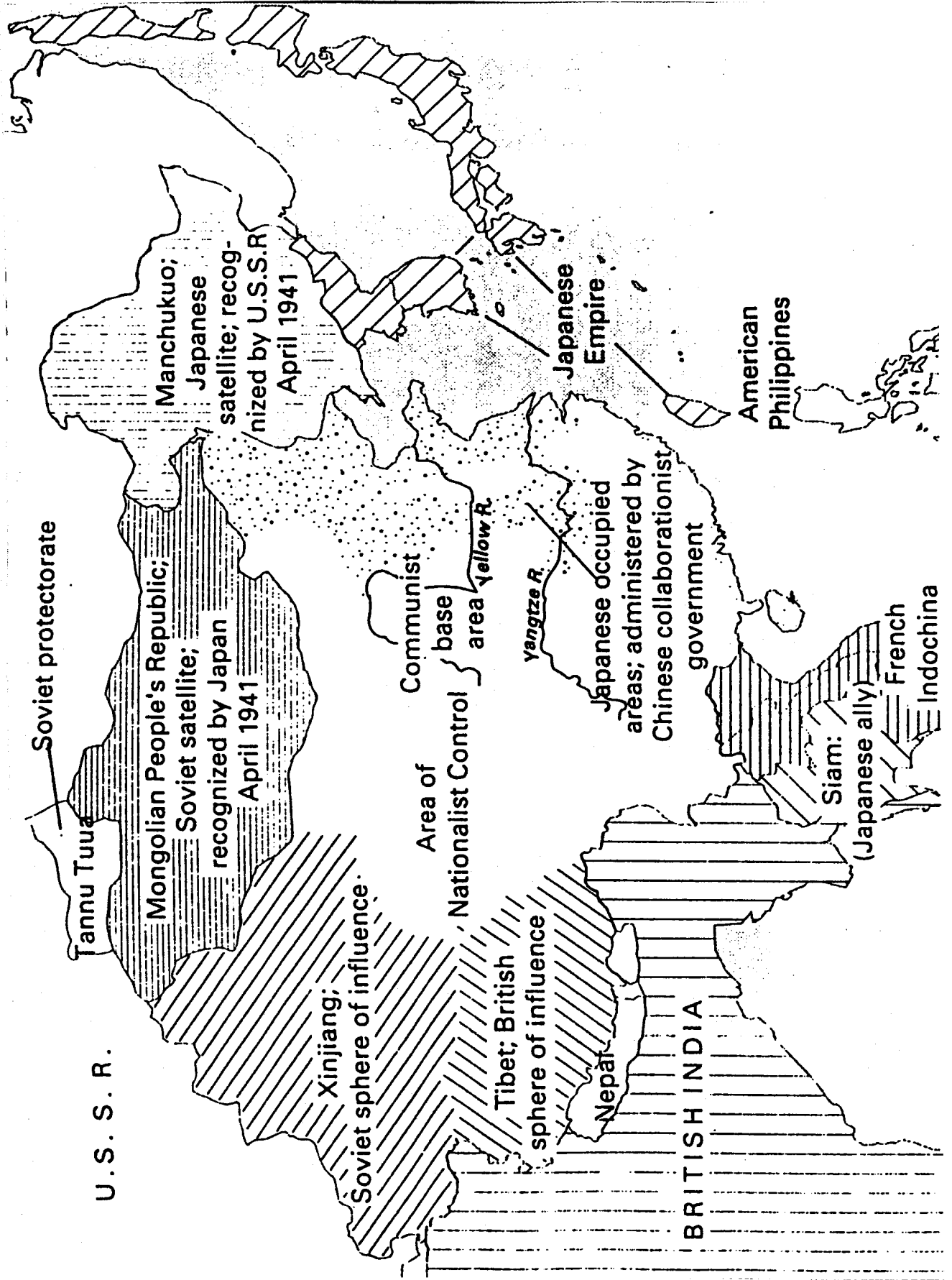
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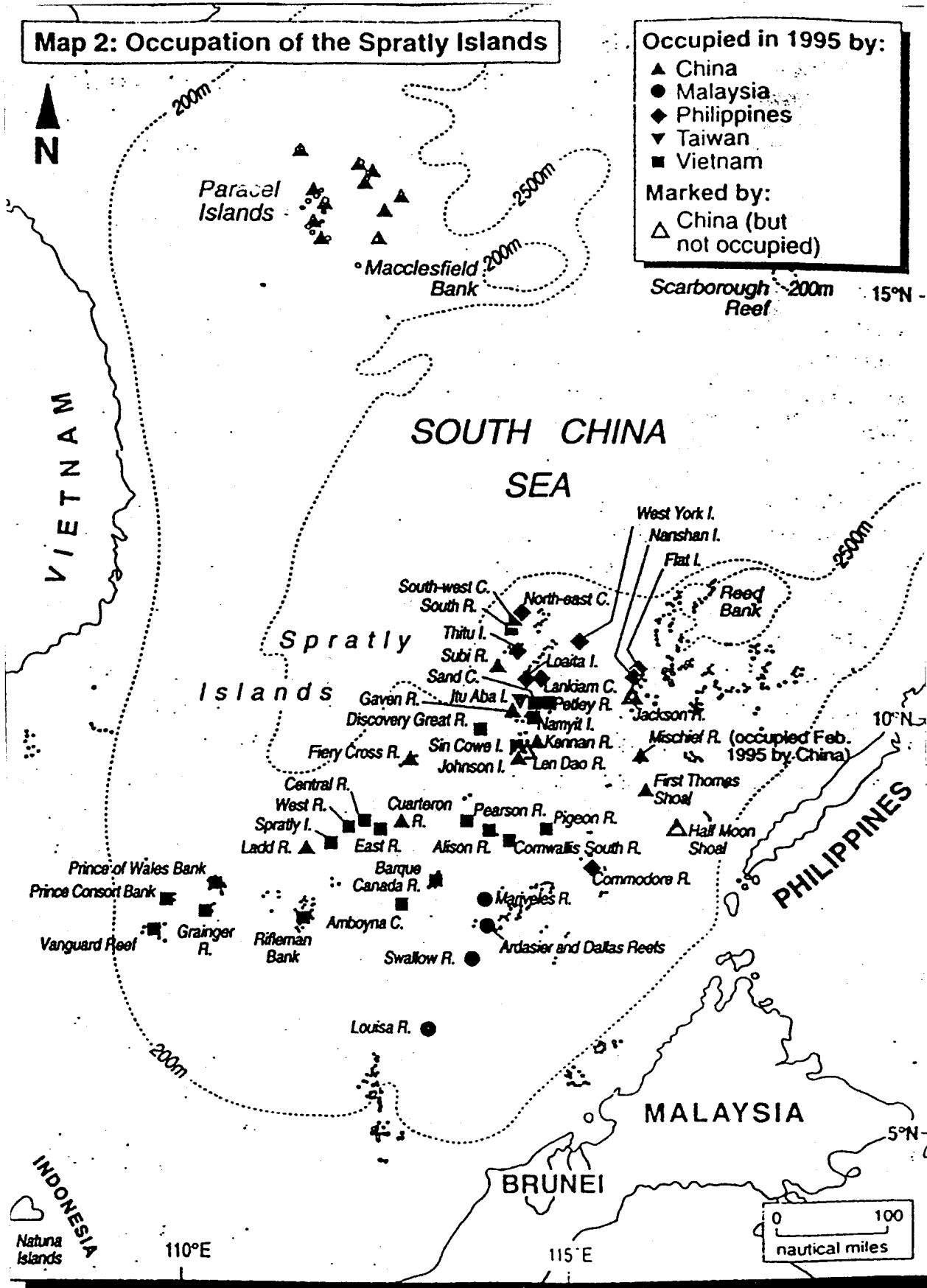
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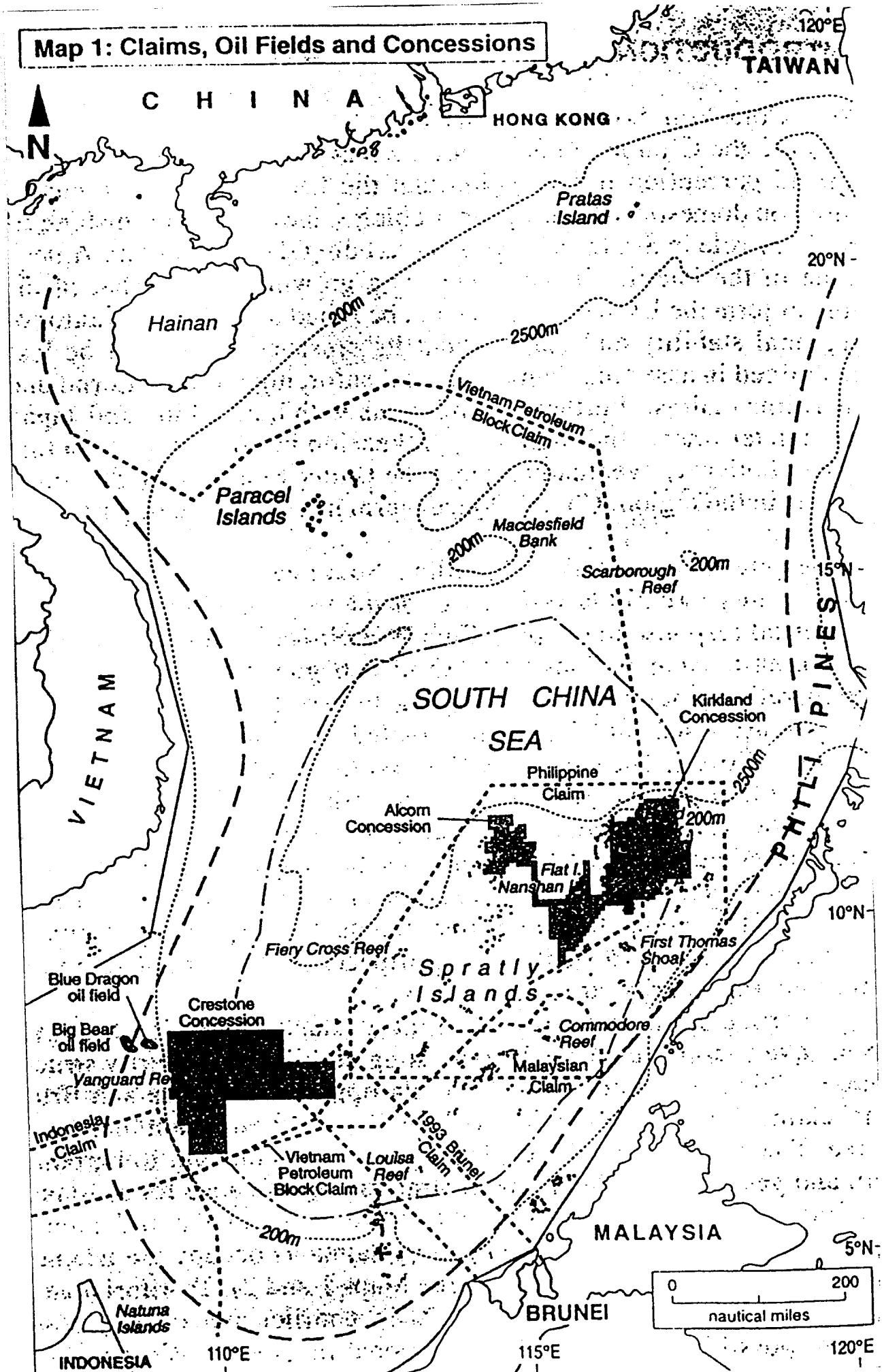
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Key to Maps 1 and 2

- international boundaries
- baseline
- - - equidistance line
- - - China and Taiwan's 'historic claim line'
- other claim lines
- oil concessions
- sea depths
- c. Cay
- I. Island
- R. Reef

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Foreign Devils, Dictatorship, or Institutional Control: China's foreign policy towards Southeast Asia

Part I

1. Introduction

*“There lies a sleeping giant...Let her sleep. For when she wakes,
she will shake the world.”*

Attributed to Napoleon on China

Since 1949, China has increased its importance both as a regional and a global power with an enhanced economic as well as military strength and its economic development has been seen both as a danger and as something positive. Historically, China has been considered as an aggressor by the states in Southeast Asia, and the fear of Chinese expansion has been considerable. However, during the financial crisis in 1997 most Southeast Asian states saw China as a positive force when it came to handling the effects of the crisis, especially compared to Japan, European Union (EU) and United States of America (USA) which instead were criticized severely for what was perceived as inaction.

China's accession to the World Trade Organization (WTO) will increase Beijing's economic interaction with the surrounding world (Harris, 1997; Steinberg, 1998). This is, however, not always regarded as something positive. The regional and global impact of the Chinese economy could also be a threat to the regional economies with low prices, cheap labor, and by the massive impact of being the world's largest market. Those competitive advantages will make China a significant economic factor to be reckoned with. In addition, as a military power one can assume that an armed force with 2.8 million men under arms, 1 million reservists and some 15 million militia to back up an increasingly modern military force, which even has a nuclear capability, will guarantee China a greater military role in the region as well as internationally.

The divided perception of China was apparent among the members of the Association of Southeast Asian Nations (ASEAN) during the Cold War. Some nations were very positive about China's attempt to lead the developing world, while others warned of Chinese aggression. The split among the ASEAN members in the attitudes towards China, will be one interesting factor to note in this thesis. It is also important to observe how the understanding of China's intentions has

changed over time among the ASEAN members, and to consider what China will do in the future; to answer that, I need to know what it is that determines Chinese foreign policy.

This thesis analyzes China's policy towards Southeast Asia from 1949 (when the People's Republic of China (PRC) was founded) to 2000, with particular emphasis on the 1990s. It is intended as a descriptive and comparative study to understand the different periods of Chinese foreign policy from 1949 to 2000, and to explain variation in China's foreign policy between these periods. More specifically, I hope to explain which factors determined Chinese foreign policy towards *Southeast Asia* in various different periods¹, and for this purpose I have developed a framework, based upon Waltz's classical definitions of analytical levels and Zhao's attempt to integrate those in a multi-level analysis, in which individual, institutional and international levels are analyzed in the light of political and economic factors.² There has been no previous study concerning Chinese foreign policy towards Southeast Asia conducted with an integrated multi-level analysis, so this would be my empirical contribution. I will develop this approach in chapter 3, it being sufficient at this stage to state that my theoretical contribution is intended to be a clarification of the impact of individual, institutional, and international factors on the foreign policy of China.

¹ I attempt to study China's policy towards all the current ASEAN members, despite the fact that many members only recently joined this organization. I do this for two reasons: firstly Vietnam (which became a member first in 1995), Laos, Burma (became members in 1997), and Cambodia (became a member in 1999), have had a major impact on Chinese foreign policy and it would be difficult to understand China's policy in the region without including those states; secondly, the ASEAN 10 will be the first true regional organization in Southeast Asia and the process leading to this situation has had a direct impact on China's policy in the region. The members today are Malaysia, Indonesia, the Philippines, Brunei, Vietnam, Singapore, Thailand, Cambodia, Laos and Burma. In this paper, Brunei will only be dealt with briefly because of its late recognition by China, and China's general lack of interest in this country.

² The distinction between individual, institutional and international will be discussed in more detail in chapter 3, but I must nevertheless briefly touch upon the distinction between the levels. The international level is designated for the international factors such as structure and system in accordance to the realist perspective. The institutional level is concerned with society and institutions at large. The individual level is primarily concerned with the decision-makers and the psychological and ideological factors that form each individual. There is no clear separation between the different levels, especially that between institutions and individuals which works almost interchangeably at times. The institutional and individual levels integrated will be termed as the domestic level when there is little use in separating the individual and institutional level. .

There is no consensus among the scholars who study China, as to which factors – international, institutional or individual – are the most important in determining Chinese foreign policy.³ As a consequence, there is no clear understanding as to whether Chinese foreign policy has been more responsive towards external events or domestic forces.⁴ There have been suggestions that China has developed from an exclusive focus on domestic factors to an international focus with particular emphasis on economic development (Lardy, 1998b; Zhao, 1996; MacFarquhar, 1997; Gilley, 1998). Such an interpretation would suggest that the standing of the individual leaders has decreased, while the military and political institutions have strengthened their position through internationalization and an increase in the number of players (Swaine, 1995). This would indicate that China has moved from a closely controlled political system towards a more diverse system characterized by disparate, or at least conflicting, interests.

The domestic interests can be divided into the “security interest” of individuals and institutions associated with the military, and the political and economic interests of different individuals and institutions. The relative strength of these interest groups varies from period to period, and there is no clear advantage for either interest group. I will further treat of this division in chapter 3, but it can nevertheless be noted here that there seems to be a domestic split between “hard-liners”, “reformers” and “tough internationalists”.⁵ Foreign policy could thus be explained in terms of

³ The realist’s perspective is that issues like military capability and political alliances between state and security are the factors that determine a nation’s foreign policy. This makes the interplay between states, the single most important factor for foreign policy positions. The interdependency theorists, on the other hand, claim that interdependence in the political economy between states and the domestic politics is the basic determinant behind foreign policy positions. Zhao, 1996, pp. 8-15.

⁴ It could be argued that this is the case regardless of which state is being analyzed and that it is much more a question of international relations in a broader sense. I do not argue that this is *not* the case, but with regard to China, it is even more problematic since the political situation in China and China’s external relations are often misinterpreted in the media and among academics. Relatively little understanding of China’s relations with Southeast Asia has been derived from a large quantity of material on China that has been compared and analyzed in a neutral academic setting. This study is a modest contribution to help fill that gap.

⁵ As the reader will have noticed there will be some distinctions between certain individuals and different institutions at the domestic level. A particular problem is *which China* we are looking at in the thesis? The term China or PRC will be problematic to use since there is strong division in interest between certain individuals and institutions, as in all societies. China or PRC will only be used when there is a unanimous policy from Beijing or when there is a problem in determining

domestic politics, and changes in foreign policy could be explained by domestic competition.⁶ In an international perspective, the Cold War, China's admission into WTO, the financial crisis in 1997 and other major international changes which might have had a major impact on China's foreign relations, will be examined. The interaction between domestic and international factors is crucial for understanding a nation's foreign policy, so special attention will be given to the comparison between the underlying domestic and international factors and the political, financial, and strategic factors in the creation of Chinese foreign policy.

There have been suggestions that, in China after 1976, there was a shift towards a more internationalized foreign policy in which the hard-liners were associated with the tough internationalists.⁷ It is, however, clear that during the 1980s and the 1990s there were increasingly rapid political changes and more fluid political and economic systems in Asia on account of "Globalization" and the "New Economy". This seems to have increased the influence of the reformers at the expense of the hard-liners. The political shifts that occurred, and continue to occur, in China are of utmost importance and a reason for concern since they are common phenomena and

what factions or individuals have enforced the policy. In all other cases the specific institutions or individuals will be mentioned specifically.

⁶ In the Chinese context the hard-liners (hawks) are mostly associated with the PLA and other military institutions. The "Liberals" (doves) are primarily associated with the Ministry of Foreign Affairs and the Ministry of Finance. "Tough internationalists" are those who wish to maintain extensive economic ties with the outside world but to do so on China's own terms (Huo, 1992, p. 275). It is important to point out that the Communist Party (CCP) members are divided in this respect, although the older leaders seem to associate themselves more with the hard-liners, and the younger generations with the more liberal factions. The term "Old Guard" is used to describe the people who were active during the "Long March" and/or directly after PRC was founded in 1949. The old guard is to a very great extent conservative, and ideology seems to be the single most important factor for them in determining the foreign policy of China. The terminology is unclear and somewhat problematic, but it will still be used since it has been widely used in other texts and it fills a purpose by exemplifying what affiliation certain groups and decision-makers have.

⁷ Supported by Deng Xiaoping, the tough internationalists' primary goal is economic development, and they will not allow any factor, domestic or foreign, to interfere with or disrupt their development plans. In addition, they try to develop extensive relations with the outside world, but on terms that are favorable to China, which still maintains a substantial leverage in its foreign relations (Harding, 1990, p.6). The grip of power has not been consistent over time for the Deng circle, but Chinese political society during and after Deng has been characterized by

could cause political and financial turmoil. To understand Chinese foreign policy, both political and economic, there is therefore a need to understand the perceived weakness of the Chinese political system and its institutions. The great power that individual leaders evidently can wield, and the weakness of the political system in China increases the possibility of the current system reverting to policies of earlier periods. Understanding why the earlier changes occurred, might increase the possibility to predict future changes, and where that is not feasible, this study might at least increase the understanding of what has transpired.

What seems to be clear, is that China's relations with its neighbors in the South have been of secondary importance for Beijing. This could indicate that the logic behind the policy changes towards Southeast Asia could be different from that behind China's relations with other nations (Kim, 1998; Whiting, 1997; Johnston, 1995/96). Earlier studies about China's foreign relations have been conducted with the focus on Japan, USA, India or the Soviet Union (later Russia) as the opposing force (Whiting, 1975; Yahuda, 1978; Hunt, 1996; Shambaugh, 1995; Nathan & Ross, 1997). There have been very few studies concerning China's relations with the Southeast Asian states.⁸ This academic lack of interest, in combination with a low level of trade and political interaction between China and Southeast Asia, indicates that the region has been of lesser importance for China than other nations or regions, such as Japan, USA, EU and Russia (Riskin, 1991; Chia & Cheng, 1992; Wang & Mackie, 1973; Yahuda, 1996).

Is it, then, worth studying a secondary relationship? It could both be argued that Southeast Asia is increasingly important in China's foreign policy as a secondary actor and that there is a need to understand secondary relationships in order to understand China's foreign relations as a whole. Several researchers have pointed out that China shifted its policy towards Southeast Asia during the financial crisis in 1997 towards more cooperative behavior and that Beijing was a major financial provider to the states in crisis (Wong John, 1998; Liu, et al, 1998).⁹ This is due to the increased

political turbulence. The domestic power struggle has changed the political composition several times, with great impact on the economic and political strategies towards Southeast Asia.

⁸ There are a few books, chapters or sections in different publications that deal with China's relations with Southeast Asia such as: Klintworth, 1996; Swaine, 1995; MacFarquhar, 1998; Hunt, 1996; Zhao, 1996; Shi, 1994; Tian, 1994. Such articles and chapters are however few in comparison to the studies concerning other regions.

⁹ The amount of loans that China made available for the states in crisis and the actual amount that was used, varied very much. Indonesia could only use a small sum of the Chinese money due to internal problems and difficulties with coordination of the economy. This was something that China was aware of, and they knew that even if they made a large sum of money available, only a

importance of Southeast Asia for China. Paradoxically, it was a primary actor, the Soviet Union, which played a pivotal role in China's increased focus on Southeast Asia. The Soviet Union has been considered a great threat against China for a long time, and was one of China's primary foreign policy targets. Since the breakdown of the Soviet Union and the decrease of the military threat, China's northern policy has changed. The view that Chinese foreign policy towards Southeast Asia has gained significantly in importance, has become more prevalent as a result of the change in Beijing's perceptions. For instance, the opinion that China has a new possibility, and is ready, to strike militarily in the south carries more weight among China experts (Bernstein & Munro, 1997; Beck, 1997) and also that Southeast Asia is increasingly important for China in economic terms (Womack, 1994; Liu, et.al., 1998; South China Morning Post (SCMP), March 8, 1998). This implies that the Chinese geopolitical and/or geo-economic focus could be changing and this could have major security and financial implications in the region as well as globally. Even if there are no apparent major security threats with this change, it is interesting to study which factors lead to a change of strategy towards a secondary state/region. It would be of great value to understand the role of a secondary relationship in China's foreign policy, and to understand the interaction between secondary relationships and primary relationships in the creation of Chinese foreign policy.

China is considered to be the center of several conflicts in the Southeast Asian region, especially in the South China Sea. The conflict in the South China Sea is believed to be one of the most severe conflicts in the region and the greatest threat to regional security (Amer, 1996a; Scobell, 2000).¹⁰ Due to the aggregated forces of a strong economic growth, the modernization of the People's Liberation Army (PLA) and the People's Liberation Army Navy (PLAN), the potential threat to the Southeast Asian countries has been a manifest possibility. There have even been suggestions, made by John Garver, that overpopulated China is on a slow march southwards to satisfy its energy resources (Garver, 1992, p. 999), and this prompts the question: will China resort to violence or is it opting for a peaceful settlement of the ongoing disputes? Diplomatically, China is pursuing a policy

fraction would be used. This made it relatively easy to promise large loans for the economic development of Asia. Presentation by Lawrence Law, August 1999, Hong Kong Stock Exchange, Hong Kong.

¹⁰ The only conflicts that could have greater impact on the Asia Pacific situation are the ones with the Koreas and between Taiwan and China. Those could be more destabilizing than the South China Sea conflict in the long term and possibly threaten the region with bloody wars in the short term. As we can see an improvement in the conflict between the Koreas, the South China Sea conflict is increasingly important to resolve since it has domestic implications in China and the other states involved and could potentially threaten regional stability.

of interdependence that has gained substantial economic revenues for China. This makes it interesting to analyze the Chinese policy towards Southeast Asia to see if there is a China “threat” or if China’s foreign relations are created by more non-military factors. This study will look at these questions in terms of whether China is an adversary, a partner or a neutral state in relation to Southeast Asia.

Finally, China's views on Southeast Asia in general, and on ASEAN and the ASEAN Regional Forum (ARF) in particular, are of great importance for the region in order to achieve peaceful and constructive cooperation between China and Southeast Asia. Beijing initially viewed the formation of ASEAN as a threat, but is today involved in close cooperation with ASEAN (labeled by the ASEAN members as "constructive engagement"). China moreover became a founder of ARF in 1994, which has increased China’s multilateral engagement in the region. This has been a significant change and it is important to understand what has caused this shift of perception and why it has occurred at given points in time, as this will help to explain China’s future actions in the region.

2. The Study of China's Foreign Policy

Jie Dao Sha Ren (Kill With a Borrowed Knife)

The 3rd Stratagem

The study of China's foreign policy is increasingly important as China develops and assumes a new and more influential role in international relations. I will try to develop a model that will provide a more integrated understanding of Chinese foreign policy towards a specific region, Southeast Asia, than has been the case earlier. The model in the thesis will compare the foreign policy over time to help explain the changes in decision-makers, institutions and the international structure and their impact on the foreign policy towards Southeast Asia. In order to understand what *blank spots* there are to be filled, I need to look at the earlier studies concerning *China's foreign policy towards Southeast Asia*. In this chapter, I will deal with the question of the focus in the earlier studies, the distinction between perception and action, sources, integrated studies, the distinction between domestic and international relations, and finally the unfortunate schism between sinologists and International Relations (IR) scholars.

2.1 Studies of China's Foreign Relations Towards Southeast Asia in Review

Zhao and others, such as Whiting, have argued that the foreign relations of China are, and have always been, a poorly researched field (Whiting, 1977; Zhao, 1996). Literature and studies of China at large are well represented, but China's foreign policy in general – and towards Southeast Asia in particular – are lacking. According to Lieberthal, Chinese domestic politics and Chinese diplomatic history are properly researched but Chinese foreign policy is “barely on the radar scope” (Lieberthal in Zhao, 1996, p. 9).

The field of foreign relations has often been confused with the literature touching on the “Red Fear” and the coming “clash with China” and other more or less fictive and ideologically biased literature (Bernstein & Munro, 1997; Chanda, April 13, 1995; Chan, 1994).¹¹ Especially during the McCarthy era and the Vietnam War, there was a lack of researchers who adopted an

¹¹ Hart argues that the one of the main themes in the literature is “fear of inevitable Chinese regional dominance” (Hart, 1995). This is not to say that everybody has caught the “Red Fear”; but many researchers and politicians are skeptical about the increased strength of China.

ideologically independent view on China (Chinoy, 1997, pp. 19-51).¹² There is a lot of literature about potential Chinese aggression and the threat that China poses towards the “free” world (Bernstein & Munro, 1997; Mosher, 2000; Beck, 1997). It is, however, interesting to note that despite a high number of border disputes (17) between China and bordering states there have been very few militarized conflicts (Wallensteen & Swanstrom, 1998).¹³ It seems to be a problematic distinction between China as an aggressor and China as a state with “normal” ambitions, but with a larger and more powerful organization and with the “wrong” ideology for navigating in international politics.

Shambaugh argues that one of the major problems characterizing the Chinese perspective of China’s foreign relations is the inherent inability of the researchers of Chinese decision-makers to distinguish between perception and action and the lack of research of this phenomenon (Shambaugh, 1997a, p. 9). I would agree with the argument that the cognitive environment of the Chinese decision-makers is an under-researched field. Researchers have developed sophisticated models and done studies of many situations and individuals in a variety of fields such as the US and Soviet leaders’ actions in the Cuban Missile crises in 1962 and the Berlin crisis, but also on leaders’ cognitive behavior in conflicts such as the Middle East and India-Pakistan. Equivalent

¹² For excellent examples of ideologically colored, but interesting, studies in the late 1990s see: Margolin, 1999; Song Qiang et al, 1996.

¹³ Despite China’s reputation as an aggressive state it has engaged in very few militarized conflicts since the founding of PRC in 1949. India, the only state that is comparable to China, has 6 international disputes but on a much higher level than China. India has moreover fewer neighbors than China. Looking at the internal conflict dimension, China has only five disputes in the 1990s including Taiwan. India has at least 28 disputes at different levels during the same period. (Wallensteen & Swanstrom, 1998). It might however be an unjust picture of India since this will explain very little about the internal control mechanisms and suppression instruments. It might be that China has a very convincing and effective suppression apparatus. This is, however, unlikely since this would probably have created even greater struggle against the state. There are suggestions that highly authoritative states do not have civil wars to the same extent as weak democracies, even though they have more civil wars than strong democracies. This is known as the inverted U-shaped curve in which highly democratic and highly authoritarian states have less violence, and states that are in transition to or from a strong democracy are most vulnerable to civil wars (Ellingsen, 1998, pp. 71-92). I will not try to prove that China is, or is not, more or less aggressive than India but only to sow a seed of doubt as to the validity of earlier studies in this field, both communist and anti-communist.

studies have however not been conducted of China or its leaders.¹⁴ The major problem might, however, not be the Chinese inability to distinguish between perception and action but rather foreigners' understanding of what is perception and what is reality/action within the Chinese context. The Chinese perceptions and conduct have many times been considered "faulty" or "wrong" by the Western media and little effort has been made to reach behind the presented perception or policy (Kirkpatrick, et.al., 1997; Beck, 1997).

Another problem is the separation between domestic politics and international relations. The distinction can be clear in theory, but the reality may be increasingly blurred in a globalized society. What was traditionally considered domestic, has today to be taken into account in international relations, and vice versa. The interdisciplinary approaches have, however, been few and the lack thereof is not only problematic for current empirical research, but also for the development of theories.

As mentioned above, there are a few studies that have integrated several levels of analysis in a single study of China's foreign policy towards Southeast Asia. There are a few authors that have integrated several disciplines in a single study of China's relations with the surrounding countries. Studies have been done in the field of politics, such as those by Shambaugh and Kim (Shambaugh & Robinson, 1997; Kim, 1998). In the economic fields, Riskin, Lardy and Taylor, among others, have done studies, but few authors have integrated both elements (Riskin, 1991; Taylor, 1996; Lardy, 1998b). Shambaugh & Robinson tried, in their work from 1997, to integrate elements of political economy with help from Naughton and Ross. Nathan & Ross analyzed China's search for security (1997), but both studies suffer from the lack of an integrative analytical model that incorporates all levels of analyses. Burstein & Keijzer (1998), Seagrave (1995) and Fallows (1995) have done interesting non-academic studies of the Chinese expansion in the region, but here is a clear lack of theoretical rigor, and a direct focus on business.

As mentioned above, there have been a few in-depth studies on China's foreign policy but most of these have focused on the relations with the Superpowers (former Soviet Union and USA), Japan and India. Very few have dealt with Southeast Asia (Whiting, 1995 & 1992; Kim, 1994c; Zhao, 1996; Robinson, 1997). The better-researched aspects of China's relations with

¹⁴ We can find several studies in the area, but most of these lack theoretical rigor or have an unbalanced ideological or political position that colors the study. A few of the best studies are: Goncharov, Lewis & Xue, 1993; Li, 1994; Lam, 1999; Gilley, 1998; MacFaquhar, 1997,

Southeast Asia have mostly been written with specific elements or nations in mind and are rarely the result of an integrated regional and inter-disciplinary approach (Valencia, 1995; Taylor, 1996; Chia & Cheng, 1992; Sutter, 1999; Swanstrom, 1999b). A general approach towards Southeast Asia with a multilevel theoretical model as a guide would add to the existing literature.

The secrecy from the Chinese side, adds to the problems and misperceptions of Chinese foreign policy – material has consequently been a problem, when studying China's foreign policy. China has enforced elaborate restrictions on political and military material. It is regrettable that the Peoples Liberation Army's (PLA), Chinese Communist Party's (CCP), and the Chinese Foreign Ministry's archives are not open to foreign scholars; a few selected Chinese historians have access to the material, albeit under strict control (Shambaugh, 1997b, p. 604). Few journals inside China can publish freely in the field and there is a great degree of self-censorship among editors and researchers. To get around this problem I, and many with me, have had to rely to a large extent on interviews with decision-makers and individuals close to decision-makers. This, in turn, creates new problems, which will be dealt with in depth in section 3.3.1: Interviews.

There is a greater availability of literature concerning China's foreign policy in the 1990s due to the increased importance of China in the international and regional sphere both politically and economically.¹⁵ The bulk of this literature is, however, about China's economic relations rather than its political relations. Literature about China's foreign economic relations is more accurate and was more widely distributed after Deng Xiaoping took over in 1976, and has steadily improved in quality. Especially after 1997, it was possible to see a large increase in the literature about China's financial behavior during, and in the aftermath of, the financial crisis in Asia (Economy, 1999; McKibbin & Tang, 1998; Wong John, 1998; Sharma, 2000).

This is not to say that the sources are without problems, but there has been an apparent improvement in primary sources. The State Statistical Bureau in Beijing (*Guojia Tongjibu*) publishes several excellent reference publications such as the Yearbook of Chinese Statistics (*Zhongguo tongji nianjian*) and the Yearbook of the Chinese Economy (*Zhongguo jingji nianjian*). The quality of Chinese journals of Chinese foreign relations has improved with publications such as World Economics (*Shijie jingji*), Chinese Foreign Trade (*Zhongguo duiwai maoyi*) and Research in Foreign Economics and Trade (*Duiwai jingmao yanjiu*). There are

Goodman, 1994. Interesting Chinese studies, despite some ideological color, are Zhong, 1986; Wang Xiaopeng, 1993.

numerous other journals of high quality but those mentioned are among the most important for my field of interest.¹⁶

The lack of academic studies with a strong theoretical base on Chinese foreign policy has been explained by the lack of a theoretical foundation in the field (Zhao, 1996, pp. 8-9; Kim, 1994a, pp. 10-11). This could be partly understood by the fact that many earlier sinologists used an approach with little or no theoretical foundation and the “research” was a compilation of, in the best cases, some sort of “finger-tip” feeling and in the worst cases, pure propaganda (Chinoy, 1997). This has been greatly improved by recent researchers with a proper grasp of theories and a theoretical discussion that has improved the comparative and qualitative theories in general, and their application on Chinese foreign policy in particular. The greatest problem is, however, the ideological coloring, from both communists and anti-communists, and the sensational literature that became popular when China became more powerful and flourished after the Tiananmen incident in 1989. This phenomenon was not only created by media, but also was promoted by Governments and NGOs through their hidden agendas.

Another problem with earlier research is that, until recently, the majority of the researchers on China’s foreign policy were trained as students of Chinese domestic policy (Zhao, 1996, p. 8). This created a perception that China’s domestic changes were fundamental for foreign relations and little attention was given to international factors. Many researchers who were educated as sinologists have conducted impressive studies on China’s foreign policy, but the different approaches of students trained in international relations (rather than domestic policy) could add some strength to the field, both theoretically and empirically. This is not to say that students of international relations would do a better job, but that a combination would be beneficial for the development of the field.

The weaknesses I have pointed out so far in this thesis are partly due to ideological and theoretical causes. The analytical approach towards the study of China can be, and has been, improved by creating and adhering to stricter theoretical frameworks – but still more work remains to be done.

¹⁵ Excellent examples of the large amount of literature in this trend are Weiderbaum & Hughes, 1996; Sung, et. al., 1995; Kemenade, 1998; Burstein & Keijzer, 1998.

¹⁶ Professor Michael Schoenhals has pointed out that my study would have benefited from using *Mao Zedong waijiao wenxuan* and *Zhou Enlai waijiao huodong dashiji*. I was however not able to gain access to those sources, and any drawback caused by this is entirely my own fault.

Needless to say, I shall try to bridge weaknesses in earlier studies or at least not fall in the same traps. The most obvious weaknesses are the dichotomy of domestic and international, the dichotomy of Sinologists and IR, and finally the fact that many earlier studies were colored by ideology.

3. Theoretical Framework

Qian li zhu xingshi yu jiao xiao
(A thousand-mile journey is started by taking the first step)
Chinese proverb

3.1 From a single level to a multi-level approach

3.1.1 Single level approach

One of the theoretical problems, with earlier studies, discussed here is the single level approach to the study of China's foreign relations.¹⁷ By focusing on one level there is a failure to present a full picture of the situation. This does not mean that there are no situations where it is preferable to focus on a single level, but to understand the complexity of China's foreign relations it is necessary to understand the interconnected aspects of Beijing's policy for foreign relations. The current theoretical approach to the multilevel analyses is however somewhat confusing and even merged at some levels in the case of China. A secondary purpose in this thesis is therefore to clarify the multilevel approach.

One must take a few steps back in order to understand the roots of the theoretical foundation behind the study of China's foreign relations with a multi-level analysis. One of the first studies was Waltz's classical division of the field into three levels of analysis: the individual, the state, and the international system set the framework for the single level approaches as well as the multi-level approaches (Waltz, 1959). Waltz never incorporated the three levels in a coherent theory. It would however be difficult to exclude any of the above-mentioned levels in a comprehensive study of China's foreign policy. Limiting the focus to one level, for instance domestic or international, would potentially exclude important forces in the creation of foreign policy. The problem is to distinguish between domestic and international factors. Traditionally, the single level analysis approach has limited itself to three different and separated levels of analysis.

¹⁷ A single level approach is defined as a focus on either a micro or macro perspective. This approach has been noted in this text as one of the problems with earlier literature as scholars only focused on one level, domestic or international (Zhao, 1996, p. 8). Jefferey Alexander argues that the terms "micro" and "macro" are entirely relative (Alexander, 1987, pp. 290-291). What is macro at one level, will be micro at another level. I would agree that the concepts are fluid and

Figure I: Typology of analytical levels

Input	Output
Literature type A International factors (Structure and System)	Foreign Policy
Literature type B Domestic factors (Society and Institutions)	Foreign Policy
Literature type C Decision-makers as a factor (Psychological and Ideological factors)	Foreign Policy

Type A deals with the international environment as the primary source of policy input, i.e. the realist school (Waltz, 1986, Morgenthau, 1954). Type B focuses on the domestic environment as the primary source, and finally C deals with the decision-maker as the primary source of input (Ashley, 1986, Allison & Halperin, 1972, Hagan, 1991; Ripley, 1995). All these researchers focus on a specific level and/or what they believe to be the most important theoretical aspect in the creation of foreign policy. I will not argue that they are wrong, nor that their approach is faulty, since this is not my purpose. I will rather argue that each theory is fundamentally sound, but that an integration of A-C is needed. In this thesis, I am interested in the integrated aspects of the international, institutional and individual levels rather than one specific level, and it is therefore necessary to incorporate the different levels in a model which does not give special emphasis to one single level.

In the study of China's foreign policy there is an almost identical pattern as regards the single level approach. As mentioned in chapter 2, several researchers have focused on international constraints (Type A) as being the primary source of input in China's policy (Chan, 1989, Chang Gordon, 1990, Jacobson and Oksenberg, 1990, Barnett, 1977). This research has mainly concentrated on specific aspects of China's position in the world community (Goncharev et. al, 1993; Garver, 1993; Hamrin, 1990), and the "Strategic Triangle" (Yahuda, 1996; Ross, 1993). There is, as Zhao mentions, a lot to learn about the international environment and China's foreign policy from such a focus, but the present study aims at integrating domestic and international levels rather than focusing on type A as the primary input in foreign policy.

that this could create problems. It is useful to keep in mind this flexibility of variables when we take a closer look at the evolutionary process at different levels.

Type B and C, which together will be termed “domestic determinants” in my analysis, focus much more on domestic factors such as the decision-making process (Zhao, 1992; Swaine, 1995). Another aspect of this, is the literature that concerns itself with domestic perceptions of China’s position (Waldron, 1990), or the impact of institutions (Hunt, 1996; Swaine, 1998). Such a focal point is, however, somewhat limited if the aim is to understand the combined effects of the international and domestic determinants.

3.1.2 A need for a multi-level approach

Shambaugh points out that the distinction between domestic and international issues is increasingly “gray” and any study concerning China will have to incorporate both the domestic and international level (Shambaugh, 1997a, pp. 8-9). In a period where globalization has a deep impact, even on such a closed society as that of China, creating a clear distinction between domestic and international is a purely theoretical construction that has little to do with reality (Nathan & Ross, 1997; Kim, 1998).

There are nevertheless a few studies that incorporate both domestic and international levels in a single integrated study, and one of the most interesting is Zhao’s work on Chinese foreign policy (1996); I will limit the following theoretical discussion to what Zhao has found, and propose some modest additions.¹⁸ Zhao noted in his study that the separation of domestic and international factors was a major problem and that the single level approach had to be integrated with a multi-level approach (Zhao, 1996). He tried to interpret the foreign policy of China by dividing the factors behind the policy into “micro and macro linkage structures” and through that separation gain a clear picture of both international and domestic mechanisms.¹⁹

Zhao’s attempt to integrate both international and domestic factors started out from Ritzer’s distinction between micro and macro levels on the one hand, and realism, dependency

¹⁸ Zhao’s analyses of the development from a single level to a multi-level analysis is excellent – little has to be added and I will not engage myself in an in-depth study of the phenomenon in this paper. Readers interested in this are referred to Zhao (1996).

¹⁹ The Macro and Micro linkage structure approach focuses on creating a link between the domestic environment and the international sphere. This theoretical approach will be further developed later in this chapter. It is sufficient here to understand that the theory tries to bridge the gap between the different, and many times conflicting, theoretical approaches at the micro and macro level.

theory and psychological theories on the other hand. Zhao wanted to create a micro-macro linkage approach in order to integrate the decision-maker into the theoretical framework. Both Alexander and Zhao pointed out that the individual decision-maker is under-researched (Alexander, 1987; Zhao, 1996). Up to this point I agree in full with them but as I will point out later, I disagree as to where to place a collective of decision-makers, i.e. institutions.

There have been several scholars and theories that acknowledge the importance of micro-macro linkage but the individual decision-maker is often “forgotten” and the micro-level analysis is limited to larger domestic organizations or political parties (Putnam, 1993; Rosenau, 1969; Kim, 1994b). Rosenau was the first to acknowledge the need of a linkage approach to analysis (Rosenau, 1969, Zhao, 1996, p. 19); in his model he combined the international factors and what I termed the “domestic factors” into one model in order to explain the foreign policy output. Kim was one of the first to adopt the approach in the study of China’s foreign policy (1979), and it was later adopted by other scholars, which led to a greater understanding of China’s foreign policy (Liao, 1984; Hamrin, 1986, Whiting, 1992). Hamrin stated that it is necessary to understand “both the international situation to which China must respond and the attitude toward the outside world prevailing within the Chinese leadership” (1986, pp. 50-51).²⁰

Zhao points out that the micro-macro linkage model has several drawbacks, of which he focuses on the missing examination of the interaction of the above-mentioned facts with individual decision-makers at the micro level.²¹ This is why Zhao chose to define his micro level, in accordance with Ritzer, as “the empirical reality of the individual in everyday life” and the macro level as “the social reality or the social world” (Ritzer, 1990, p. 348; Zhao, 1996). Ritzer’s definition gave the individual the central position in the micro level. By defining the micro level so widely, Zhao hoped to integrate all aspects of the domestic environment and he argued – correctly – that the benefits from such a definition would be greater than the drawbacks. The definition has, however, inherent problems since it is so wide and includes all aspects of the empirical reality; such a wide definition will confuse the macro and the micro level. The leaders

²⁰ I would like to point out that my presentation is just a fraction of the discussion Zhao has in his book, and again refer the interested reader to Zhao (1996).

²¹ Zhao points out that Rosenau himself observed 21 years after his publication that “Most theories of world politics tend to underestimate, even ignore, the interplay of macro and micro dynamics. The fact is that these theories, including the international-domestic linkage approach, have not gone “micro” enough. The “micro level” in the context of these theories is only

in China can, for example, in many cases lead society and its institutions to such a degree that a separation between the levels is solely an academic problem and lacks empirical support.

The definitions of the micro and macro level would, therefore, be difficult to apply in an in-depth study of China's foreign policy since this definition could confuse micro and macro levels, and even the terminology of micro and macro could be disorienting due to the overlap. It could be argued that both domestic and international strategies behind foreign policy, are the effect of the social reality or the social world because the micro level and the institutions at the macro level many times are the same power structures and thus form the social reality in both cases. I therefore need to develop a framework that separates the micro level (decision-makers) and the institutions at the macro level in a logical fashion.

Zhao's model with two levels (Macro-Micro) of analysis gives a clear picture as to which of the levels is the most important at any given moment, but does not give a sufficient understanding of the process and the mechanisms in the changes that occur. It is difficult to analyze the mechanisms and the dynamics without having a third level between the purely domestic and international levels. To meet this challenge, I have to develop a concept that can clarify the movement from decision-makers to institutional and international levels, and vice versa. A third level would not only be an instrument to help to understand the process between individual decision-makers and the international environment, but also a level of its own that might have a great impact on the creation of Chinese foreign policy.

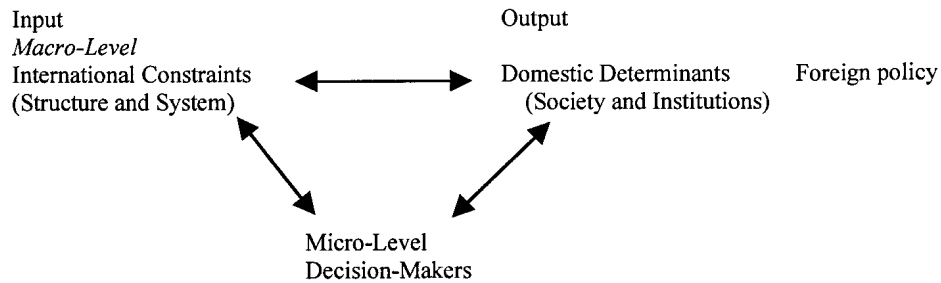
To incorporate a new level in Zhao's model, I will use Zhao and Ritzer and try to make a clearer differentiation between the elements that derive from the domestic and the international spheres, respectively. Ritzer's and Zhao's micro level is confined to the individual/decision-maker, but in Chinese politics the distinction between the individual and the party or the PLA is sometimes hard to make, and is particularly difficult during the reign of Mao Zedong. Zhao used Ritzer's definition and defined the micro level as the decision-makers, i.e. individuals and small groups and the macro level as the "international elements (relating to system and structure) and domestic elements (aspects of society and internal institutions)" (Zhao, 1996, p. 23).²²

identified with nation-states vis-à-vis the international environment and the macro-level factor" (Rosenau, 1990, p. 25; Zhao, 1996, pp. 20-21).

²² What is not clear in this model, is that Zhao has no preference as to the level the input comes from: it could be from both the macro structure or the micro structure. The model is not arranged in a preferred time scale either. This is clearer in his book where it is explained in length, but the model lacks in clarity.

Figure II: Zhao's two-level approach

(Zhao, 1996, p. 23)



This definition fails to make a clear distinction between macro and micro levels due to the paramount position many individuals and groups have over the organizations and institutions in Chinese politics. To include institutions and organizations as a part of the macro perspective will make the reign of Mao an international factor since he had, at certain times undisputed if not total control of the Chinese institutions in general and of the CCP in particular.

3.1.3 Clarification of the three level approach

Zhao and Ritzer's theoretical framework indicates that they limit the micro level to psychological theories and leave the dependency and realist theories to the macro level, since the micro level is limited to leaders' behavior, but the context within which they work (institutions such as the CCP and the PLA) is transferred to the macro level.²³ This is a clear definition if there is a claim that only individual leaders and their actions belong to the micro level. The problem, as I pointed out earlier, for Zhao is when the individual controls the institutions: Does it then become a macro or a micro level decision? I would argue that this is not clear and that a distinction is needed. If the model is to be capable of seeing the process between domestic/international and open/closed policies in China's foreign policy more clearly, there is a need to include a new level of analyses between micro and macro levels, an institutional level that is primarily domestic in its nature.

²³ I will use the term *level* in this paper for the distinction between individuals, institutions and international clusters or factors. The term could be disputed since it could easily be regarded as a question of factors or cluster of individuals, states or organizations. I have chosen to continue to use the terminology since it functions as a continuation of the earlier studies upon which I build my theoretical foundation.

The question is which theoretical developments would have to be included in order to expand the current theoretical framework of Zhao. I will argue that the realist, interdependency, and psychological perspectives that Zhao and Ritzer used, will be sufficient for this study of micro, institutional, and macro levels. I will have to use Giesen's evolution theoretical model, but it has to be applied somewhat differently from Giesen's and Zhao's usage if I am to be able to apply it to the study of China's foreign policy (Giesen, 1987, p. 349; Zhao, 1996, p. 24). From the realist perspective, international factors such as political or military alliances, balance of power and security, determine the actions of a state (Morgenthau, 1951; 1954; Waltz, 1959). This definition will be sufficient to delimit the international perspective (macro) in this study. The level of decision-makers (micro) will be defined in the same way as in the psychological theories, i.e. individual constraints. This is also in accordance with Zhao and Giesen's theoretical foundation.

The major difference in this framework, is that I have separated the institutional level from the international level, due to a high dependency on domestic variables at the institutional level. At this level I will use the dependency theorists' focus on domestic factors in determining a country's foreign policy, additional to the individual leaders. I will argue that it is at times impossible to differentiate the individual and the context in which he works, when one analyzes foreign policy. This would indicate that institutions and decision-makers are both domestic in nature. Alexander George pointed out that foreign policy decisions "may be more responsive to the internal dynamics of such a policy-making process than to the requirements of the foreign policy itself" (George, 1980, p. 114). This could suggest that the institutions are important to focus on, since institutions are important stages for domestic policy-making. It is, however, important to note that the dynamics are most difficult to notice in institutions and the interaction between institutional and individual or international levels, due to the relatively fluid position institutions have in China.

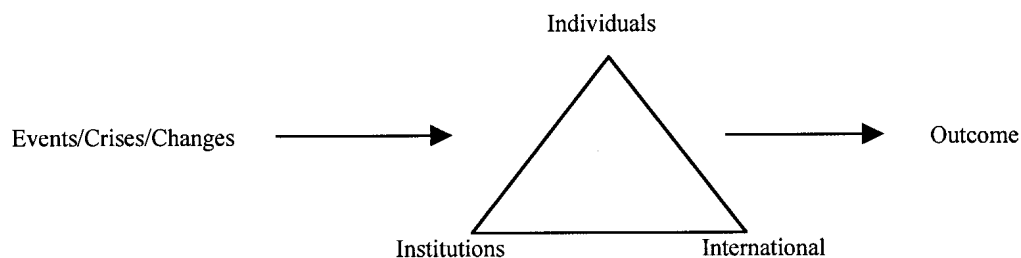
When I define the institutional level I will use the interdependency theories and focus on the institutional constraints that impact foreign policy.²⁴ The internal dynamic, outside of the

²⁴ I would like to point out that it is clear that individuals are crucial in the creation of an action in an institution. Individuals create institutions, and they run them. I do, moreover, not argue that individual agendas and perceptions are excluded from the institutions, but rather that there is a clear difference between the individual and institutional level through the way individuals interact and compete for power in the institutions. In mature organizations and institutions, there is a lesser degree of individual control and more aggregated decisions. If an individual has paramount

individual leaders, is characterized by the interaction of institutions such as the military, the party and society at large. This dynamic is what I have termed the “institutional level” in this study; this is not a new definition but an addition to Zhao’s theoretical framework. The level I termed as institutional is included in the macro level in both Zhao’s and Giesen’s studies, but in this study it has been separated from the macro structure. With this separation I think that it will be easier to understand the development of China’s foreign policy. The institutional interest will be defined as the aggregated and compromised policy of several individuals inside an institution. If one individual controls a specific institution to a very high degree the institution will be considered to be controlled by the individual decision-maker. This would indicate that the interest of an institution is diverse since the composition of the institution and the power of the individual decision-maker varies.

The input in this model is independent changes, crises, or major events that have a fundamental impact on the interaction between the three levels in the process of creating foreign policy. Examples of this could be the end of the Cold War, the financial crisis of 1997, the death of Mao etc. Minor events or crises do not have the potential to change the system to the degree that they will change the flow in the chart below.

Figure III: Flow chart for the three independent levels



The flow chart that characterizes my model is clearly similar to Zhao’s; the difference is that I have lifted out the institutional level and made it an independent level of analyses in order to increase the possibility of seeing the process in the changes. I have also termed the levels differently to increase clarity. “Outcome” is the foreign policy of China, changed or static.

I would like to point out that there is no preference of one level over the other, and there is no time restraint on the model, i.e. the changes could start at the individual level as well as any

power, such as Mao, we will discuss the institutions in the light of individual decision-makers and

other level. The process does not have to move from international through institutional to individual level, or vice versa; it is a very adaptive model in which the flow is non-linear.

As an example of the model, it is possible imagine a change in the international environment (end of the Cold War) or the death of a paramount leader (Mao). This change would impact on the interaction between the three levels of analysis through a change in the weight and influence in one of the levels that could transform the process of creating foreign policy and possibly the foreign policy outcome.

By separating the actors from the structure in which they operate it will be easier to distinguish the specific influence of individual actors, such as the impact of paramount leaders, i.e. Mao and Deng, from the impact of society at large. But at the same time, the model acknowledges the effects that the institutional and the individual levels have on each other. This is particularly important in understanding the change from the leadership of a few individuals to a political situation in which the institutions have a more influential role, or the lack of such a process. The institutional level is clearly a part of the domestic constraints, as institutions are ruled by individuals, but at the same time it is different from the individual level through the complex process of decision-making in an institutional environment. The great difference is the complex process of negotiation and compromises that characterize the institutional level. The paramount leader does not have the same need for compromises and negotiation, but is to a much greater extent free to make his own decisions. A creation of a functional institutional level overrides the individual leader's power to take decisions without interference and creates an oligarchic system of diverse interests with a need for negotiations in foreign policy decision-making.²⁵ It is at the institutional level that the changes are supposed to have occurred in the 1990s with increased economic and political diversity as a result, at the expense of the role of the individual leadership.

The institutional level does, as a conclusion, not only become a new independent level of analysis but also makes it easier to understand the process of changes in the creation of foreign policy. With only two levels it is hard to understand what mechanisms and intentions lay behind

the lack of institutional power.

²⁵ It is clear that there is no situation in which institutions or individuals can control all the power. The reality is that all institutions and individuals in varying degree compete for the domestic power, even during Mao's time. Deng is an excellent example: he was in control to such a great extent that he has to be described as a paramount leader, but at the same time he was in need of the support of several competing interests in the state. This meant that state was ruled by one individual but not without strong institutional influences.

changes in foreign policy. By including a third level that incorporates elements of both Zhao's micro and macro levels it will be increasingly easy to see and understand the process. This is so, since it becomes possible to see what created the changes and if it was a development of institutions, or if changes in the decision-making structure could be behind the changes in foreign policy.

3.2 Operationalization of the variables

After discussing the theoretical aspects of the three level approach it is necessary to look at the operationalization of the variables. This section will look closer at the aspects of the variables that this thesis will be examining.

Zhao argues, correctly, that the challenge is not to simply describe how important the international and domestic factors are, but rather to analyze them:

“The channels and mechanisms through which demands from international and domestic environments converge on the policy-making process; How the changing dynamics of domestic and international environments affect each other in shaping a country's external behavior and; How they influence individual decision makers in the formulation of foreign policy” (Zhao, 1996, p. 24).

To be able to answer those questions it is necessary to examine the operationalization of the three different levels. My point of departure will be Giesens's Evolution Theoretical Model, but I will develop his idea somewhat to make it relevant for the study of China's foreign policy (Giesen, 1987). Giesen's social reality is divided into symbolic, practical and material realities. Giesen's contribution is not only his division into different “realities” but also the way he demonstrates how the microstructure appears at the micro level by distinguishing the process, situation and structure.

To make use of Giesen's concepts I need to operationalize some new abstractions to fit the specific approach in this study. I would like to point out that the operationalization of Giesens's theory will solely be used as a tool to understand what changes I am looking for, and how that might effect the different levels of analyses. There might not be any direct reference to the different concepts in the text, but they are still crucial to an understanding of the structure of analysis. I will depart from Giesen's three realities and combine them with the three levels of analysis. In each of the combinations, I will look at the process, situation, and the structure. The

term “material reality” will be translated into power/regime in this study. The meaning of the terms will be the same but the terminology is better fitted to the Chinese political situation and the empirical reality. I will now attempt to operationalize the concepts of reality to variables that can be used in the Chinese context.

The first dimension (symbolic reality) focuses on how the leaders (individuals),²⁶ PLA, CCP (institutional),²⁷ and the international actors change their interpretation of the international or domestic (institutional and individual) environments. This dimension concentrates to a large extent on *perceptions* of individuals, institutions and international units.²⁸ This could be the ideological stand individuals or institutions adhere to, or the system the international order operates under. This is an important dimension, since perceptions or interpretations of reality are

²⁶ Individuals in this thesis are the decision-makers, such as Mao and Deng. Those decision-makers could also be termed “hawks”, “hard-liners”, “liberals”, etc. to indicate their ideological affiliation.

²⁷ The institutions are, as mentioned before, concerned with the society and its institutions. Due to the complexity of the Chinese society there is a need to limit the extent of institutions in this thesis. Although this will have a direct impact on the thesis, it has been deemed necessary despite the apparent simplification. I will deal primarily with the military/*Junshi* (PLA), the liberals/*Waishi* (MFA) and CCP. I know that there are other institutions such as the Council’s Foreign Affairs Office (Guowuyuan waishi bangongshi), the State Council’s Overseas Affairs Office (Guowuyuan qiaowu bangongshi), the State Council’s Taiwan Affairs Office (Guowuyuan Taiwan shiwu bangongshi), the Central Liaison Department (Zhonggong zhongyang duiwai lianlubu), etc that have a major impact on the creation of PRC’s foreign policy at certain times, but over the period as a whole it seems that the selected institutions are the most important. It might also be important to point out that the military/PLA is discussed as a unified actor, even though the PLAN has been singled out at times. This is a gross oversimplification and I am aware that there are clear cleavages in the military such as different military regions (MR), but the scope of this thesis does not permit me to deal those cleavages and the military will be dealt with as a uniform actor. This is justified as there seems to be an overarching military interest as opposed to the economic interest that the MFA stands for.

²⁸ The term “perceptions” has been criticized when applied to organizations and states. In this paper the perceptions of organizations and structures will be defined as common goals, ideological stands and other ways organizations create a purpose for their existence. It is clear that the traditional usage of the term is attributed to individuals and that in all organizations and states the basis for the perception is the individual leader’s perception in an aggregated form. This aggregated perception could be termed belief system or ideology, but in this paper it will be

the basis for the ideological struggle that has been a large part of the Chinese domestic and international posture. The new economy and the globalization are also powerful symbolic realities that are used in many ways similar to the “old” ideological or moral interpretations of the symbolic reality. Since ideological changes have created both improvements as well as constraints (Cultural Revolution v. the end of the Cold War) this focus is important when understanding changes in the individual, institutional, as well as the international environment.

The second dimension is the practical reality, which in this study will be interpreted to be the established systems that the actors (individuals, institutions and international actors) have to operate within (CCP, Coalitions, Comintern, the Cold War, etc.). Equally important are the norms and rules of political action, the mechanism of the foreign policy process, and finally the degree of participation within a specific structure. This dimension is especially interesting, as China is perceived as changing from a vertical to a horizontal authoritarian system with more influence from the institutional level. Influence and participation from the different levels determine the practical reality and the process of development in this dimension. Legal regulation and participation in regional and international cooperation could be expressions of this level, but also organizational diversification or homogenization at a domestic or international level.

The power/regime structure (material reality) is focused on how different sources of power are utilized within China or in the international system, and how they are mobilized by different groups in the struggle for control of the foreign policy process. It finally deals with the question of legitimacy of both international and domestic actors. Flexibility of the different levels is the single most important variable to examine. The participation and creation of more autonomy for the institutions at the expense of the individual leaders' power and the dynamics of the individual leaders in determining the foreign policy of China is the basis of the power/regime structure. Expressions of this dimension could be changes in the power structure, internationally as well as domestic.

After looking closer at the different realities, and the effects on the different levels in more depth, an “analytical guide” could be constructed in which the study could derive the most important aspects of the different realities and levels of analyses. The operationalization of the realities will not necessarily be referred to in theoretical terms in the thesis, since it is not primarily concerned with theoretical aspects but rather with the empirical reality. The theoretical ambition is much lower, and limits itself to clarification of the three analytical levels. It is, however, important to understand what the change could look like, and how the effects could

termed perceptions to simplify the study since the difference at the domestic level between

impact the different levels. I will (in the empirical part) look more closely at how the different actors and structure have impacted on the foreign policy towards Southeast Asia on the different levels.

Figure IV: Analytical guide:

using Waltz's levels and Giesen's realities to create clarity in the process of the model.

Crises/Change/Events	International	Domestic		Outcome
		Institutional	Individual	
Major changes, crises or events that will impact the interaction between the three levels.	Interpretation of Chinese foreign policy, learning and understanding Chinese priorities	Interpretation of the internal and external environments, learning and adaptation, the changing priorities of foreign policy	Interpretation of the internal and external environments, learning and adaptation, the changing priorities of foreign policy	New foreign policy outcome.
	Influence by international actors in the making of Chinese foreign policy,	Scope and degree of participation in foreign policy making, changes of rules, norms, and mechanisms in the policy-making process.	Scope and degree of participation in foreign policy making, changes of rules, norms, and mechanisms in the policy making process	
	Flexibility by the international community and international actors towards Chinese foreign policy.	Participation and autonomisation of institutions in the making of foreign policy.	Individual leaders power and authority, regime legitimacy, decision-makers preferences and choices, foreign policy strategies and tactics.	

Figure IV is heavily drawn from Zhao (1996).

This model is primarily used to understand the changes in each of the levels and penetrate the empirical reality. In each chapter, this analytical guide will pilot the research and at the end of each chapter I will apply the empirical reality to the model to clarify the impact of the different levels on foreign policy.

After defining how I will go about analyzing the different levels, it is time to determine what aspects of China's foreign relations that are to be analyzed. The two major division lines in the determination of China's foreign policy rest upon the division between *economy* and *politics* (military and ideological perceptions). It is clear that any foreign policy decision will rest upon those two conditions, even if others might impact (Towle, 1996; Lieberthal, 1997a). The obvious example is the split between military expansion (both in terms of strength and geographical

decision-makers and institutions is at times diffuse.

expansion and economic development) and increased trade. This is especially clear in the division between the liberal faction that is increasingly focused on trade and economic interdependence, the hard-liners with their focus on socialism and military strength, and the tough internationalist faction that is open for increased trade but only to strengthen China and the military.

The legal development or the technological factors could be new division lines, but I have made the assessment that those factors are secondary.²⁹ To use economy and politics as the major division lines in China in this study should not cause difficulties, but there could be a slight problem in that they are somewhat crude terms. Almost anything could be included in these two designations. And it is precisely for that purpose I have chosen to use such a crude terminology: by including as many aspects as possible I hope to incorporate the full process in the creation of Chinese foreign policy. It is popularly believed that China moved from a geo-political approach to a geo-economic approach with the election of Deng Xiaoping, and most researchers have talked about China's foreign policy in terms of economy or politics (Swaine, 1995). If this is correct, it will be necessary to analyze what was behind that change, and if there was a change of emphasis on the different levels and "realities".

There are other variables that could have been used to measure the interaction between states, such as tourism, education, and cultural exchanges. Those are all part of a nation's foreign policy, but in this study I have decided to restrict myself to the most important aspects of foreign policy. This does not mean that I will not bear other factors in mind, or take certain elements into calculation. Excluding other aspects, I will limit the study to the two variables *economy* and *politics* as the two main aspects of analysis.

The measurement of the variables is another problem. The easiest way to understand the process is to divide Chinese foreign policy into three categories, *adversary*, *neutral* and *partner*. The adversary category indicates an aggressive posture towards the Southeast Asian states and the partner category indicates more cooperative behavior. The neutral mode of interaction indicates that China has a limited interaction with the state/states or that negligence or disinterest characterizes the interaction.

²⁹ Legal development will be a subset of the political realm, since the political process controls debate, legislation and enforcement. The legal development is however a major contributor in the economic dimension and large proportions of the legal development in China have taken place in the field of financial legislation. The technical development is harder to define as either economic or political. The military is in great need of technical development and this is one of the driving forces in the PLA. It is however hard to exclude the economic dimension of technical development and there will be demands of technical development in both variables.

It would not be enough to understand Chinese foreign policy if it was only described in terms of adversary, neutral or partner: there is also a need to understand what changes have created such a policy. In order to understand such changes, cross-analyzing the economic and political variables with the different levels of analyses will be necessary. In each level, I will try to see what changes have been most important and how they have affected Chinese foreign policy. The focus will be upon the actors and structures in the different realities that have been defined earlier, such as Mao, PLA, the Cold War etc.

This does not mean that I will not search for other explaining factors. I am aware that the above-mentioned dimensions form a limited selection, and if I should come across other possible circumstances that could explain my research problem or if specific parts of a component are especially important, I will take the liberty to highlight those conditions. The open research approach is one of the main strengths of the qualitative method, and this will be used in the study.

It is necessary to think about the problem of ends or means. There is a distinct difference in approach and behavior if the focus of China's foreign policy towards Southeast Asia is the *means* to reach the ends rather than the *end* in itself. In any analyses of foreign policy, the researcher must ask himself if the international policy is only a reflection of the domestic ends. During the Cold War it seems that it could very well be that Southeast Asia is the means to gain an advantage in the Strategic Triangle between China, the Soviet Union and USA. It could also easily be argued that China's regional policy is the means to reach domestic ends, as a part of the ideological struggle and competition between different interests (Swaine, 1995) – this is however to simplify reality too much. In many cases a regional policy could be used to reach an international goal and many policies are probably ends in themselves, but are used to reinforce other policies, such as the ending of the Cambodian conflict and increased regional cooperation. It could be argued that secondary relationships would tend to be more “means” than “ends” and there will be reason to look into this and see if it is true, and if that is the case if it is possible to see a change between the periods. There will not be room to reach a conclusion here, but it is crucial to keep this analytical division in mind during the study.

3.3. Limitations

3.3.1 Time period

This study begins in 1949 when the Peoples Republic of China (PRC) was established and the Guomindang troops were defeated and fled to Taiwan. I will make a short tour 600 years back in China's history to *highlight* the main themes that could impact PRC's foreign policy towards

Southeast Asia today. The historical perspective should not be underestimated in the Chinese context; many of today's conflicts have a clear and difficult historical setting.

In this study I will highlight what I consider to be the major changes in PRC's foreign policy during the Mao Zedong era that changed into Deng Xiaoping's rule. Those two periods, in which both leaders were paramount and undisputed, Mao more than Deng, but where the difference is clear compared to other periods in PRC's history. This was followed by a more unstable period after the Tiananmen incident and the rule of Jiang Zemin. Jiang's rule is characterized by a more diverse and interdependent political system, even unstable according to some researchers (Lam, 1999; Zhu, 2000; Baum, 1996; Overholt, 1996, Nathan & Shi, 1996). This period is perceived to be characterized by a more open economic system and a political system that seems to be opening up and the institutions, including the military, have an increasingly important role. Such are the popular perceptions, and it will be necessary to analyze each of the periods more closely and see if these perceptions tolerate an in-depth analysis.

There are other possible ways of arranging the time periods, such as including the Cultural Revolution as one period, but I have chosen to follow the important leadership changes. This is due to the fact that this classification has strong support in other studies and since my theory focuses to a high degree on leadership changes and institutional empowerment, it is preferable to follow a time arrangement that is based on the transition of leaders (Appendix III).³⁰ It could be maintained that the power shift to Hua Guofeng (1976-1980) should be included but I will argue that his reign was very short and without significance for China's foreign policy (Fairbank, 1994, pp. 404-405, MacFarquhar, 1997, pp. 325-327).³¹ It would be possible to see the financial crisis in 1997 as a new period with increased Chinese participation in regional affairs. There are no clear leadership changes during this period (with the exception of Zhu Rongji's election to Premier) as in the earlier, and it will therefore not be considered an independent

³⁰ A possible threat to the study is that I ascribe too much importance to the leaders since one of my variables is the decision makers and I arrange the study in accordance with the change of decision makers. I will try to compensate for the possible bias this classification could create. Most classifications of the time period in this study would create a bias of some kind, and the benefits from using this classification override the possible drawbacks.

³¹ In an excellent book about the power struggle after the death of Mao, Gardner points out that Hua had a great impact on the domestic politics with the arrest of the "Gang of Four" but he was quickly outmaneuvered by Deng Xiaoping (Gardner, 1982). Hua was formally removed from his posts at the end of June 1981 (the CC's Sixth Plenum) and in September 1982 he was reduced to a member of the CC.

period. I will however make a clear distinction in the last period between the time before, and after, the financial crisis.

3.3.2 Geographical region

This study is about China's foreign policy towards Southeast Asia. China in this study is the Peoples Republic of China and after 1997 Hong Kong is included as an integrated part of China (Keesing's, vol. 45, December, 1999).³² I have not included Macao in the study since the reunion with China is much too recent to have an impact; Macao will be treated as an international factor as will Hong Kong before the reunification. The Republic of China (ROC)/Taiwan will not be included as a part of China in this study, even though both the Peoples Republic of China and Taiwan claim to be the legitimate government of "One China". It could be argued that Taiwan is a domestic problem, but it would be too much for this study to integrate the complicated dynamics between Beijing and Taipei. The Straits question will only be seen as an international factor even if this could easily be disputed.³³

³² Hong Kong has been given a special status according to the agreement between China and the United Kingdom, especially through article 5 of the agreement. The future has been widely discussed among the scholars that study China and Hong Kong, and as often disagreed about (Yahuda, 1996; Yeung, 1998; Vines, 1998). The one thing that most authors do agree about, is that China has a direct impact on Hong Kong and treats it as an integrated part of China, even with a different economic system. The problem is that despite the grandiose words in the treaty between China and UK, the reality is that Hong Kong is Chinese and Beijing will only tolerate a certain degree of disobedience. The 1999 overruling by Beijing of the Hong Kong Legislative Council's decision and the October 2000 threat by Jiang are clear signs that Hong Kong is an integrated part of China, despite promises of special status.

³³ Taiwan and China could be both an international and a domestic issue. Both political entities cooperate in several issues and disagree in more. In the case of the South China Sea, Taiwan has complained to Beijing that it has not done enough to defend Chinese territory and similarly in the case of Diaoyu Tai/Senkaku, Taiwan and Hong Kong have been the more militant entities in defending Chinese territory. Despite the fact that both Taiwan and China agree in many cases, neither of the political entities admit that the other is an independent state, although Taiwan seems to be moving towards a declaration of independence. Such a declaration would probably result in an invasion of Taiwan by the mainland forces and is not really an alternative today. Taiwan has however tried to acquire membership in more international organizations, but China has been reluctant to accept such a tactic and demands a "one China policy" from all other states.

This study will only deal with *Southeast Asia*. The term Southeast Asia is a rather new term which was first used during the Second World War by the allied forces when planning military operations against Japan; for describing political and economic issues, “Southeast Asia” has almost no history. Despite this, however, the term has gained wide acceptance as a geographical and political indicator for a specific, relatively well-defined, subregion in Asia. It could be argued, more or less easily, that Taiwan, Hong Kong, Australia, New Zealand, and even China should be included in the term Southeast Asia, but in this study they will not be included.³⁴ I have largely departed from the geographical terms of *insular* and *mainland* Southeast Asia. This definition corresponds to the political definition of ASEAN 10 thinking, and the definition is excellent for the purpose of this study since Southeast Asia consists of all the current ASEAN members.³⁵

The creation of ASEAN 10 has not been without problems. At the latest ASEAN Summit in Vietnam, the big issue was Cambodia. Cambodia was already “granted” membership in 1996 at the First Informal ASEAN Summit in Jakarta, 30 November, but was “put on hold”.³⁶ Singapore aspired to create ASEAN 10 during the Singapore Summit but there was no agreement on this. At the Vietnam Summit meeting, Vietnam, Indonesia, Myanmar and Laos welcomed

Today most states recognize PRC as the Chinese government; only some 30 recognize ROC as the Chinese government. (Kemenade, 1998; Huang Jia Shu, 1994).

³⁴ China and Taiwan claim large proportions of the South China Sea that would make them a de facto Southeast Asian state due to the maritime borders. Those maritime borders are however under dispute. Hong Kong and South China, especially Hainan, is as much as Vietnam a Southeast Asian region due to its geographical location. It would however be impossible to classify China as a Southeast Asian state due to the size of the state. China could be termed as having geographical extension into Southeast Asia but not a Southeast Asian State. I will not include East Timor in the definition since East Timor has so far little acceptance by the Asian states and is regarded with suspicion. East Timor is considered to have more in common with states such as Micronesia and Papua New Guinea and in this paper East Timor will be treated, like Australia, as a state aspiring to become a Asian state. Especially Australia, but also New Zealand have begun to aspire to be Asian nations but they have not been accepted into the Asian community and geographically they have been considered a different region.

³⁵ Insular Southeast Asia comprises the Philippines, Indonesia, East Malaysia, Singapore and Brunei. The mainland consists of Burma, Thailand, West Malaysia, Vietnam, Cambodia and Laos.

³⁶ Article 6, Press Statement, The First Informal ASEAN Heads of Government Meeting. www.asean.or.id/summit/prias96.htm

Cambodia as a member, but not the other members whom were silent. There was however little doubt that ASEAN 10 would be created, and on April 30 1999 Cambodia was officially a member of ASEAN.³⁷ This meant the completion of the creation of ASEAN 10 that had been a long-term goal for ASEAN. China had acknowledged the possibility of ASEAN 10 for some time in its foreign policy planning, and ASEAN 10 was not seen as a threat but rather as a trading partner (Tian, 1994, pp. 18-125; Piao, 1994; Chen Peiyao, 1996, pp. 39-52, 83-97).³⁸

The fact that Southeast Asia is a sub-region in Asia causes a few problems in the study of China's foreign policy towards Southeast Asia. It is hard to say if China has developed a policy specially for a sub-region like Southeast Asia or if Beijing only has a policy for Asia or Pacific Asia (Zhongguo Waijiao Gailan, 1994-1998, Piao, 1994). I will try to differentiate between the Chinese foreign policy for Asia as a whole and Southeast Asia as a sub-region. The terminology in the literature is not always clear, East Asia, Southeast Asia, Asia and other definitions of the regions in Asia, tend to overlap and are used interchangeably in many texts.³⁹

By selecting *one* region I have limited the possibility of generating general theoretical results that could be applied to all other possible regional units of analyses. Even by the most careful selection of cases, the result can only represent this particular unit of analyses. I have not tried to create a general approach, but rather focused on this particular unit since there is a distinct possibility that China's approach towards each unit is different, and I am more interested in the question of how it works in this specific case. I think that an in-depth study of one region is more interesting here, rather than to compare a few different regions, which would limit the in-depth understanding of the process. This is a deliberate choice between generality and in-depth understanding of a problem.

One problem that is connected to geography, is whether China has a policy for ASEAN as a whole or a range of policies for each single country. I could choose to conduct either a comparative study of each country, or a case study for ASEAN as a unity, or a combination of both. I have chosen

³⁷ www.asean.or.id/history/asn_his2.htm, 15:21 June 14, 2000.

³⁸ Interviews in Beijing 1997/1999 at the Foundation for International and Strategic Studies (FISS), China Center for International Studies (CCIS), Foreign Affairs College (FAC) at the Department of Diplomacy and the Central Foreign Affairs Office (CFAO) confirm this view.

³⁹ In this thesis I will define East Asia as North and South Korea, Japan, China and Taiwan. Southeast Asia comprises the Philippines, Indonesia, Malaysia, Singapore, Brunei, Burma, Thailand, Vietnam, Cambodia and Laos. South Asia is India, Pakistan, Bangladesh, Nepal, Bhutan, and Sri Lanka. Together those states will be Asia.

to analyze both: China's policy for ASEAN as a unity and for each single country. In this way, I should be able to analyze the situation from two different aspects and to study if there are any differences between the policies.

3.4 Methodology

Due to the fact that this thesis encompasses many interconnected aspects, I will apply a multidisciplinary approach, including political, economic, psychological etc. aspects in order to achieve the *overall* aims of this thesis. It is thus essential to discuss and clarify a few key concepts in this chapter, such as the methods of interviewing and other qualitative methods used in social sciences around which there has been a lack of discussion. It is also necessary to discuss the impact of such concepts on my study's validity and reliability.

The study will be a qualitative comparison of the different time periods of the PRC's foreign policy. I have chosen to study the region with a qualitative method, partly to be able to understand the background of the actions taken, and partly because there is no reliable material available to study the region with a quantitative method. The lack of a large amount of comparable material makes an in-depth qualitative study superior, since qualitative methods enable the researcher to search for facts and material that is not quantifiable in the strict experimental method. The quantitative method also has a problem in explaining causal dependence; it is more focused on the correlation, i.e. the quantitative method can show that there is a correlation between the independent and dependent variables but is in many cases unable to explain why. By using a few cases with many variables, I intend to show why and how certain actions have occurred, rather than to explain a general phenomenon.

This study will consist of a multiple-case (comparative) study that will be analyzed in a cross case analysis based on a case study method that Yin has developed (Yin, 1984:56). Each case study will consist of the different states in Southeast Asia and the sub-region as independent case studies. The weight of the cases might differ from period to period, since China might not have a clear policy for a single nation at all times but rather a combined policy for several states. In each of the time periods, I will then try to draw cross-case conclusions. This approach will then be repeated in the final conclusion and if possible/necessary I will modify the theory for future studies.

The case study method will create problems when I need the information to be organized in such a way that pattern-matches can easily be distinguished with a high degree of validity, reliability and reproducibility, even with a small number of cases when I compare the different time periods (Yin, 1984:41-45; Lieberon, 1991; Collier, 1991:14). This created "many variables,

small N", as Lijphart puts it, that could potentially create a problem (Lijphart, 1971: 686). Both Lijphart and Nagel point out that the comparative method is the second best after a statistical analysis (Lijphart, 1971: 684; Nagel, 1961: 641). The problem in this study, and others with a lack of statistically controlled material, is that even if all existing observations of China's policy for each single country in the region were to be used, it would not be possible to control these with any statistical method. This is due to the great variety of variables and the low number of observations. There is, however, an understanding among critics that the strength in the comparative method is its explanatory power when there is a lack of material and the questions "how" and "why" have to be answered. The qualitative method allows the researcher to search for explanatory variables in a freer fashion than with quantitative methods, and is less dependent on statistically comparable data.

Lijphart also points out that the approach is well suited for area studies due to the cluster of characteristics that an area has in common, and that this could be used as a control (1971: 688). Comparability is not inherent in a region but is much higher than in a randomly selected cluster of states. This will add to the study's reliability and validity.

Yin has claimed that case studies are preferred when the researcher is supposed to answer "how" and "why" questions, when the researcher has little control over the events (in contrast to experimental methods), and when the focus is on contemporary events within a real-life context (Yin, 1984:13). This is a field with little control over the events, and access to the material is highly problematic. In an attempt to counter the lack of control over the events and the lack of primary material, I need to use a large amount of secondary material and interviews with people involved in the events. Since interviews and secondary material will be used, I need to use a comparative method to study the events since statistical methods are unsuited to dealing with interviews and "softer" data. Interviews will create problems with replicability, which I will discuss in section 3.3.1: Interviews.

3.5 Data Collection

The data collection and the application of the data will be one of the fields that potentially could create problems for this study. I will be using interviews as well as a wide range of primary and secondary material. The first problem is the lack of primary material, especially in the early period; I have to compensate this drawback with interviews and secondary material with a built-in reliability problem. The second problem is the mixture of material; it is hard to find any comparable material that would cover the whole period. I have tried to reinforce secondary material with interviews, and vice versa when reliable primary material has been lacking. I have

avoided relying on secondary material, and especially interviews, without backing this up with other sources. This is not to say that the material is fundamentally problematic, but that I consider it better to point out the problems directly, even if this might seem somewhat defensive.

I should mention that I will cite all books and articles in the text in this manner (Whiting, 1999, p. 21) with the full reference in the bibliography. In the case of interviews, I will attach these as footnotes with the full reference in Appendix 1: Interviews. This so as to disturb the flow of reading as little as possible.

3.5.1. Interviews

The interviews will be open-ended (unscheduled), guided by my general objective to study Chinese foreign policy towards Southeast Asia.⁴⁰ Open-ended interviews do not use a questionnaire or any other form of pre-set interview technique. The focus is to encourage the interviewee to speak freely with only modest guidance from the interviewer. This is to increase the likelihood of gaining new information and to minimize appearing biased, or influencing a response from the respondent. (Manheim & Rich, 1991: 134-138). There are a few problems that are specific to China that will be discussed and then the discussion will deal with interview technique in general.

China's *neibu guiding* (internal regulations) and *waishi jilu* (disciplines concerning foreign affairs) often prevent individual researchers from meeting with Chinese citizens. It also makes the respondent reluctant to give information that could hurt him at a later stage. Due to this restriction it might be hard to understand what the interviewee is reluctant to say and what he would like to say in a group setting, and the motives behind this.⁴¹

The *No Tape Recorder* rule is almost universal in the Chinese setting (Fang, 1999, p. 12). Due to the pressure from the *neibu guiding* and suspicion of misuse of information, the Chinese categorically refuse to use tape recorders in interview set-ups. If a researcher is allowed to use a tape recorder, he can count on receiving almost useless information due to the conditions inside China.

⁴⁰ Elite interviewing is to large extent unscheduled, in contrast to the survey technique. This is due to the possibility to learn about the respondent's priorities and the process behind decision-making, of which the interviewer might be unaware (Manheim & Rich, 1991, p. 140).

⁴¹ For an excellent discussion about the issue of interview technique problems related to China see: Fang, 1999.

This operationalization of the interviews makes it harder to compare the respondents' answers with each other and to condense and summarize the interviews, but I will be able to learn more from the interviews and to access new information. This open and unscheduled approach could lead to new ways to understand the process of China's foreign policy towards Southeast Asia.

The respondents' identity has been kept confidential since the political situation in China and certain Southeast Asian States has made several of the interviewees reluctant to identify themselves in published material. It is also necessary to establish a high degree of trust in the relation between the respondent and the interviewer to accomplish a good interview. I have also, as a general rule, noticed that many respondents appears to be more relaxed during an interview session if they know that the interview is confidential. This leads to problems in reproducing the study since some material is gathered by interviews. To create some openness, I have only included interviews made with senior staff or senior researchers. All institutions and the time for interviews will be noted in Appendix I.

I am aware that this form of material-gathering is criticized in Peace Research and International Relations but is the validity of my research radically threatened by using this form of material gathering? Dexter, a forerunner in interview technique, argued that no study could be based on interviews:

“unless the interviewers have enough relevant background to be sure that they can make sense out of interview conversations or unless there is a reasonable hope of being able to hang around or in some way observe so as to learn what is meaningful and significant to ask.” (Dexter, 1970, p. 17).

This opinion is reinforced by a quote from Eric Hobsbawm's *The Present as History*:

*I began my career as a young historian interviewing survivors of the pre-1914 Fabian Society about their times, and the first lesson I learned was that they were not even worth interviewing unless I had found out more about the subject of the interview than they could remember. The second lesson was that, on any independently verifiable fact, their memory was likely to be wrong.*⁴²

⁴² I am indebted to Profesor Michael Schoenhals for this quote.

This would potentially prevent me from using interviews as a part of this thesis. But I would rather argue that the interviews will strengthen my study; first, however, I should make the reader aware of the greatest risk behind this technique.

Manheim & Rich have raised some of the most obvious problems with interviews: The first (1) problem arises when the respondent is incapable of understanding the research problem or which aspects of the problem that are important; (2) the next problem arises when the respondents have inaccurate information because they have forgotten important aspects of it, or have misinterpreted the information when they first received it; (3) that they intentionally lie to protect themselves or others; (4) or they could have convinced themselves that the facts are as they present them (when they in reality are different) in order to justify their own actions or the actions of others (Manheim & Rich, 1991:140; Dexter, 1970). (5) Another problem is that the period between 1949-1976 is distant in time and the individuals that I interviewed who had been engaged in the policy-making from that period might have a different view of the events today than was the case at the time. This is especially problematic in the case of the Cultural Revolution.

In this study these problems have been tackled in the following way. First of all the respondents' answers as such were never used as factual data, but rather the fact that they said it, was treated as data. I also studied the cases I was to investigate and the respondents' background in-depth, to be able to verify the information I gained from the different respondents. The information was moreover compared with other data from other respondents and secondary material so that I could recognize invalid statements from the respondent. Finally I have never relied on just one respondent but have tried to gain as much information as possible before I have drawn any conclusions. This is also why I have chosen to use a wide variety of other primary material and secondary material. It has been a problem to evaluate the motives behind the willingness of the respondents to participate in the interviews; the information from the interviews has however been significant and without that information this study would have been harder to conduct. By adhering to the above-mentioned techniques I will be able to maximize the reliability and replicability, but at the same time benefit from the new information interviews will bring forward.

There may be cases in which I have not been able to keep the respondent's answer unbiased or where I have misinterpreted the information I have received. This is, however, the case in many other quantitative methods which rely on secondary material, such as statistics of a political process. The possible inaccuracy is inherent in social science since it is impossible to make clinical studies of a political process. I would, however, argue that the benefit of using this

method strengthens, rather than weakens, the study by introducing new facts and alternative ways to approach the problem.

3.5.2 Other material

Due to the problems with interviews, I have chosen to work with a large selection of both primary and secondary material in order to be able to check any problems that might occur with the interviews. The primary material consists mainly of sources such as BBC Far Eastern where material is reported without any form of analysis or distortion through other researchers' analysis. Keesing's's will also be used as a primary source (although it is actually a secondary source) since Keesing's's is a compilation of articles about given subjects or countries. The reason I will use it virtually as a primary source is that Keesing's's has been shown to have less distortions and analytical bias than other secondary material, even though it is inferior to BBC. The secondary material is collected in a variety of languages and from various publishers to avoid my being criticized for relying on one single source, or few sources, that could be distorted by political, religious, ideological or other factors.

Large compilations of material, such as the "Minorities at Risk" project have proven to include mistakes that could jeopardize my study, and I have thus avoided relying on those giant projects. The reason for this is partly due to my inability to judge the quality of the secondary material used in the projects: most projects give little information about their sources. This reduces the chances of controlling the sources used, which in turn reduces the reliability of the projects and makes it very hard to use them.

The variety of materials increases the likelihood that the information is accurate but it also creates problems when I have to compile the information into pattern matches and still retain a sufficient degree of replicability and validity in my study. The internal validity, where the issue is if event x led to event y, is high due to the method and the material. The external validity, where the consideration is with generalizability beyond the immediate study, is low, but it has never been my intention to engage in such a study. The reliability, or replicability, would be more problematic if I was to rely too much on interviews, but I will not base any of my arguments solely on interviews. My interviews will be limited to fact-searching, which will then be backed up with primary or secondary material. This will increase replicability. Due to the amount of primary and secondary material and the frequent references to sources, the reliability should be sufficient.

3.6 Structure of part II and III

The study will be conducted in a chronological fashion starting with chapter 4: Background. Each of the following chapters will describe the domestic environment and then the international. When the framework is established, I will look at the outcome in Southeast Asia. In some periods, certain states might be included under other headings, or specific issues might be highlighted, such as the South China Sea. This will indicate the importance of certain countries or issues during some periods. Although some states will hardly be mentioned in certain periods, such as the Philippines in 1949-1976, this does not mean that China has had no contacts with that country but rather that the relations with the Philippines at that time were insignificant in a regional perspective. Then, as a conclusion in each of the chapters, the outcome of China's foreign policy towards Southeast Asia will be dealt with in the light of the analytical guide that was developed in the theoretical section.

Chapter 7 is rather different in some respects. The first section includes changes in Southeast Asia after the financial crisis in 1997 since these are fundamental for China's foreign policy at this time, and the changes in foreign policy towards Southeast Asia. It is also divided into the time before and after the financial crisis in 1997, since foreign policy has significantly changed following the financial crisis. This means that sections 7.3.1 to 7.3.6 only deal with the time up to 1997. The section that deals with the time after 1997, is issue-specific in contrast to the other periods that are much more country-specific. This does not indicate that China had no bilateral relations at this time, but only that the focus of China seems to have changed to issue-oriented policies rather than country-specific policies after 1997.

In section III, the study deals with the conclusion of the thesis and the future relations of China. Section III will link together the different chapters in section II and reach a conclusion of the development of China's foreign relations towards Southeast Asia up to the present time and in the future.

Part II

4. Background

“Qianshi bu wang, houshi zhi shi” (Past experience, if not forgotten, guides the future). To be able to understand much of China’s behavior today we have to understand the history of China.

4.1 The Weight of History

Today’s China has inherited a long historical and cultural tradition. It is important to understand the historical context, since history and the Chinese assumption of sovereignty have shaped foreign policy in the region and Chinese relations with the ASEAN members. Historically, China has at times had a strong influence over the regional powers politically, culturally, and occasionally militarily, as was particularly apparent during the Yuan Dynasty (1279-1368), and at other times a weak impact on the neighboring states.⁴³ Despite the variations in influence, there has always been some degree of interaction between China and its neighboring states, even during the times China tried to close its borders.

China has a written history of five thousand years and its influence spread as far as East Europe (the Yuan Dynasty); this affects Chinese thinking (Morgan, 1986, pp. 175-198), but for this study an overview of the last 600 years is sufficient to understand the mentality behind China's Southeast Asia policy.⁴⁴ The Yuan Dynasty was the ruling dynasty at the peak of China’s

⁴³ Imperial China will here be defined as Fairbank arranges it, starting in Eastern Zhou (771-256 BC) and ending in 1912 with the Qing Dynasty (1994, p. 24). It is important to note that Imperial China was controlled by the Mongols (Yuan Dynasty, 1279-1368) and the Manchus (Qing, 1644-1912). Despite the fact that these were foreign powers that occupied China they adopted most or all of the Chinese political system which makes it logical to see these periods as a continuation of the Chinese Imperial tradition rather than as something new. China has traditionally been very eager to accept foreign powers into the Chinese “family”. During the Northern Song (960-1125) and Southern Song (1127-1279) power was consolidated in the hands of the state with the help of minorities, primarily the Liao (Qidan) and Jin (Ruzhen) empires. I would even argue that it is hard to talk about a single Han Chinese people, since they incorporated many minorities during the creation and unification of China that started with the Qin Dynasty (221-206 BC).

⁴⁴ There are doubts as to whether China’s history really is 5000 years old, and if the founding Dynasty Xia really existed. China’s written history may be actually only a mere 4000 years old. The attempts in China to cast light upon the Xia Dynasty have been substantial and costly. Beijing appointed 170 Scholars and invested \$ US 4 million to prove that Xia really existed (Gilley, 2000). This search for China’s past is not only of archeological interest but even more of

international expansion (1279-1368). The fact that the Yuan Dynasty was a foreign occupier (Mongols) makes little impression on today's Chinese perception of Chinese past glory (see Map 1: Mongol conquest and the Yuan Empire in 1279). Modern Chinese leaders put a lot of weight on history, which was confirmed by China's former vice Foreign Minister Hu Fao in 1988 when he said: "Our present status is not appropriate to a country like China with such a population; size and history" (Shijie Jinji Daobao, April 4, 1988). This is not a minority view among the Chinese population, on the contrary, there is a feeling of bitterness that China is not as powerful as it "should" be (Song et. al, 1996; Gu, 1996).

China's historical influence was real and the former kingdoms in the region such as Champa, Angkor and Majapahit created trade routes with China. China saw those states as a part of their tributary system. Beijing recognized them as "vassals" and "protected" them against enemies in return for submission and tribute (Yu Ying-shih, 1967, pp. 189-219). This ended for a short time during an isolationist period from 1477 to 1567 after the declaration of the imperial prohibition of trade and other activities with foreign nations (Wang Gungwu, 1968, p. 75). This was a reaction after a 72-year-long focus on Southeast Asia. From 1405, Zheng He established Chinese maritime authority as far as Malacca and Java, and there was a Chinese presence as far as the Indian Ocean and the coast of Africa (Wills, 1979, pp. 206-213).⁴⁵ In 1435, the Ming Government reversed its marine expansion and around 1477, all of Zheng He's records were deliberately burnt and all further activity in the South China Sea and farther away was forbidden (de Crespigny, 1995, pp. 35-37) (see Map 2: Map 2. The voyages of Zheng He). This reversal of policy was due to domestic problems: the emperor could not control the South which had become too powerful through its trade with Southeast Asia, and rather than losing the South the emperor prohibited all trade with foreign states and focused on consolidating the country. Despite this long history in Southeast Asia, Vietnam is the only state that has been an integrated part of the Chinese Empire (early 10th century). The Chinese

political interest. The search for the Xia Dynasty provides fuel for a dangerous form of ethno-centric nationalism that threatens to cause havoc to China's foreign policy. The Xia Dynasty has been promoted in China as evidence of China's "sacred" past and its natural leadership role in Asia. This is a threatening echo of Japan's claims in World War II. It should be mentioned that the Xia dynasty has critics in China and that not all people see the Xia Dynasty as evidence of their "sacred" position – this is especially true among the minorities.

⁴⁵ On Zheng He's first trip in 1405 he traveled with 317 vessels of which many were up to 440 feet in length, up to 180 feet abeam and with masts up to 90 feet high. He had 26,800 men with him (Fairbank, 1994, pp. 137-138). It is interesting to note that the Spanish Armada of 1588 would only total 132 vessels of lesser size.

influence in Southeast Asia has had a fundamental impact, especially since China was the only “superpower” in the region at the time.

China tried to maintain its influence in the region even after the colonial powers entered the scene, but this was difficult, and Beijing lost its influence in the region in proportion to the Western establishment of colonialism (Wang & Mackie, 1973). Hunt defines the struggle between the Western powers and China in Southeast Asia, which ended with the 1884-1885 war against France, as a struggle for geo-political influence (1996, pp. 15-19). The argument goes further that China lost its influence over the region after the war against France. I would agree that this was a geo-political struggle and the end of imperial authority in Southeast Asia. It would take almost 70 years before China became interested in Southeast Asia again. After 1885, Chinese influence in the region was very limited and China was preoccupied with domestic problems and moreover faced the imminent destruction of the last dynasty in China (1911). It is clear that the relation between China and the Southeast Asian nations before 1885 was institutionalized whereby (according to the Chinese view) the superior culture protected and spread its civilized values and culture to the less “developed” states. China argued as a consequence, that it was the “natural” leader and ruler of the region (Map. 3. PRC Interpretation of the Borders).

It could be argued that the "overlordship" is still in practice and China's opposition to the alliance between the Soviet Union and Vietnam in 1978 could be seen as a partial historical echo when a state under Chinese influence (Vietnam) allied with an "external" power. This is a relationship that will be examined more closely in this study.

The notion that China has not been able to take its rightful place in the international arena is believed, by many Chinese, to be due to foreign occupation of China and a deliberate destruction of China's international prestige (Spence, 1990). Foreign powers such as the European nations and Japan forced large concessions from China between 1839 and 1945, and the Chinese regard those years of foreign domination as the “100 years of humiliation” (*bainiande ciru*). The struggle of the Chinese people against foreign imperialism is therefore regarded as something important, and is taught in schools as the “glorious struggle for independence”.

The imperialist era started with the Opium War and the English right to sell opium in China. The Chinese government did not allow foreign powers to sell opium from the beginning, but in the end became rather positive to the income the opium gave the Chinese government and the local officials. Today, however, this is seen as an offense against Chinese sovereignty and the Chinese people. The antagonism towards the West was clearly expressed by Mao Zedong on September 21, 1949. He said:

The Chinese have always been a great, courageous and industrious nation. It is only in modern times that they have fallen behind. And that was due entirely to oppression and exploitation by foreign imperialism and domestic reactionary governments (Sheng, 1995, p. 102).

The foreign influence was indeed pervasive and large concessions had to be given by the Chinese government to the foreign powers, but China was not a colony like many other states became under the European powers. The foreign concessions, however, contained a large part of the Chinese coastline and meant a division of China between the foreign powers in the form of spheres of interest (Map 4-5 Foreign Encroachments).

The Chinese developed the myth/concept of national humiliation during this time (Garver, 1993, pp. 2-28; Sheng 1995, pp. 102-104).⁴⁶ The main humiliation was probably that the superior “middle kingdom” was inferior to “barbarian” powers in the field that Confucianism claimed made it the civilization of the world (Pye, 1968, pp. 50-61; Garver, 1993, p. 9).⁴⁷ To understand this, the reader needs to understand the notion that China claims itself, rightfully, to be the oldest existing civilization, and that the memory of China's prior position in world history is still important. The Chinese not only claimed to have the greatest and most powerful empire, but also to be the only truly civilized people in the world and they believe Confucianism had a strong role in the creation of this civilization. The assumption of China's centrality and the linkage between foreign and domestic enemies and China's failures, is of utmost importance in the study of modern foreign policy (Kirby, 1997, pp. 13-29). As late as May 1997, an “Atlas of Shame” was produced in China, pointing out in detail the humiliation caused by foreign aggressors (Singh, May 2000; Ji Guoxing 1998, p. 102). This clearly indicates the centrality of the historical legacies in current political and ideological policies.

⁴⁶ It is of no importance if it is a correct interpretation, or not, by the Chinese people that they suffered to the extent they believe; more important, is that they strongly believe that they have been the victims of foreign humiliation. Some researchers, on the contrary, argue that this century of foreign influence was marginal and that may indeed be so, but such is not the Chinese perception. For an excellent study of China's struggle against “foreign aggression” and the struggle for national independence, democracy and freedom from 1840-1915, see Hu Sheng, 1991.

⁴⁷ Confucianism claimed that the superiority of governance and the higher level of material well-being were proof of the moral superiority that was received through the teachings of Confucius.

During the time of foreign occupation of China, Beijing had to deal with the foreign powers as a group, which was a disadvantage for China. The obvious lesson of this time, was the need to deal with the foreign powers on a bilateral basis and divide the opponents, and this might have influenced China's refusal to engage in multilateral negotiations in the South China Sea and other conflicts (Swanstrom, 1999b). Kirby notes that this was the logic behind the alliance with Russia against Japan in 1896, to "neutralize one poison with another" (Kirby, 1997, pp. 17-18). In China's relations with Southeast Asia, the shared past of foreign domination and occupation is used to create an anti-Western position, and for some states (such as China) even create a division between the East and the West in politics and Human Rights.

As a conclusion, it is possible to see that China went from being a nation of influence to a fragmented state under siege. In 1941, China was far from its past glory and the nation was occupied by Japanese forces, certain regions were under British or Soviet influence, the Western powers claimed the treaty ports and China was divided into two factions, the nationalists and the communists. This is a past that has formed China's inability to compromise over territory or sovereignty. It is probably safe to say that any government would be forced out of power if it compromised on China's "rightful" borders and sovereignty (Map 6. China in 1941).

4.2 Ethnic Chinese in Southeast Asia

There has been frequent emigration of Chinese and Chinese merchants to Southeast Asia for a very long time, although the bulk of the people arrived in the 19th century.⁴⁸ Southeast Asia has seen a large influx of traders that came to make a fortune, as well as rebels fleeing from China, but most immigrants were lowly educated workers. Despite this, the Chinese communities have always had considerable financial power in the region, and the trade with the Dutch in the East Indies and the Spanish in the Philippines strengthened their position immensely. China, especially the south, developed a strong trade relationship with the states in Southeast Asia and specifically with the Chinese in the region. The Chinese government in Beijing was never enthusiastic about the commercial voyages in the region and prohibited trade again in 1740 after a massacre of ethnic

⁴⁸The Chinese in Southeast Asia were earlier called "Hua Qiao" which means overseas Chinese, which was perceived as offensive by the nations these people lived in. Nowadays these people are referred to as "Hua Ren" which means ethnic Chinese, and in this term there is no reference or indication to them as Chinese citizens or overseas Chinese. In this paper I will use the terms *Hua Ren*, *Hua Qiao* and overseas Chinese interchangeably and refrain from attributing any value to the terminology.

Chinese in Java. This lack of enthusiasm was mainly because Beijing could not control the southern regions of China, which developed a sort of semi-independent trade kingdom.

Throughout the history of trade and cultural expansion in the region, Chinese governments have always been concerned with the nation's best and their own rule, and rarely with the commercial activities of private enterprises (de Crespigny, 1995, pp. 37-39; Wang Gungwu, 1991). The overseas Chinese on the other hand, who were heavily involved in trade in Southeast Asia, influenced China's view on the region to become more trade oriented.

In 1909, the Imperial government passed a law that claimed that any individual born to Chinese parents was a Chinese subject. The Goumindang (Nationalist government) reconfirmed this in 1929. They regarded the Chinese in the region as Chinese citizens by the doctrine of *jus sanguinis* (citizenship by parentage) (Hsia & Haun, 1976, pp. 12-14; Hinton, 1997, p. 359). This naturally made the Southeast Asian states worried, because if the Chinese in the region were actually Chinese citizens, China could interfere on their behalf at any time.

The problem of the overseas Chinese was however not a problem for China or any of the colonial states, or Thailand, in the region up to 1949 since China was weak and preoccupied to a very high degree with its own survival as a state.

5. Mao's Reign: 1949-1976

“Stable, it is like a mountain peak; at rest, it is like a deep abyss.”
Sun Zu

After the Civil War, the communist party tried to consolidate the country in accordance with the communist ideology based on Mao's interpretation. During this period in China, there was an apparent focus on the domestic environment and a consolidation of the nation, and, as we will see in the study, the leaders were the driving force behind domestic and foreign policy.

China is considered as having had a paramount leader in Mao Zedong and later a very strong leader in Deng Xiaoping (Hunt, 1996, pp. 204-231; MacFarquhar, 1997; Zhao, 1996; Ruan, 1994; Goodman, 1994). Those two leaders are perceived as being able to solely create foreign policy towards Southeast Asia and any other country, although Deng's power was not as undisputed as Mao's.⁴⁹ The goals and perceptions of those two leaders were the base for foreign policy and the institutions in China were to a very great degree controlled by the individual leaders, according to the common interpretation.⁵⁰ Both leaders stressed military and economic development before anything else, but with a somewhat different emphasis. It is obvious that most leaders focus on economic and military development with a somewhat different focal point, but the case of Mao and Deng it is however very important to understand the differences due to the position they had in the creation of foreign policy and to the power they possessed. In this section, I will focus on Mao and in the next period I will focus on Deng Xiaoping.

⁴⁹ Both Mao and Deng had political problems at times and in the case of Mao, the Cultural Revolution was very much a tool for Mao to get rid of his opponents. The skill Mao used in this game was critical to earn the paramount position he held in China. Deng was a good student of Mao and eliminated his opponents in a similar fashion. Deng, however, needed to be much more observant of the different coalitions' needs. Deng's almost paramount power position is due to his skill in turning the different coalitions against each other and satisfying their needs. There are some indications that Deng wanted to lessen the power of the coming leaders at the end of his life and that he worked for a somewhat more institutionalized political system. For an insight into Mao's life as China's paramount leader see: Li, 1994; Zhong, 1986, for Deng see: Goodman, 1994.

⁵⁰ Mao and Deng had a tendency to view foreign relations as a matter of personal relations between them and leaders for other countries. For a more detailed study of Mao's and Deng's perceptions of the outside world, see: Sheng, 1995, pp. 101-125. For a more detailed study of ideology in Chinese foreign policy see: Levine, 1997, pp. 30-46. For a more detailed study of elite politics in China see: Teiwes, 1994; Hamrin, 1997, pp. 70-112.

5.1 Domestic Politics

Mao's foreign policy goal was to secure maximum political influence and military strength, but it is important to note that the domestic reality reigned over foreign policy. Mao believed that the economy could run itself through the Revolution and that “political correctness” was more important than economic guidance (Mao, Vol. 5, 1977; Mao, 1969, Mao, 1986). This individual perception meant that the domestic environment in China was characterized by continuous “revolutions” and attempts to strengthen the revolution inside China at the expense on the external relations.

Mao devoted himself to the “Communist World Revolution” and believed that China should support any socialist movements at any costs; it was only in the late period of Mao’s reign that he moved somewhat from that position and realized the need for improved economic relations (Mao, Vol. 5, 1977).⁵¹ This devotion to World Revolution was hindered by the economic and organizational reality in China. There was little China could do at this time to create World Revolution and Mao began to have his own domestic problems that dominated his agenda and strategy.

Several researchers have pointed out that Mao was dominant in Chinese politics and made all the major decisions by himself (Kim, 1994a, p. 23; Robinson, 1997, pp. 555-556; Han Nianlong, 1987).⁵² This meant that the material reality came to focus on Mao and his perceptions of the reality, i.e. the notion of the Continuous Revolution. As will be seen later, Deng emphasized economical, rather than military, development when he realized that peace and security were essential for rapid growth and modernization (Sutter, 1986; Robinson, 1997, pp. 568-569). National political and ideological survival was of utmost importance for all the leaders in the PRC’s first two to three decades and the policy reflected this.⁵³ Mao also had a very strong notion about China as the “central

⁵¹ Interviews spring 1997 in Beijing at Peoples University (Renda), Beijing University (Beida) & at CCIS with researchers, see attachment I. Mao’s belief that the world revolution was essential influenced China’s foreign policy immensely up to his death both in the region and in the relations with other nations.

⁵² Most interviews in both 1997 and 1999 pointed out that Mao had a paramount status inside China during his reign. Interviews at Renda, Beida, CCIS & FISS. Staff at FAC pointed out that the Foreign Ministry was blocked by Maoist policies and virtually useless as an institution, and this claim has been confirmed by secondary sources (Gurtov, 1969; Chan, 1994).

⁵³ All leaders during this time came from the core around Mao that served him during the Long March and the liberation war against both the Japanese and the Guomindang. This made Chinese policy very revolutionary in its form and it gave Mao almost divine power since the veterans were loyal to Mao and not to the new politicians, officers and bureaucrats.

kingdom of the world” and he, together with many other leaders, wanted to place China in its rightful position as the world leader (Li, 1994).⁵⁴ Foreign policy was characterized by the fact that most prominent leaders during the first decades of PRC were revolutionary leaders and trained in guerrilla warfare and ideological struggle. This made the civilian rule of China and its foreign policy problematic when PRC many times was ruled like the rebel bases the communists controlled during the civil war (Hunt, 1996; Gurtov, 1969; Armstrong, 1977, pp. 90-240).

As mentioned earlier, Mao believed in the “Continuous Revolution” and in order to reach his goal he launched several revolutionary campaigns. Revolution in this case has been defined as “smashing the structure of authority, an action assuming characteristic leadership, mass mobilization, and structural vulnerability” (Zhao, 1996, p. 47). The different domestic political and ideological campaigns, such as the Anti-Rightist Campaign in 1957, the Great Leap Forward in 1958 and the Cultural Revolution from 1966 to 1976, had a clear and distinct negative impact on China's foreign policy (Robinson, 1997, pp. 556-558; Whiting, 1975; MacFarquhar, 1989; Dietrich, 1994, pp. 50-235).⁵⁵

The continuous revolutions under Mao made the domestic structure unpredictable and weak with a tendency for a fanatic approach towards other states.⁵⁶ Ultimately it became a “competition” between the leaders to perform their revolutionary duty. It became impossible to accept any views that could be perceived as less revolutionary than any one else's (Gurtov, 1969). None of the leaders dared to engage in discussions with any other state less revolutionary than China for fear of being termed counter-revolutionary. Beijing recalled all their Ambassadors in all states except Albania and Pakistan. This is a clear example of how the symbolic reality changes on all levels due to changes orchestrated by one individual's (Mao's) material reality.

Mao's emphasis on a “continuous revolution”, both inside China and outside, created problems with external actors. The radicalization of the PRC and the conflict between China and the

⁵⁴ Mao's notion of the centrality of China in international and regional relations came both from current affairs but also to a very great extent from the Chinese classics. History was a major source of inspiration for Mao in his struggle for modernization and socialization of China. See Chapter 4.

⁵⁵ This is in stark contrast with the later period after the death of Mao. The Open Door Policy (*Gaige Kaifang*), created by Deng, increased the contacts and improved peaceful relations with the regional actors.

⁵⁶ Hart has argued that the 1970s was the decade of confusion and stalemate and that China's foreign policy was inconsequential due to the domestic politics (Hart, 1997).

Soviet Union as a result, had a major impact on foreign policy (Levine, 1997, pp. 40-43).⁵⁷ The continuous revolution made foreign policy extremely vulnerable to changes in the domestic policy and ideology, and there was no efficient, coherent or independent foreign policy. Instead, policy was more reactive, being influenced by domestic struggle and international changes. There are, however, differences in Chinese foreign policy: the Koreans, the Soviet Union and Taiwan were to a much greater extent active targets for China than were other states and questions. There will be some discussion around the difference in activity between different states and questions later. It seems to be clear that China was unable to focus its foreign policy for a longer time-span. It could be argued that there was an active and forceful policy towards Taiwan and the Soviet Union by some institutions, but these policies were impossible to actively implement during certain stages in China's first three decades due to a great deal of internal instability. It was not until 1965 that China embarked upon its first "independent" foreign policy when *Renmin Ribao* (People's Daily) used the slogan of "World Revolution" as the base for Chinese foreign policy (Renmin Ribao, January 5, 1965). The internal weakness made it, however, hard for China to actively work for "World Revolution". This would change after the consolidation of Deng's power in 1976 but by that time "World Revolution" as a foreign policy instrument was no longer interesting.

The Chinese communists, with Mao as their "Helmsman", regarded their revolution as a fundamental part of world revolution and this was an important guideline when forming Chinese foreign policy during the period. Mao served the world revolution by supporting revolutionary groups and anti-imperialist movements. The support to communist groups in Southeast Asia was, however, badly managed and inconsistent in its implementation.

Chinese foreign policy became more isolationist during the Cultural Revolution and when it was projected outside China, it was confrontational. Chinese society was radicalized and fragmented to such an extent that the period has been known as the "ten lost years" in China.⁵⁸ There were however great expectations that China would be able to export the Cultural Revolution to other states. The Cultural Revolution had, however, difficulties in spreading outside China since it involved an intra-elite struggle between the leaders with a utopian revolutionary version of socialism, with Mao and the "Gang of Four", and the development-oriented type of leaders, such as Deng

⁵⁷ The damage Mao's ideological "crusade" against the Soviet Union caused China is enormous, and it stopped or even reversed the development of China.

⁵⁸ For a development of the political process during the initial period of the Cultural Revolution see: Schoenhals, 1996.

Xiaoping.⁵⁹ During the Cultural Revolution the earlier anti-American policy dissolved and changed to a revolutionary policy that excluded all nations and political powers that did not embrace Maoism in its revolutionary form. Only Albania was revolutionary enough to fulfill the measures that Mao had set up, although China kept good relations with Pakistan for strategic reasons, due to the Sino-Indian border conflicts (Armstrong, 1977, pp. 90-93). Researchers generally agree that the Cultural Revolution's almost messianic ideology characterized foreign policy and was linked to domestic factional clashes but there are different opinions as to how they were actually linked.⁶⁰ What is interesting is that the Cultural Revolution (like other ideological campaigns) had a fundamentally negative impact on foreign relations, due to its very aggressive foreign policy.

As a conclusion, it is safe to say that the domestic environment was the driving force behind China's foreign behavior during this period. An individual (Mao) was directing the decision-making process and the political environment was very much dominating the economic objectives. It is clear that the unstable domestic environment and the ongoing domestic campaigns disrupted any attempt to formulate a coordinated foreign policy towards Southeast Asia, with the important exception of Vietnam.

⁵⁹ Some interviews have been fairly critical of the struggle against different interests inside the party and the possibility to use this to get rid of one's own enemies. There is almost a consensus that the Cultural Revolution has been negative in all aspects of domestic and international politics (PLA, 1997/1999; FAC, 1999; CIIS, 1997; Beida; 1997). For an interesting study of the power struggle after Mao and the impact of the "Gang of Four", see (Gardner, 1982).

⁶⁰ Ness notes Mao's preoccupation with preventing the "restoration of capitalism". He also claims that China needed the approval of foreign countries to legitimate the seizure of power both domestically and internationally. (Ness, 1971, pp. 208-237). This could be seen in the claim that China had "friends all over the world" that supported the communist struggle (Mao, 1986). Melvin Gurtov argues that Chinese leaders were preoccupied with internal conflicts and paid no attention to foreign policy. In the long run the Chinese foreign missions came under radical

5.2 China's International Environment

From 1949 to 1965 Chinese foreign policy was directed by Marxism-Leninism (though it was more flexible than many critics claimed) in support of the developing countries in general and socialist countries in particular (Taylor, 1994, pp. 259-261).⁶¹ Since the early 1950s China has emphasized its relation on a peaceful basis with especially the third world nations and Southeast Asia. In 1954 China's Premier Zhou Enlai and Indian Prime Minister Jawaharlar Nehru issued the "Five Principles of Peaceful Coexistence" which became the base for all China's foreign relations (Zhao, 1996, pp. 57-58), but this was however applied differently to different nations.⁶² Those five principles have since been the cornerstones of Chinese foreign relations, especially up to 1976 and with revitalization after 1989. As will be seen later this "peaceful coexistence" was not always the policy China pursued in its relations with its neighbors. From 1965 onwards, Chinese foreign policy was colored by the Cultural Revolution and its isolationist policies, although this changed somewhat in 1972 when the US President Nixon visited China. It seems to be clear that the Nixon visit did nothing to lessen the revolutionary struggle in China, but rather that it was a political step by Mao to lessen the international burden and to help China meet the challenge from the Soviet Union. It was clear to Mao that US was weak and proof of this was that "imperialists" were losing the war in Vietnam and it was more important for China to combat the Soviet Union, which was a potential threat, than a weak US.

During the Mao era, ideological and political strategic considerations dominated foreign policy at the expense of economic relations with other nations.⁶³ China's trade was very limited and focused initially mostly on the Soviet Union and other communist countries' assistance programs. China was also preoccupied with domestic campaigns during the time of Mao and there were few external contacts (Gurtov, 1969; China's Foreign Relations, 1989).

influence and served as contact links with Maoist organizations around the world and were supposed to serve the world revolution. (Gurtov, 1969, pp. 65-102).

⁶¹ I will use the "Western" way of dividing the world, and deliberately exclude Mao's division of the world, which I believe has lost its meaning, especially after the collapse of the Soviet Union.

⁶² The five principles consist of: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. (Yang, 1994, pp. 2-4, 17-18).

⁶³ For an extensive and thorough study of China's external behavior under Mao, see: (Whiting, 1975).

When China reacted towards external actions it was primarily due to Moscow and Washington's actions in the region or other actions directed against China. This was very much the reason for China's very active role in the Korean War. Beijing acted on the changes in the relations between the superpowers through the Strategic Triangle (China, the Soviet Union and USA), and tried to ally with the superpower that was the least threatening at the time. The change of foreign policy towards the superpowers has been perceived to have had a strong influence on the policy towards the Southeast Asian nations.

Garver has found several basic factors for Beijing's change of foreign policy towards the superpowers (Garver, 1997, pp. 32-34). The most important factor has been the threat the superpowers have posed against the national goals China had set up. The second factor is Mao's theory of contradiction, which in short leads to the conclusion that China should create a united front against the third, and stronger power (Mao, 1965, pp. 311-345). It was obvious in the background chapter that this strategy has roots going back to the foreign occupation of China between 1839 to 1945. A third factor has been China's dissatisfaction with its position in the world and its inability to play the leading role in international politics. The fourth factor was strategic, and meant gaining support from one power financially and militarily even if this meant more hostile relations with the third nation. The last factor has been the possibility of a united Soviet-US front against China, which has been China's "worst case" scenario. All those factors formed the dynamic behind the Strategic Triangle between China, the Soviet Union and USA. It has been argued that the Strategic Triangle has been fundamental in China's approach towards all other external relations, including Southeast Asia. It is therefore important to understand China's position in the Strategic Triangle during this time period.

Between 1945-1949, under the Yalta system, the communist forces were hostile to both superpowers.⁶⁴ This period is pre-1949, but it is too important to neglect since it formed the coming periods in the Strategic Triangle. The Soviet Union gave Nationalist China (the Guomindang) full political support, even though the CCP received covert aid from the Soviet Army without the knowledge of Moscow (Whiting, 1987, pp. 478-538; Robinson, 1987, pp. 218-275). The United States also sided with the Guomindang against the CCP. The primary goal for the superpowers was to keep the relatively cordial relations they had established after the Second World War at any cost, and possibly weaken China. China felt that the Yalta agreement sacrificed the Chinese interests despite their success in the war and reacted to this with self-chosen isolation (Sheng, 1995, p. 105). During this period, China made little effort to create an active foreign policy due to the Civil War

⁶⁴ The evolution theory between the three powers is taken from Garver, 1993, pp. 98-111.

and the ousting of the Guomindang troops to Taiwan and the consolidation of the Southern and Northeastern Frontiers.

Between 1950 and 1960 China and the Soviet Union created an alliance that was hostile to the US. This was caused by the Chinese need of foreign technology and aid, but also by ideological considerations. Already in June 1949, Mao had announced that China would “lean towards one side” (Mao, 1986). This policy shift had a major impact on China's foreign policy due to the ideological implications it had on China's relations with other nations in the region. From 1949 to 1953, Beijing and Moscow divided the world into two camps, socialist and capitalist, with nothing in between. Foreign policy towards capitalist and non-socialist countries was very aggressive during this time. A treaty of mutual defense was signed between China and the Soviet Union on February 14, 1950. This was directed at Japan or any state aligned with Japan, which was indirectly directed at the US (Friedman, 1994, p. 63; Clark, 1966). States that were aligned with Japan or the US were also drawn into this conflict to a varying degree, such as Thailand, the Philippines and Malaysia.

During this time, Beijing tried to force Moscow to abandon its policy of peaceful coexistence with the US as Mao believed that a war against the US with allied forces from China and the Soviet Union was a necessity (Goncharov, et. al., 1993, pp. 1-167). These are the first signs of China's (Mao's) radicalization and revolutionary approach. Moscow was far more reluctant to join any hostilities that would lead to a world war again. When the Korean War started on June 25, 1950, it strained the Chinese relations with the US severely and *de facto* brought China and the US into war with each other (Klintworth & McLean, 1995, pp. 76-77). Moscow supported the war against US forces in Korea diplomatically to a certain degree, but refused to side with China militarily against the US due to the risk of uncontrolled war (Goncharov, et. al., 1993, pp. 168-228). Mao, for his part, believed that it was a necessity to fight capitalism militarily and work to spread revolutionary communism in the world. There was some Soviet air support at the end of the war but the Soviet Union was never an important actor in the war. This refusal from Moscow to defend a communist country in need was regarded negatively by Mao who started to see the Soviet Union as a threat to the development of China and true revolutionary communism.

The Geneva Conference in 1954 was important in China's search for international recognition. Zhou Enlai was instructed by the Central Committee that he should:

“strengthen our (PRC) diplomatic and international activities in order to counter the US imperialist policies of blockade and embargo, arms expansion, and war preparation, and promote relaxation of the tense world situation. At the same time, [the delegation should

do its] utmost to reach some agreement, so as to help open the road to solving international disputes through negotiations by the big powers” (Wilhem, 1994)

The result of the talks in Geneva was inconclusive, but a small victory for China which had established bilateral contacts with the US, despite US attempts to involve the UK as a mediating power (Mr. Trevelyan, Chargé d’Affairs in Beijing). The importance came from China’s strengthened perception that USA was anti-Chinese. The US resolve to defend Taiwan and refusal to recognize China as the legitimate ruler of China, or even as the major communist power, prevented a normalization of the Sino-US relations. The Geneva conference made China move away from what it saw as an aggressive and ignorant US.

Between 1960 and 1963 the Sino-Soviet split became apparent but the US intervention in Vietnam also became increasingly clear (Fairbank, 1994, pp. 378-382). This forced China to move away from both camps, especially since China’s domestic policy was increasingly radicalized and anti-foreign.

During the years between 1963 and 1976, cooperation between the US and the Soviet Union was established due to the militarization of the world, but it was also to some extent against uncontrolled communist forces, i.e. Mao and his initiation of the Cultural Revolution.⁶⁵ China was largely treated as a “renegade” state in international relations (Chan, 1994). The Korean War and the fear of uncontrolled war that was shared by Moscow and Washington, who both saw Mao as a “loose gun” that was becoming too powerful, was behind the anti-Chinese position. Beijing named this the time of the Third Front, as China saw itself as the third power against the imperialism of the US and the Soviet Union.⁶⁶ During this time China was in its most revolutionary stage and refused to cooperate with actors without the right ideology, with the exception of Pakistan which had very good relations with China due to the Sino-Indian conflict. The US-Soviet alignment was to a large extent a result of China’s instability and unpredictability during this time. Moscow realized that Beijing would be an inadequate and unpredictable partner. The Soviet Union also understood the inadequacy of ideology in international relations. The superpowers moreover tried to enforce a nuclear non-

⁶⁵ The US-Soviet cooperation was discontinued in 1969 but China was still considered a renegade state and both the Soviets and the Americans tried to control China and stop its attempts to spread the Cultural Revolution.

⁶⁶ For details see: Friedman, 1994, 67-73. This should not be confused with the concept of the Third Front as used when dealing with the domestic defense policy of China during this time.

proliferation treaty, directed mostly against emerging nuclear powers such as China, but also intended to lessen the tension between the superpowers.

The Ping-Pong diplomacy was initiated between China and USA in 1969 when the Nixon administration perceived an opportunity to use the Chinese antagonism against the Soviet Union (Nathan & Ross, 1997). In April 1971 an American Ping-Pong team was invited to Beijing as a step in a normalization process.⁶⁷ The result of this was that President Nixon visited China in February 1972 which made him the first ever US President to officially visit China (Nathan & Ross, 1997, p. 65).⁶⁸ These were the first trembling steps towards normalization, but the direct impact was limited although it meant a giant step for peace. The relations with China and US were strained by the fact that China demanded that the US should recognize the PRC as the only legitimate Chinese government, and move their military forces from Taiwan and discontinue their financial support. This was not possible until the later period. The US domestic agenda was also not ripe for cooperation with China and even if it had been possible to meet some of the Chinese demands there was a hidden agenda that made further cooperation with China difficult.

The military strategy of China was built up to meet the challenges from this threat. It is interesting to note that China (Mao) believed that the Soviet Union was the most dangerous threat and that the US would not withstand the challenge from the communist countries. During the 1960s and 1970s China formed the people's war strategy to be able to resist a full-scale Soviet invasion of China (Ji You, 1995a, p. 232). At this time, China almost exclusively relied on its vast manpower and tactics that had been used in the guerrilla war against the Nationalist government in the 1920s-1940s.

It is apparent in this section that China had from the start a reactive foreign policy, more than an active foreign policy of its own, due to internal instability although it tried to project an active foreign policy in several cases. When Beijing reacted, it was Mao's interpretation that was important and supreme. Mao's paramount position made foreign policy unpredictable, especially when it was colored by internal political struggle. Beijing reacted to the actions of other countries that were directed towards what Mao believed to be China's security or interests. This paramount position was

⁶⁷ It is interesting to note here that Mao first refused to allow the US team to come on the recommendation of Zhou, but a few hours later changed the decision without informing any of the other leaders. This was one of the major decisions in the development of Sino-US relations and it was decided exclusively by Mao (Zhao, 1996, p. 83; Li, 1994, p. 558).

⁶⁸ The National Security Advisor Henry Kissinger had in 1969 visited China unofficially by route of Pakistan since he was forbidden by law to visit the communist government in China.

due to the inherent weakness of the Chinese political system and the revolutionary approach China pursued. It was also due to China's relative non-interest in foreign policy, in relation to internal ideological politics, to such a great degree that for some time it was hard to see anything other than what seems to be *ad hoc* reactions to other states' actions. This meant that China did not really have a foreign policy towards Southeast Asia, except for active but uncoordinated support for the Maoist/communist rebels. It is only with Deng, after 1976, that China created a more active and enforceable foreign policy.

5.3 China's relationship with Southeast Asia

5.3.1 Southeast Asia

During the period from 1949 to 1976 the trade between China and the Southeast Asian region was almost non-existent and China's economic policy was directed towards "friendly nations" (ideologically compatible). An example is North Vietnam, which received extensive military and financial aid from China during the Vietnam War and directly after. The economic policy for China was secondary to ideological struggle and correctness (Mao, 1965; Mao, 1969).⁶⁹ The international economic contacts China had were therefore few and of no importance to Southeast Asia, especially since China emphasized economic and political self-reliance. Beijing was primarily concerned with the creation of a strong socialist state and avoided any form of economic, cultural or other kind of international interaction to avoid contradictory policies in internal and international politics. During this period up to 1976, China was consequently a relatively closed society with few transnational economic connections. Changes took a slow start when China established diplomatic relations with Malaysia in 1974 and the Philippines and Thailand in 1975, but nevertheless the relationship between the countries was still very constrained (Keesing's, Vol. 21, September, 1975).

It was also not until 1974 that China articulated a foreign policy that was partly aimed at Southeast Asia. This policy envisaged China becoming the leader of the developing world and subsequently Southeast Asia (Chan, 1994, pp. 84-89).⁷⁰ During the first years of the PRC, China reacted more to actions of other nations, rather than implementing and enforcing an active foreign

⁶⁹ Interviews with FISS 1997 and Chinese Academy of Social Science (CASS) 1997/1999.

⁷⁰ Mao never explicitly expressed that he wanted to become the leader of the developing world but that was his goal before the Cultural Revolution in the 1960s. What Mao believed was China's destiny, became articulated and explicit during the Cultural Revolution.

policy of its own in the region. The relations with the superpowers were the most important international relations since China had to secure the financial and military development that only the superpowers could supply. Southeast Asia functioned more as a tool for China in the Strategic Triangle than as an independent location for China's foreign policy, with the exception of Vietnam. Both the US and the Soviet Union had strong military and economical influence in Southeast Asia that made it hard for China to participate actively. The US played an indirect role for China in its relations with Southeast Asia as China believed that the US was organizing a Southeast Asian military bloc to "fight Asians with Asians" (Qiang, 1992, p. 110). In an editorial in *Shijie Zhishi* the US was directly accused of "...establishing new colonial authority in Asia" (1954, May 20).

As the relations between the superpowers changed, China also changed sides in order to avoid being surrounded by aggressive forces. The primary goal for Mao in the early years of PRC was to mold China into a military and economic superpower as quickly as possible by any possible means, even if this meant having to rely on US support from time to time. (Garver, 1990; Armstrong, 1977, Chapter 1; Whiting, 1987).⁷¹ It is, however, clear that China tried to expand its revolutionary policy to Southeast Asia and the CCP actively supported Maoist groups in their attempts to overthrow their governments. China tried to maintain good relations with the communist rebels and neutral relations with the governments. As will be seen later, China argued that Party relations should not effect state relations and that the support from the CCP to communist revolutionaries was not state politics. When China had to choose between supporting the communist rebels or establishing neutral relations with the Southeast Asian governments, the domestic environment in China forced the decision to support the revolutionary elements rather than the established governments.

The Cultural Revolution and the years after, created internal confusion in China that made further international and regional contacts hard to develop and this made the Chinese government reluctant to increase external contacts even after the Cultural Revolution ended. A striking example is that China only participated in four different Asian conferences from December 1964 to September 1980 (Tian, 1993; *China's Foreign Relations*, 1989, pp. 133-137). This manifestly isolationist policy and internal instability made all attempts to influence the region superfluous, with the exception of the inadequate support to the Maoist groups and the intervention in Vietnam. The impact was however very different from country to country.

⁷¹ Interviews with several researchers in Beijing at Beida, Renda and FISS 1999 support this picture.

5.3.2 Vietnam and Laos

Beijing supported Vietnam's liberation struggle in December 1949 from the French after the last large remnants of the Guomindang army were defeated on the mainland (Dietrich, 1994, p. 52).⁷² The political will among the communists to support Vietnam was established earlier but they lacked the military means to do so, and moreover Guomindang occupied Southern China up to 1949. China (PRC) believed that Vietnam was to be the first socialist country in Southeast Asia that would follow the PRC's ideological leadership and that the rest would follow and therefore provided large quantities of weapons to the Viethmin (Garver, 1993, pp. 133-163). By the end of 1950, half of the Viethmin army was equipped with US weapons captured from the Guomindang by the CCP and given to the Viethmin.

China created several camps in the south of China for the training of the Viethmin and logistic personnel from China were involved in fighting off the French. General Chen Geng was deployed to clear the Sino-Vietnamese border, and eventually northern Vietnam, of French troops (Zhai, 1992, p. 105; Han Huaizhi, 1989, p. 519). China's part in the struggle against the French was substantial and based primarily on ideological similarities.⁷³ China established diplomatic relations with the Democratic Republic of Vietnam (DRV) in December 1950 directly after the foundation of DRV on a "comradely" basis (Chen King, 1969, pp. 260-278; Taylor, 1974, pp. 1-16; Asloff, 1967).

The Geneva Conference in 1954 is fundamental to an understanding of China's support of North Vietnam during the Vietnam War against the US. China believed that the "United States established battlefields encircling the PRC in a planned way, simultaneously blocked China's entrance into the United Nations, and implemented an economic blockade against China" (Zhou Enlai cited in Wilhelm, 1994). This perceived encircling, in combination with domestic interests, lead to increased support of the DRV forces in the Vietnam War. In 1967 approximately 170 000 Chinese troops (not necessarily combatants) were involved in the war against the US (Chen Jian, 1995, 371-380).⁷⁴ During the time of the Vietnam War, China's and Vietnam's relations were at their peak and close cooperation was initiated in many sectors, although mainly in the military.

⁷² There were pockets of Guomindang forces left in China in the 1950s and in the early 1950s there were still Guomindang bomb raids against PRC cities.

⁷³ For a development of China's role in Vietnam during the French war see: Mu, 1984; Chen King, 1969; Hoang, 1987.

⁷⁴ Interviews with PLA staff in 1997 and 1999 confirm this view.

China also supported Laos against US “aggression” and 21 000 soldiers, mainly anti-aircraft units, were sent to fight for the Laotian government (Zhao, 1996, p. 44). The Chinese support for the left wing Pathet Lao was significant and close cooperation was established between Pathet Lao, North Vietnam and China (Keesing’s, Vol.12, December, 1966).

The “brotherly” relations were not to last after the Vietnam War ended, and China seized the Paracel Islands from South Vietnam. North Vietnam had recognized the islands as Chinese territory, but after the war Vietnamese officials claimed that the recognition was made only to secure Chinese military aid in the struggle against US occupation (Amer, 1994, p. 358). After the Vietnam War ended, the maritime border conflicts developed into open conflicts between Vietnam and China. During the period from 1949 to the mid-1970s North Vietnam was the only country in the region that had continuously good relations with China, at least up until the Vietnam War ended and Vietnam sought ideological support from the Soviet Union more than from the PRC.⁷⁵ DRV moved away from China somewhat earlier. In the early 1970s DRV was encouraged to meet the demands from South Vietnam and USA and accept a cease-fire with South Vietnam (Chen King, 1987). This is one of the reasons that DRV sought support from the Soviet Union rather than China, as North Vietnam saw China’s failure to support them as a betrayal.

This was the end of the “brotherly” relations between China and Vietnam and their previously close cooperation. It is clear that China’s relations with Vietnam and Laos were undertaken on an ideological basis and that Laos was considered by the Chinese as a Vietnamese puppet that was to be dealt with through Vietnam. The Chinese relationship with Vietnam colored to a very great extent China’s other bilateral relationships in Southeast Asia. The most apparent examples are Indonesia and Cambodia.

5.3.3 Indonesia

In 1949, right after PRC’s declaration of independence, China took a very aggressive stance towards Indonesia; they labeled the government as “fascist” and believed that Sukarno was “a puppet of Western Imperialism” (Sukma, 1994, p. 41). The relation between the two countries was unstable and unfriendly until ideological and political cooperation took place in 1960 (Peoples Daily, 12 December, 1959; Peoples Daily, 4 April, 1961). Even after 1960, a majority of the people were still deeply suspicious of China, and there was a large amount of ethnic Chinese that fled from Indonesia to China in the beginning of the 1960s for fear of the Indonesian government. From the beginning of

the 1960s Beijing intervened strongly in Indonesia's internal affairs and several anti-Chinese riots broke out, and this unstable situation continued until 1963.

Cooperation was slowly initiated in 1960 but it only took a turn for the better in 1963 with the revolutionary campaign that Mao initiated in the region, and due to the ideological similarities the two nations and their leaders developed.⁷⁶ This is the most active policy China conducted during this period outside Vietnam, but the coordination and enforcement was weak and the revolutionary policy was not as effective as it would have needed to be to create a regional revolution.

The success of DRV and its position in Southeast Asia made it logical for China to focus on a revolutionary campaign in the region between 1963 and 1965 to meet the challenge from the Soviet Union and US (Peking Review, January 8, 1965; Kroef, 1964; Feith & Castles, 1970, pp. 37-38).⁷⁷ China wanted to establish socialist buffer states around its territory to protect it from capitalism and expand the Maoist version of revolution internationally. To achieve this, an ideological axis was established between Djakarta-Hanoi-Beijing. This attempt was, however not successful due to internal indecisiveness in China, practical problems of implementation, and the fall of Sukarno in 1965.

Beijing supported the revolutionary groups in capitalist countries and they developed close contacts with socialist governments, i.e. Indonesia and Vietnam. China's revolutionary foreign policy was increasingly militant with an apparent peak during the Cultural Revolution.⁷⁸ As this thesis will show, it is clear that China was a strong supporter of the Indonesian Communist Party (PKI) armed attacks in 1965, although the extent of this support is unknown. The failure of the Communist coup in 1965 and the radicalization in PRC during the Cultural Revolution made further cooperation between China and Indonesia impossible in 1966 and for decades to come, see Section 6.3.4.

⁷⁵ For an excellent study of the Sino-Soviet split see: Robinson, 1987.

⁷⁶ It has been argued that this was the fruit of ten years of patient Chinese diplomacy (Armstrong, 1977, p. 116), I can however not see that patience exemplified in any actions before 1960, on the contrary there was a very harsh relationship between China and Indonesia.

⁷⁷ Interviews at the CCIS in 1999 have emphasized the importance of the initial success of socialism.

⁷⁸ As an example of this we can see the decision in the late 1950s and in the beginning of the 1960s by DRV to resume the armed struggle against South Vietnam partly because of China's policy on the question (Garver, 1993, pp. 147-152).

It is important to note the drawbacks with the communist axis between Beijing-Hanoi-Jakarta. Beijing was weak and the enforcement of this “active” foreign policy was insufficient. China initiated this policy to protect itself against “imperialist” expansion and Southeast Asia was to be China’s strategic depth. This never became a reality due to China’s reluctance to engage more forcefully in the region.

The increasingly militant Chinese policy also became more apparent in other nations in the region. Indonesia was Beijing’s southern flank against capitalism and imperialism and therefore very important to China. Beijing developed strong ties with the PKI and personal contacts with Sukarno, the paramount leader of Indonesia. In the early 1960s, China and Indonesia tried, without success, to create a new United Nations consisting of the “newly emerging forces” (Zhao, 1996, p. 58).⁷⁹ The Chinese government supported the Indonesian “confrontasi” operation against Malaysia’s incorporation of Sabah and Sarawak, which Sukarno claimed for Indonesia. In 1965, Beijing publicly declared that China would give military support to Indonesia against any English-American military operation on behalf of Malaysia directed against Indonesian interests (Peking Review, 5 February, 1965).⁸⁰

In early 1965, the split between the Soviet Union and China was total, and Indonesia chose to follow the ideological lead of China (Hindley, 1964, pp. 99-119). From this time, anti-communism was virtually a crime in Indonesia, only the military organized some sort of opposition against communism. In mid-1965, China is believed to have supported PKI with weapons for their revolutionary struggle. In September that same year some radical officers made an attempt to assassinate the anti-Communist leaders inside the army and take power, possibly with the help of PKI.⁸¹ The Indonesian popular support for communism was not as strong as believed, and the coup failed. The close relations between China and PKI created anti-Chinese and anti-communist feelings in Indonesia and several tens of thousands of PKI members were killed in the riots, mostly Hua Ren.

⁷⁹ For details see: Ness (1970). The newly emerging forces consisted of, according to China and Indonesia, the countries that recently gained independence and were anti-colonial.

⁸⁰ Zhou Enlai exclaimed that “Should the British and US imperialists dare to impose a war on the Indonesian people, the Chinese people will absolutely not sit idly by.” (Peking Review, 5 February, 1965).

⁸¹ It is not proven that PKI was behind the coup but it is strongly believed in Beijing that China allied with PKI in Indonesia for the purpose of overthrowing the government.

By the beginning of 1966 the PKI was crushed and Indonesia moved away from China and towards the West (Garver, 1993, pp. 150-152).

Although Indonesia never moved away from its “One-China” policy and never recognized Taiwan instead of PRC as the legitimate Chinese government, relations between Djakarta and Beijing were severed in 1965 and on occasions Indonesia was considered China’s main enemy in the region. After the loss of Indonesia as an ideological partner, and several African socialist countries, China used the policy of “Socialism in one country” and at the end of the 1960s subsequently minimized its foreign relations (Gurtov, 1969; Fitzgerald, 1969).⁸² During the Cultural Revolution the relations with ASEAN members deteriorated, even where there were no diplomatic relations. The relations with Indonesia, where China had an embassy, became very strained and China ultimately withdrew its embassy staff as early as October 24, 1967. China also considered the newly founded ASEAN, where Indonesia was a founder member, to be an organization directed against China and created partly as a defense by anti-communist countries against communism in general and Beijing in particular (Kallgren, et.al., 1988; Buszynski, 1995).⁸³

5.3.4 Cambodia

Cambodia is the only non-communist country, apart from Pakistan, that received military aid and commitments to its defense (Armstrong, 1977, p. 184). Burma and the semi-communist Indonesia never received direct or open military aid despite strong verbal support. Cambodia as an important factor for China, was very much created by US involvement in the region and the struggle in Vietnam (Leifer, 1967). The main interest for China was to prevent the creation of US controlled bases in the country and to prevent Cambodia from falling into US hands. Prince Sihanouk of Cambodia tried to play China and US against each other, but his position became increasingly weak and in 1954 China demanded that Cambodia should become alliance-free if it wanted China to continue guaranteeing its security (Smith, 1965).

⁸² In interviews, former decision makers, and especially, diplomats at CISS, CASS, China Society of Law of the Sea (CSLS), FISS, and the Swedish Foreign Ministry in Beijing 1997/1999 emphasized the loss of Ghana (Nkrumah) and Indonesia (Sukarno) as especially critical, but also the loss of the diplomatic relations with Burundi, Dahomey, and the Central African Republic.

⁸³ ASEAN was seen as a US imperialist attempt to use the Asians to fight the Chinese and Vietnamese people. China saw ASEAN as a US puppet for a very long time, and there was indeed some cause for this view as ASEAN was protected by the British and the Americans.

The inclusion of Cambodia in the Southeast Asian Treaty Organization (SEATO) in 1954 created anger in China, and Beijing demanded that Cambodia should once more become alliance-free (Renmin Ribao, 24 June 1955). In February and April 1956, Cambodia made an ideological turn and signed both a friendship treaty and a trade treaty with China (Armstrong, 1977, p. 188; Leifer, 1967, pp. 76-78). This was the beginning of China's increasing influence in Cambodia. On the 6th of May 1960 Zhu Enlai declared that Cambodia in its "struggle to defend national independence could count on the unfailing support of China." (Armstrong, 1977, p. 190). At this time, Cambodia was forced to lean towards the Chinese side and officially denounce the "imperialist" US policy in the region. On November 21st 1963 China issued a statement that formally made China and Cambodia allied:

The Chinese government solemnly declares that if the Kingdom of Cambodia, which has persevered in its policy of peace and neutrality, should encounter armed invasion instigated by the US and its vassals, the Chinese government and people will firmly side with the Kingdom of Cambodia and give it our all-out support. US imperialism must bear all the consequences arising therefrom (Renmin Ribao, 21 November 1963).

The first years of Sino-Cambodian relations were characterized by China trying to make Cambodia reiterate its support for the anti-imperialist camp and Cambodia's attempts to make China actively support the country in its struggle against the Vietnamese and domestic rebels (Armstrong, 1977).

The end of the good relations with the Cambodian government came with the start of the Cultural Revolution in 1966 and the domestic changes in Cambodia with the overthrow of Sihanouk in 1970. The Maoist campaigns in Cambodia were, however, modest, although they were too much for the Cambodian leadership. The Maoists began to hand out Mao badges, demonstration took place outside the Soviet Embassy and Maoist propaganda appeared in the Chinese language newspapers (Realités Cambodgeiennes, 3 February, 26 May, 1967). The situation deteriorated from this point and, despite the opportunities that could have developed after the new government took over after Sihanouk in 1970, Chinese foreign policy was clearly made more difficult by the Cultural Revolution.

Lon Nol's coup in March 1970 was strongly criticized by Beijing (China's Foreign Relations, 1989, p. 182). In October 1970 Beijing voiced its support for Prince Sihanouk's government and the denouncement of the Khmer Republic (Renmin Ribao, October 10, 1970). Between 1970 and 1975 Prince Sihanouk was firmly supported by Beijing and Sihanouk made several visits to China (China's Foreign Relations, 1989, pp. 182-184, Renmin Ribao, March 7 1972;

August 10, 1972; April, 1, 1974; May 17, 1974). Beijing was also the first to congratulate Sihanouk on the “complete Liberation of Phnom Penh” in 1975 (China’s Foreign Relations, 1989, p. 183).⁸⁴

The post-1963 policy towards Cambodia is colored by the situation in Vietnam, and the pressure from China on Sihanouk to assist the Viethmin, rather than a long-term strategy for Cambodia. It is telling that China did not have a clear policy for Cambodia after the overthrow of Sihanouk and the installation of the Lon Nol. The Cultural Revolution took too much energy from China, and the focus on Vietnam was more important than Cambodia. There was, however, strong resistance from China to the US intervention in Cambodia. Mao proclaimed on May 20th 1970 his “Warm Support” for the “fighting spirit of Prince Sihanouk” and called out to the people of the World to “unite and defeat the US aggressors and their running dogs” (Keesing’s, Vol. 16, August, 1970). Beijing also claimed that it would “provide powerful backing to the three Indo-Chinese peoples and do everything in its power to support the fraternal peoples of Cambodia, Laos, and Vietnam in carrying out their war against American aggression until complete victory” (Keesing’s, Vol. 16, August, 1970).

5.3.5 Burma

The relations between Burma and China had been good since Burma, as one of the first capitalist countries, recognized China on June 8, 1950. During the first years, diplomatic relations were kept on a basic level, but they became intensified after Zhou Enlai visited Rangoon in 1954 (Hinton, 1958, p. 36). Despite greater economic cooperation and increased diplomatic contacts, the relations between China and Burma were not without friction. In November 1955 there was a border clash between Burmese and PRC forces (Hinton, 1958, p. 53). Despite this border incident, China’s relation with Burma was one of the most cordial in the region.

In June 1967, on the eve of the Cultural Revolution, everything changed when overseas Chinese students supported by staff from the Chinese embassy, started to confront the Burmese government with Maoist propaganda and demonstrations. China even encouraged the overseas

⁸⁴ It is interesting to note that the Khmer Rouge and Pol Pot are not mentioned in official Chinese documents before September 28, 1977 (China’s Foreign Relations, 1989, p. 184) despite the fact that Pol Pot visited China several times from 1965 and onwards. China regarded Sihanouk as the leader of Cambodia despite the fact that the Khmer Rouge were more ideologically compatible. It could be that China never expected the Khmer Rouge to control Cambodia and therefore it needed to support the stronger part to secure the southern border against Cambodia.

Chinese to fight imperialism and embrace Maoist ideology and the Cultural Revolution in their own countries in Southeast Asia.

Burma is perhaps the most important and obvious example of how China tried to destabilize regional governments and “Maoisize” the overseas Chinese. There were several major demonstrations outside foreign embassies and outside the Foreign Ministry of Burma. This was a severe loss of face for the Burmese government, which apparently could not control its own citizens who moreover were organized by an outside force. The result was a more aggressive posture against the demonstrators, and more demonstrations. The Burmese government mobilized ethnic Burmese citizens against the Chinese “aggression” and a large part of the Rangoon population took to the streets. As a consequence of the demonstrations, some 100 overseas Chinese were killed in anti-Chinese riots in the aftermath of which China condemned Burma's government and called for its overthrow, both in words and by supporting the insurgent Burma Communist Party (BCP) (Holmes, 1972, pp. 211-236).

China gave the Burmese Communist Party sufficient armed support to ensure the continued struggle, but not enough to break its “neutrality”. China was careful to avoid an alliance between Burma and the West during the 1960s and 1970s. The Sino-Burmese contacts were, however, minimized and Burma and China only had four major meetings at governmental level before the death of Mao, and the friction between the parties was obvious during those meetings (Tian, 1994, pp. 110-117; China's Foreign Relations, 1989).

5.3.6 ASEAN, Malaysia, Thailand.

In the rest of Southeast Asia, China did not have the governmental support it had in Vietnam, Laos, Cambodia and Indonesia. Instead, China's political involvement meant substantial armed support to the revolutionaries in Southeast Asia and even stronger verbal aggression against the governments. The Maoist backing of revolutionary movements in the region increased the tension with China (Keesing's, Vol. 21, September, 1975). The degree of involvement varied according to the relations with the particular government in the country, and as China gave support to most of the communist groups in the region this caused severe strain between ASEAN members and China (Gurtov, 1971, p. 164; Buszynski, 1995, pp. 162-163). It should also be mentioned that ASEAN members supported the Guomindang regime in the Chinese civil war and took the leading position in the US containment of China through the Southeast Asia Treaty Organization (SEATO) (Keesing's, Vol. 11, July, 1965; Keesing's, Vol. 23, August, 1977).

The ASEAN members' relations with China and the Indo-Chinese states was greatly varied. Up to 1975 all five ASEAN members (Thailand, Malaysia, Indonesia, the Philippines and Singapore) recognized the republican government in Cambodia and the South Vietnamese government in Vietnam. Thai and Philippine forces had also served in Korea under US command before the cease-fire in 1953. Only Malaysia had diplomatic relations with China, the Philippines recognized the Taiwanese government and Singapore had relations with neither Taiwan nor China. The Sino-Indonesian relations had been suspended since 1967. Thailand and the Philippines had US military bases on their territory and were active members in SEATO (Keesing's, Vol. 21, September, 1975).

The PRC gave support to the CPT which was increased after Thailand accepted the military presence of the US during the Vietnam War. The PRC's influence was however greatest in the Malayan Communist Party, which consisted of a majority of ethnic Chinese according to Hinton and others (Hilton, 1997, p. 350). Despite its major influence in the communist grouping in the region, China appears not to have considered the creation of an Asian Cominform under Chinese leadership (Hilton, 1997, p. 360).⁸⁵

China's support to both the Burmese Communist Party (BCP) and the CPT began to decline in 1978 when Vietnam intervened in Cambodia. The reason for this was simple: China needed transportation routes to Laos and Cambodia, and Beijing desired to pacify the southern regions of China's borders to be able to focus on Vietnam and Cambodia. As a consequence of Vietnam's intervention in Cambodia, Beijing sought ASEAN support to face Vietnamese "aggression" (Gurtov & Hwang, 1980, p. 163; Ness, 1970, p. 137). China continued to give the revolutionary groups in the region moral support, and possibly some military support, and allowed them to broadcast from Chinese territory.⁸⁶ Beijing considered its ties with the revolutionary groups to be of no importance to the Sino-ASEAN relations, and that the former were only relations between political parties and should not affect relations between states. ASEAN, however, considered that to be hypocritical and argued that the support to the rebel groups was a severe constraint on the relations between the two actors.

It is clear that the relations between the "capitalist" backed ASEAN and Mao's China were constrained and kept at a minimum level during this period. In part, this had an ideological basis but it is important to bear in mind two examples that suggest that ideology was of less importance for

⁸⁵ Interviews at FAC 1997.

⁸⁶ The Voice of the People of Burma and The Voice of the Thai People were broadcast from southern China. (Buszynski, 1995, p 163).

Mao before the Cultural Revolution was initialized, i.e. Burma and Cambodia. The relations were significantly improved with the return of Deng Xiaoping and the normalization after the Cultural Revolution. This led to the establishment of diplomatic relations with the Philippines on June 9th, 1975, Thailand on July 1st (Keesing's, Vol. 21, September 1975).

5.3.7 Ethnic Chinese

Since 1966 and the initiation of the Cultural Revolution there has been an ethnic issue affecting China and the Southeast Asian nations, which have a minority of ethnic Chinese. This has sometimes been the proclaimed reason for conflict, though not as severe as in the Sino-Vietnamese war in 1979 that I will look at in the next period (Amer, 1996b, pp. 88-96). This problem was partly caused by the encouragement from Beijing during the Cultural Revolution for the ethnic Chinese to fight their own governments with Chinese support, and partly by the economic dominance the Chinese minority had in the different states. Together, this created tense relations with the Southeast Asian states and often destroyed the foreign relations between China and the Southeast Asian states. The best example of this is Burma, in which the *Hua Ren* question destroyed a good and strategically important relationship. The perception of Mao, and the focus on revolution, is the driving force here and he gave little consideration to practical realities and international politics, with the exception of Pakistan that has been mentioned earlier.

I mentioned in Chapter 4 that the nationalist government followed the doctrine of *jus sanguinis*. PRC, on the other hand, affirmed the doctrine of *jus solis* (citizenship by birth) in 1955, which made the Chinese in the region either local citizens or citizens in the PRC as each individual had to choose one nationality. In spite of this, the PRC attempted to protect the Chinese in the region, as in Indonesia in 1959 when the retail trade ban was imposed.

Chapter 4 also mentioned that the Chinese Empire often rejected the overseas Chinese even if the *Hua Ren* have historically seen themselves as Chinese. During this period, however, most Chinese in the region identified themselves with the country they lived in. Despite that, there have been Pan-Chinese movements backed both by the Nationalist government (Taiwan) and to some extent by the PRC in dealings with Malaya (later Malaysia) and Indonesia after 1949. In this period, both Chinese governments (Beijing and Taipei) regarded the overseas Chinese as citizens of the states that they lived in, although Taipei has been rather vague about this. This has lessened the friction between Beijing and the regional governments, although the *Hua Ren* are still a reason for friction. This was especially apparent in Vietnam 1978-1979 (Amer, 1991).

The ethnic problem has been there for a long time but it was not until the 1960s that this question was given any attention. This does not seem to have been a direct reason for constrained relations, with the possible exception of the relation with Vietnam. The ethnic argument has been used against Indonesia and Malaysia but there seems to be a political reason for these conflicts, rather than an ethnic one (Amer, 1991), since the conflict only arose in certain countries and under certain circumstances, although the same pattern of oppression against the ethnic Chinese was deliberately used under other circumstances as well. There was not an “ethnic” problem if the relations between China and the home nation of the ethnic Chinese were good but if the relations took a turn for the worse, the problem with the *Hua Ren* reappeared.

The “ethnic” problem seems to be a political problem to a much greater degree, than a problem between ethnic groups. However, as can be read above, this was a proclaimed reason for the bad relations China had with the member states of ASEAN during this time, and it could still be a problem. It is important to remember that CCP and Mao controlled the information to and from China. This made it feasible for Mao to control, and even rewrite, what the Chinese citizens would know about their neighbors or the neighbor’s interpretation of China. This control made it possible (and relatively easy) for Beijing to decide what perception the Chinese public would have of the states in Southeast Asia.

5.4 Outcome

The main changes in the input are domestic changes in China towards a more revolutionary mode of interaction. There is also some impact from the Strategic Triangle that China reacts against, but it is secondary to the domestic movements. The international levels have an antagonistic view of China and the Chinese revolution, and understanding and flexibility from the international community is low, which could be exemplified by the fact that the United Nations at the time recognized Taiwan as the legitimate ruler of a united China (1949-1971). This antagonistic view could also be explained by the domestic policies and revolutionary strategies that made China’s policy towards Southeast Asia increasingly adversary and by support for communist movements in the capitalist countries and all-out war against a Vietnam that leaned towards the Soviet Union in ideological terms.

The institutional levels have a negligible role in the creation of foreign policy during this period. The PLA and the MFA, but also most other institutions, were controlled to a great extent by the individual decision-maker (Mao) so it would be hard to talk about an independent institutional level. This does however not mean that there is no institution that works

independently, but that the institution that has been studied in this thesis has a limited independent voice.⁸⁷ Mao claimed that the CCP was separate from the PRC and that those party relations should not impact on state relations, i.e. the military support from CCP to the communist rebels in the region should not impact on the state relations.⁸⁸ This is a strange way of reasoning, especially since Mao was the head of both the party and the state, and in effect the party and the state was Mao.

Mao's interpretation of the external environment was fundamental for China's foreign policy at the time. He decided the priorities and strategies. Mao also limited the participation of all other individuals in the foreign policy process, especially during the Cultural Revolution. Even people such as Zhou Enlai, whom Mao trusted, did very little without direct orders from Mao. It is relatively safe to say that Mao created new rules and norms for foreign policy towards Southeast Asia. This made the foreign policy irregular, since Mao was an unpredictable individual. He based his decision on individual perceptions, political struggle, ideology and the security of China, and unfortunately it was difficult to predict what his next move would be. As this thesis shows, foreign policy has been very variegated between states and over time, and it appears that there is no predictability built in to the system – which to a certain extent is true. Many decisions made by Mao contradict his earlier decisions, and his support of communists in one state but not in the next, is in many cases difficult to understand.

The foreign policy of China was therefore highly adversary towards all states at some point in time, even though China at times had good relations with certain states such as Vietnam and Cambodia. The regional integration and cooperation is negligible and the focus is on revolutionary campaigns domestically, and world revolution on a more general level.

It is important to remember that due to the sometimes chaotic and seemingly unclear foreign policy, the variations over time and between states is high. Mao changed his support of both international and regional actors several times and his grounds for this are often unclear. This study has not been able to examine each of these changes, but rather focused on the level of changes.

⁸⁷ It seems that several other institutions have acted more independently such as Overseas Chinese Affairs Office (Guowuyuan qiaowu bangongshi) and the Central Liaison Department (Zhonggong zhongyang duiwai lianloubu) but since those institutions have not been included in this study I will leave those for another study. .

⁸⁸ There were however other institutions such as the Council's Foreign Affairs Office and the Central Liaison Office that were critical of the support to the communist insurgents in Southeast Asia and those institutions were directly under the PRC and controlled by Mao.

Nevertheless, it is meaningful to bear in mind the great variation in Southeast Asia over time and among States and that the variation is to a great degree dependent upon Mao's own perceptions and agenda.

Figure V: Outcome in the period 1949-76

Change/crises/events	International	Domestic		Outcome
		Institutional	Individual	
Creation of PRC in 1949, The cultural revolution, the strategic triangle.	Interpretation of the Chinese foreign policy, learning and understanding of the Chinese priorities was low	Institutions had no effect on interpretation of the internal and external environments.	Mao's interpretation of the internal and external environment was fundamental	Revolutionary and adversarial mode of interaction. Weak regional integration and strong domestic focus.
	Influence by international actors in the making of Chinese foreign policy was low	Scope and degree of participation in foreign policy making was negligible	Mao decided exclusively on rules, norms, and mechanisms in the policy making process	
	Flexibility by the international community and international actors towards the Chinese foreign policy was low.	Participation and autonomisation of institutions in the making of foreign policy was negligible	Mao's power and authority, regime legitimacy was paramount His preferences and choices, foreign policy strategies and tactics ruled.	

In the following two sections I will explain in more detail the figure above and develop the arguments.

5.4.1 Integration in a New Region?

China tried to integrate itself in the region after 1949 and was initially partly successful in Indonesia, Burma, Cambodia and North Vietnam. The radicalization of China and its foreign policy during the Cultural Revolution changed this, and by the end of 1976 China was more alienated than integrated in the region. As has been explained earlier, this was due to a combination of domestic instability and aggressive ideological expansion from the CCP and Mao. China's position between the superpowers seems to have had a very modest impact on Chinese relations with Southeast Asia. It is, however, clear that China perceived Southeast Asia as a possible strategic depth to counter the threat from the superpowers. In this way, Southeast Asia was clearly a secondary actor that was used as a pawn in the "strategic triangle" game to gain a better position against the Soviet Union and USA.

It seems that the major factor behind China's foreign policy actions towards Southeast Asia was internal, and that this was mainly at the individual level. Ideology, in the form of radical revolution, seems to have been the main driving force for China both internally and as a possible integration force in the region; this is best exemplified by North Vietnam and Indonesia. Ideology and Mao's need for domestic campaigns to stay in power are, however, not the only reasons for China's foreign policy towards Southeast Asia.

China needed to open up its southern border so as not to be encircled by the US and the Soviet Union. Indonesia, North Vietnam and Burma became pawns in the game. The relations with Indonesia and North Vietnam were based on ideology, but the cooperation with Burma was different. The cordial relations with Burma, as a capitalist country, were prominent despite the close alliance with the Soviet Union at the time. Rangoon was viewed more as a strategic partner, very much as Pakistan is viewed, rather than a possible ideological brother. Since the collaboration was not ideological, the Cold War did not effect the relations to any significant degree. It seems, however, that it was the internal struggle and ideological radicalization that destroyed the external relations with Burma, Cambodia and Southeast Asia. It is apparent that during the Cultural Revolution it was impossible for China to have any active foreign policy and moreover it was impossible for anyone except Mao to dictate foreign policy.

There were several attempts to integrate China into the region through Indonesia and Vietnam, but there were ideological and domestic constraints that made it very hard to fulfill such an attempt, and Mao's perception of the Continuous Revolution made it very difficult to cooperate with China. It is clear that every attempt to integrate in the region was finally aborted by the Cultural Revolution and the Chinese attempt to create a region-wide revolution. The major factor in restraining the success of regional revolution was the internal chaos in China and the problem of coordinating regional policy.

5.4.2 Adversary or Partner?

It is justified to term China as the adversary during this period. Despite a few attempts at creating good relations with regional powers, such as Indonesia, Cambodia and Vietnam, there was very little success in maintaining peaceful relations.

Figure VI clarifies China's foreign relations in Southeast Asia from 1949 to 1976. It is clear that the situation after 1966 is very adversarial, but not necessarily the period before 1966. The period as a whole is not clear: the positions in the region seem to a certain extent to follow an ideological theme up to 1966, since all communist states could be classified as partners. The patterns are,

however, disrupted by the fact that many non-communist countries are close partners to China during the same time period. The unclear patterns could be attributed to the specific position Mao had during this time, and the effects of this paramount position. The period after 1966 is easier to explain, and it is clear that Mao was the main reason for the foreign policy change and disruption of foreign relations.

Figure VI: Adversary or partner 1949-1976

	Indonesia, Burma, Cambodia	ASEAN	Thailand, Malaysia, Philippines, Singapore	Vietnam, Laos
1949-1966	Partner	-	Neutral/adversary	Partner
1967-1976	Adversary	Adversary	Adversary	Partner (tension)

In PRC's early years there were limited possibilities to focus on Southeast Asia and relations could almost be described as neutral since China had no policy. China was occupied with the Korean War and its internal consolidation. As China's radicalization intensified during the Cultural Revolution, China's position as an adversary became manifest in the region. China claimed that the CCP support to communist rebels in Southeast Asia was no reason for strained relations between states. In actual fact, of course, the CCP and PRC were controlled by Mao in every aspect and the state and the party were to a great degree one and the same person.

China played a pivotal role at certain points in time, especially in providing weapons to Vietnam and support to Indonesia at critical junctures. China's break with Vietnam after the end of the Vietnam war could be explained by Hanoi's search for ideological support from the Soviet Union and China's inability to accept this. What China perceived to be a traditional ally, or even tributary state, broke with China to seek guidance from China's main ideological competitor. This was a break that China was reluctant to forget, which colored China's actions against Vietnam in the latter part of the century.

The Soviet support to the communist states was, however, secondary to the negative role China played in the Southeast Asian region at this time. Increased Chinese involvement with the communist revolutionaries in Southeast Asia and a radicalization of China's domestic environment, made most Southeast Asian states break with China. The anti-Chinese sentiments were strengthened and would last over time. The ethnic Chinese became a target in the different states – a pattern that can be seen today in Indonesia and Malaysia.

ASEAN was very reluctant to cooperate with China due to historical reasons and the support to the regional communist guerrilla forces. China itself did not see ASEAN as a partner, but tended to regard the association as a pawn in a strategic game. Economic and diplomatic relations were finally destroyed by the Cultural Revolution and the internal chaos China went through.

Looking back at the period, it is clear that the international constraints played a role, albeit less important than that of domestic politics, in the formation of China's foreign policy towards Southeast Asia. It was to a very great degree a domestic game at the individual level, with Mao's symbolic reality as a guide. Mao increased his participation in foreign policy to become the supreme decision-maker. The institutional level had a minor effect and the changes or participation by the Chinese institutions can be disregarded. The international level did play a role in the creation of China's foreign policy inside the strategic triangle, such as China's active participation in the Vietnam War directed against the USA, but was of relatively minor importance in Southeast Asia at a more general level.

6. Deng's Rule and the Tragedy of Tiananmen: 1976-1989⁸⁹

“When the granaries are full, people will appreciate manners.”

Guan Zhong

The death of Mao and the ousting of the Gang of Four had a direct impact on China's foreign relations. This period was interesting from several perspectives: first there was an apparent change of focus from Beijing, from the traditional political/military outlook towards a more economic and cooperative approach; secondly, there was a geographical shift that was to have a major impact on foreign policy towards Southeast Asia.

6.1 Domestic change

In 1976, Mao “went to see Marx” and Hua Guofeng became the Party Chairman. Hua was relatively open for modernization of the economy. This involved him in a political struggle against the revolutionary faction led by the Gang of Four.⁹⁰ Hua was eventually able to crush the revolutionary faction since the support from Mao was gone and the military was greatly troubled by the domestic instability created by the Cultural Revolution. The purge of the Gang of Four and some drastic changes in leadership created a new economic and political focus.⁹¹ Deng Xiaoping was brought

⁸⁹ The changes towards a more open economy became apparent in the early 1970s with the Ping-Pong diplomacy that China used against USA from 1972. China also took over the UN seat from Taiwan in 1972. The establishment of diplomatic relations with Malaysia and Thailand in 1974, was also a fundamental change. However, the changes became more obvious and China opened up for the outside world only after Mao died and the Gang of Four was ousted in 1976.

⁹⁰ The Gang of Four consisted of Mao's wife Jiang Qing, Wang Hongwen (Vice-Chairman of the Party Central Committee), Zhang Chungiao (party leader in Shanghai), and Yao Wenyuan who was a leading propagandist in China and was the individual that “started” the Cultural Revolution on the orders of Mao (Gardner, 1982, pp. 61, 100-115).

⁹¹ In 1978 the Chinese leadership began to search for a new political strategy. The leaders began to use “socialist legacy” as the new populist term. Unfortunately, quite a few people misread this and took it for a socialist democratization of society. This led to the first democracy movement at Tiananmen and the crackdown on the democracy movement in 1989. Wei Jingsheng was arrested in 1979 at the first democracy movement at Tiananmen and sentenced to 15 years imprisonment and three years deprivation of political rights. The transcript of the trial is available in translation in *Issues and Studies* (March 1980, pp. 101-108).

back to power, in 1977, with new ideas about economic liberalization. Hua Guofeng never had any interest in bringing Deng back to power but the demands for economic changes, that only Deng at that time could implement, were too strong and Hua could not prevent the return of Deng (Gardner, 1982, pp. 120-140). This paradoxically resulted in the purge of Hua from the position as Chairman and from the Politburo in 1981, and in 1982 Hua was entirely outside the circle of power. Deng began to attack Hua on the ideological issue, claiming that Hua never understood the ideology he was to direct (Schoenhals, 1991; Lieberthal, 1995).

Deng Xiaoping took over the leadership and moved quickly to establish supreme power over China. Deng's leadership was characterized by three factors; a) that he, in order to stay in power, had to take into account the preferences of other leaders, while still remaining the single most powerful leader like Mao had been; b) that the economy became increasingly more important compared to military considerations and c) that nationalism replaced communism as the "ideology".

From 1976 there is a clear division between "hawks" (conservative interest and the military) and "doves" (economic liberalization) in China's internal politics as a result of the domestic political struggle that led to the purge of the Gang of Four.⁹² The division had always been there, but it was not until the death of Mao that it became possible to express a certain criticism of the system and individuals, which benefited the liberals (Faust & Kornberg, 1995; Fairbank, 1994, pp. 406-426). The left wing (military) however regained some power in the late 1980s and there were "reconstructions" that shook the whole Chinese system, the most significant being the purge of Hu Yaobang.⁹³

⁹² It is clear that the military played a pivotal role in the purge of the Gang of Four and in the creation of a more liberalized China. The revolutionary elements were now more or less gone, and the main division line in Chinese society was between the military and the economically liberal fraction (Gardner, 1982, 98-120). The cleavages were used as tools for the continued political struggle inside China and helped strengthen the institutions.

⁹³ Hu Yaobang took over as the Party Chairman after Hua; Deng took over as the Chairman of the Military Commission (Xinhua News Agency, 30 June, 198; *ibid.*, 29 June, 1981). There was however no debate as to which of the two was the most powerful. Deng based his power on the military and Hu based his power on the people. Hu was considered much more liberal than any of the other leaders. Eventually there was a showdown between Deng and Hu in 1986-1987 (Renmin Ribao, 14 January 1987). Deng and the hawks/tough internationalists planned that Hu would be ousted as Chairman at the 13th Congress of CCP in October 1987 but the social unrest that followed the democracy movement quickened that process (Foreign Broadcast Information Services, 29 January 1987, K2). When he was removed from power there was an outcry of

As early as 1975-76 during the “Great Trial” the “old guard” had realized the need for economic liberalization and economic development. This was the start of a foreign policy based on economic considerations and directed to a greater extent towards Southeast Asia and the rest of Asia through increased trade. Economic and political liberalization was the official policy, until social unrest hit Beijing in 1986. The liberal Hu Yaobang was dismissed and this caused Beijing’s citizens to hold a massive rally in his support at Tiananmen Square. The massive support for Hu (and the economic liberalization Hu represented) created a climate and a popular demand for change, which the old guard realized it would have to respond to, if it wanted to stay in power. To counter the liberals, the hard-liners allied with the “tough internationalists”. The reason for this “alliance” was to secure the political domination of the conservative elements in the aftermath of the crackdown, and reverse the liberalization phase to a more modest and – what they believed to be – a more controlled liberalization. Deng adopted the position of the “tough internationalists” to retain power, but at the same time be able to continue the liberalization of the economy that he believed to be the single most important task for China.⁹⁴

One of the major political changes in the post-Mao period was the realization of the more conservative elements inside China that revolution could not be exported. The Chinese regional policy became the policy that every country should form its own destiny and China would only act as a good neighbor according to the five principles of peaceful coexistence.⁹⁵ Deng Xiaoping’s rule emphasized modernization in contrast to the ideological rule that Mao had focused on. In effect, ideology was virtually non-existent in the foreign policy during Deng's reign and it became apparent that the focus of China’s paramount leader had changed. At the beginning of 1980, Deng raised three points for China to fulfill in order to become a great nation:

discontent in Chinese society and social unrest followed. Hu was however re-elected to the Politburo at the 13th Congress of the CCP and remained a member until his death in 1989. It is questionable how much power he actually had, and to what extent he was kept there just to keep the masses happy.

⁹⁴ It would be fair to term Deng a liberal, but many of his actual policies were in line with the “tough internationalists” and the military. This was because if Deng wanted to stay in power and to “survive” the political struggles, he needed strong military support.

⁹⁵ Interviews with staff at CASS, CCIS 1999 emphasized the positive effects of the leadership changes. Already in 1964-65 several high-ranking officials realized that exporting revolution was not good for China but these were ousted and persecuted by Mao. Before his death, Mao slowly realized that exporting revolution had a negative impact on China but the changes in China’s foreign policy came after the fall of the Gang of Four. Gardner, 1982; Li, 1994.

- * to oppose hegemonism and to preserve world peace
- * to work on China's reunification with Taiwan
- * to step up the drive for China's four modernizations.⁹⁶

Deng emphasized that the third task was the single most important, that it was essential to solve the domestic problems and that "nothing short of world war could tear us away from this line" (Deng, 1994, p. 73). During Deng's rule, China opened up towards the outside world and the interaction and interdependence increased significantly. It is interesting to note that Deng made the reunification of Taiwan a lesser priority than economic development. Even today there are factions that believe that reunification is the most important goal and that everything should be subordinated to this, even economic development. Economic development was, however, very important to China since any serious economic slowdown could cause disastrous social unrest.⁹⁷ The striving for reunification has, however, great popular support among ordinary Chinese citizens and should not be considered less important than economic development, although economic development is essential for further social and political development.

The process of economic development was, as pointed out earlier, the single most important factor, slightly more important than reunification, for China in its new relations with its neighbors. The increased need for investments and trade and the drastically reduced emphasis on ideology makes it very clear: the economy matters (Robinson, 1994, pp. 187-201). Economic relations have greatly increased in number and in value under Deng and Jiang Zemin. China was participating in more and more international economic organizations and opening up its economy to international

⁹⁶ The four modernizations consist of agriculture, industry, defense and science and technology

⁹⁷ We have to remember that China has a tremendous problem with unemployment. First of all, there is a floating population of approximately (1997) 100 million people who move around China looking for work wherever they can find it. The State-owned sector lays off some 8% of its workforce annually, i.e. approximately 14 million in 1997. On top of this, China has to find work for some 20 million new workers every year. It is easy to picture what would happen if this enormous army of unemployed became dissatisfied and organized. (Starr, 1997, 144-145). This trend will be accelerated since people will be older and the population growth will not decrease quickly enough. Eberstadt predicts that approximately four-fifths of today's population (about a billion people) will still be alive in 2025. (Eberstadt, 2000, pp. 28-37). This will increase social tension and the risks for social unrest. China's only possibility to avoid this, is to speed up economic development and create work and economic possibilities for all Chinese citizens.

trade in a way that was unthinkable under Mao (Economy, 1999; McKibbin, 1998; Lardy, 1998b). The Chinese economy at the time, was much more open than most foreigners imagined, especially towards Asia (McKibbin, 1998; Kemenade, 1998; Taylor, 1996; Swanstrom, 1999a).

None of the Chinese leaders could (or can be) “soft” towards other countries when it came to border conflicts, and especially Taiwan. China considers that it has suffered to an extreme extent from the aggression of other nations, and can not surrender an inch of land without severe domestic consequences, see Chapter 4 and Map 3 (Overholt, 1996, pp. 63-78). The notion of shared defeat and humiliation has been used by the Chinese government to create a feeling of nationalism to unite the country, see Maps 3-5. Nationalism started in the beginning of this period to replace communism as the Chinese “ideology”. Nationalism could probably, in the case of Taiwan and the South China Sea, be one of the most important reasons for the aggressive Chinese foreign policy. The positive effect of the newborn nationalism is that China moved away from an aggressive revolutionary ideology towards a more cooperative ideology that is still able to unite and consolidate the nation with common values. The negative effect is that increased nationalism means less room for negotiations and compromises.

The political issue of Taiwan is the most important obstacle in China’s foreign policy and the other regional questions are subordinated to this question. This will have a direct impact on the Southeast Asian region. Jiang Zemin has reinforced that by repeating in 1997 that no further action will be taken in any conflict, unless Beijing is pushed into an unbearable situation, before the question of Taiwan is solved (China Daily, May 14, 1997).⁹⁸ It would be an unimaginable blow to the domestic credibility of the Chinese government if the Communist Party were to lose Taiwan. This is due to the increased domestic pressure through nationalism that articulates the demand that China should reacquire its “natural” position in world affairs. It can be argued that Deng’s power position was dependent upon the Taiwan question and that was one of the reasons he refused to give in to the demands of Taiwan. I will deal with a similar problem in the next period.

The nationalist issue has been seen by several researchers, and Chinese policy-makers, as the hardest question to resolve before the question of border delimitations can be dealt with (Chanda,

⁹⁸ Interviews with policy makers at CCIS, CASS and PLA in Beijing 1997 confirm this view. All the policy makers interviewed admit that this question is very difficult and that it will take 10-30 years to solve, but that no other major decision will be taken before this is solved. As with the other conflicts, they have used Deng’s words by saying that if they can not be solved by this generation, or the next, then perhaps they can be solved after that.

November 9, 1995; Gilley, 2000).⁹⁹ China has encouraged nationalism during the development of China, but the strong nationalist feelings inside China could cause problems for its relations with its neighbors. It has subsequently been suggested that the border delimitations should be postponed until China can control the demands of the nationalists inside China.¹⁰⁰ It is still doubtful whether China will succeed in this.

6.2 China's International Policy

The struggle for ideological leadership between China and the Soviet Union intensified at the end of the 1970s. When Vietnam chose to follow the leadership of the Soviet Union in the late 1970s and in the early 1980s, China reacted from fear of a possible containment between unfriendly socialist countries, India and the satellite states of the US. This perception of containment was of utmost importance in the development of China's relations with Southeast Asia. One could well speak of a Chinese policy to create strategic depth in Southeast Asia intended to counter the combined threat from Russia and Vietnam.

Between 1976 and 1982, Sino-US cooperation, the "hegemony coup", was Beijing's dominant strategy and both China and the US regarded the Soviet Union as the enemy. The Carter administration recognized the PRC as the sole legal government of China in December 1978 but refused to remove American troops from Taiwan (Nathan & Ross, 1997, p. 67). It was however in the mid-1970s that the changes became apparent. In the 1970s China had tried to develop better relations with the Soviet Union to lessen the almost extreme tension that existed between the two, but tension prevailed in the border regions.¹⁰¹ China at large, but especially the military, was deeply worried about the growing military might of the Soviet Union and its own internal weakness, both political and militarily. Beijing also saw US lose the war in Vietnam and that (in combination with reduced US military presence in the region after the Vietnam war) was seen as a sign of US and capitalist weakness. The military but also the foreign ministry, moreover, was concerned that the Soviet Union would become dominant in East Asia and the development of good relations between

⁹⁹ Interviews at CCIS and PLA in 1997 and 1999 with senior staff.

¹⁰⁰ Interviews at PLA, PLAN and CASS in 1997 and 1999.

¹⁰¹ The tension between China and Russia was at its peak during this period with several militarized border disputes. For an excellent compilation of the border treaties and the border conflicts during this period see: Chang Luke, 1982, pp. 9-35; 151-168.

Vietnam and the Soviet Union led China to believe that this was the first step in the direction of a containment of China. Beijing further wanted to gain access to US technology and “opportunities” that the international environment created (FBIS/China, February 12, 1980, p. L3). In accordance with this perception, a front with the US against the Soviet Union was the logical solution, with an aggressive policy towards Vietnam and expansive *Soviet* communism.

In late 1979, Deng Xiaoping reversed the PRC’s old revolutionary military policy, to form a policy to fight war under “modern conditions”.¹⁰² The PLA began to use modern tactics and tried to modernize its military forces with help from other nations. This policy included a modern navy that would control the South China Sea. The failed war against Vietnam in 1979 was also a lesson that made Beijing realize that a modernization of the PLA was necessary. Deng and the politburo realized that large mass armies could be defeated by smaller forces with better equipment and training (Vietnam). Despite the realization of the importance of modernization of the PLA there was no funding for the proposed modernization wave (GAO, 1995).¹⁰³

Dual cordiality between China and the superpowers became the new policy for China between 1982 and 1989. There was severe tension between the Soviet Union and the US, which China used in its foreign policy to divide the US and the Soviet Union and at the same time benefit from the tension as a middle power. China kept its military cooperation with the US, but improved its relations with the Soviet Union. This is called China's “independent foreign policy”. The combination of unstable relations with the Soviet Union (which had a negative effect on China) with the fact that the US had played out its strategic role for Beijing to counter Moscow meant that China began to move away from a confrontationist policy. China now emphasized economic relations with all nations to strengthen its economy according to the five principles of peaceful coexistence. Military relations with other nations were seen as something dangerous, which should be avoided, and becoming allied with the US could create a conflict with the Soviet Union, and vice versa.

¹⁰² There were internal debates inside the PLA in the late 1970s concerning this shift in military policy. Those who have studied PLA history agree that the single most important step towards a change was the speech by the former chief of general staff, Su Yu, at the PLA Academy of Military Science on January 11 1979, named “Several Questions on Strategy and Tactics During the Initial Phase of a War against Aggression” (1979); Ji You, 1995a, p. 232.

¹⁰³ China increased the PLA budget according to GAO by 150% between 1984-1994, but there was only a modest 4% increase in the modernization of the military. The rest disappeared in inflation and the main bulk of the 4% increase went to improvements for the troops, such as clothing and salaries.

China's foreign policy changed from being confrontational to non-confrontational and cooperative during this period. These were China's first clear signs of a more cooperative stand and a clear focus on economic relationships rather than on political and military.

China was primarily concerned with the relations between itself and the superpowers and believed that Southeast Asia would not disturb the domestic situation and therefore refrained from constructive engagement in regional politics up to 1983.¹⁰⁴ In 1983, China intensified its policy towards Southeast Asia and in particular their interest in the Spratly Islands (Spratlys). There are different interpretations as to why China intensified its politics in the Spratlys. Chen and Shultz believe that China tried to fill the power vacuum that the US and the former Soviet Union created when they withdrew large parts of their fleets from Southeast Asia (Chen Jie, 1994, pp. 895-896; Shultz & Ardrey, 1995, p. 127). Garver sees the change from geo-strategic goals towards an economical strategy during the 1980s which would mean much more of a domestic change, and several other researchers have also identified the economical changes as the most important (Salahem, 1995; Valencia, 1995; Garver, 1992). Yuan also believes that China's national priorities changed from military development to economic development when there was less of a threat from the Soviet Union (Yuan, 1995, pp. 68-71). The economic explanation seems to be the most logical one, and it follows the development of the internal situation, but without a reduced threat from the Soviet Union the changes would have been impossible. This is not to say that security is subordinated to economy but rather that economy has acquired an equal footing with security until a security threat occurs, at which time security considerations will again take preference over economic ones, as in all states. It seems that without the reduced military threat, it would not have been possible for China to change its focus to the degree it did in the 1980s.

6.3 China's relationship with Southeast Asia

6.3.1 Southeast Asia

Chinese foreign policy towards Southeast Asia changed drastically after Mao's death and the downfall of the Gang of Four. Directly after Chairman Mao's death in September 1976, Deng started to improve China's relations with Indonesia and the rest of ASEAN. It is important to note that the foreign policy was fundamentally different in respect of the different actors inside ASEAN and

especially for Vietnam which was not yet a member of ASEAN. In November 1977, Vice-Premier Li Xiannian called for a re-establishment of diplomatic relations with Indonesia. In accordance with this, Party Chairman Hua Guofeng announced at the 5th National Peoples Congress in March 1978 that China would establish relations with all the Southeast Asian countries. China would moreover support the newly established Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia (Buszynski, 1995, p. 163; Straits Times, 7 March 1978).¹⁰⁵ Deng Xiaoping and Hua Guofeng also changed the former isolationist policy towards a more interdependent policy vis-à-vis the world community in the form of an “open-door” policy with free capitalism, known as “Socialism with Chinese Characteristics”.¹⁰⁶

This was the first step towards an improvement in the relationship with the international community and the ASEAN members after a disastrous period primarily characterized by the Cultural Revolution. China’s foreign policy, as a whole, changed in 1978 virtually overnight from Marxism-Leninism to an economic open-door policy as the prime guarantee of national security in contrast to the previous policy of revolutionary struggle (Taylor, 1994, pp. 259, 267-268).¹⁰⁷ Contacts with other nations were now based on economic development rather than ideology, and the policy was now to support inter-governmental relations, educational, cultural and trade exchanges. China sought extended trade and economic cooperation with all countries in Southeast Asia, without political consideration. The exception was Vietnam, which was an ally of the Soviet Union. The Vietnamese “defection” to the Soviet camp threatened the Chinese leadership role in Indo-China, especially through Vietnam’s involvement in Cambodia. As will be shown later in this thesis, the

¹⁰⁴ China supported several communist guerrilla forces in the region even before this, but the main focus was to exclude itself from international politics. The Korea War can be seen, as it is by the Chinese, as a border war to defend mainland China from US aggression.

¹⁰⁵ For an excellent study of China’s foreign policy from the start of the “open-door” policy (1978) see: Tian, 1994.

¹⁰⁶ Some scholars would indeed argue that communism in China is already dead and that what we see in China today is capitalism with Chinese characteristics. (Myers, 1993, p. 7). China’s foreign trade ratio increased to 27 per cent by 1988, which indicates that China is an economically open state by any international standards (Naughton, 1997, pp. 53-57).

¹⁰⁷ For in-depth analyses of the politics behind the change from Marxism-Leninism to the “open-door” policy see: Ruan, 1995; Goodman, 1994; Gardner, 1982. For an excellent non-academic publication see: Wong Jan, 1996.

Vietnamese situation was very different from that of the other states. I would argue that Vietnam follows the “old” logic, while the other states in the region benefit from China’s “new” regional policy.

In December 1978, China underwent a dramatic shift in domestic economic policy that changed the foreign policy towards Southeast Asia (Naughton, 1997, pp. 50-53).¹⁰⁸ The changes led to an increased domestic economic development in China from the mid-1980s, due to massive urban economic reform and the new “open-door” policy. This caused an increased interest in the South China Sea and Southeast Asia in economic and trade terms. All four of the first special economic zones in China faced the South China Sea or Taiwan. The increased need for natural resources from the South China Sea and trade routes over the area led to the formation of a new policy towards the region (Chen Jie, 1994, p. 895).¹⁰⁹ The “open-door” policy and export reforms made regional stability important to Beijing, and China made several economic cooperation proposals for the region during the second half of the 1980s (Nathan & Ross, 1997, pp. 158-178; Shih, 1993).

On the other hand, several Chinese military texts used the term “*Shengcun kongjian*” (Lebensraum) when dealing with the South China Sea (Chanda, November 9, 1995, p. 22). This indicates the importance that the South China Sea had for China not only in terms of extending its power and for nationalistic purposes, but also in feeding its people and industries. It also indicates how much the military was willing to sacrifice to be able to control the region militarily. This was in deep contrast to the Ministry of Foreign Affairs (MFA) and what Deng and Jiang Zemin have said

¹⁰⁸ Deng initiated his “open door” policy that strived to make China a modern economy through trade. This was a substantial improvement of the economic regulation and the legal framework for economic transactions with China. Deng initiated “special economic zones” that would be economic free zones in China for the import and export of goods that other regions in China were forbidden to trade with or which were otherwise restricted. The economic free zones were, according to officials, an attempt to experiment with capitalism in China without contaminating society, but the truth was that Deng could not open up the Chinese economy more than this without creating an uproar among the more conservative elements in the Chinese government.

¹⁰⁹ The Chinese claim that there is no change of policy from the Chinese side, as this has always been Chinese territory. The changes have come from the other nations after 1974 (Interviews). The problem is accentuated by the fact that China has approximately 22% of the world’s population, but only 7% of the agricultural area, and comparatively few energy resources for its population (Chanda, , 1995, April 12; Swanstrom, 1999b, p. 104). This will create enormous problems for the development of China and the South China Sea could potentially solve or alleviate a few of the problems.

when they have been abroad and promised peaceful coexistence and economic cooperation. The conflict between MFA and PLA became apparent in the late 1980s and their different policies created new problems for China through unclear directives and implementation. These were the first clear indications of greater institutional control and open conflicts between institutions. The leadership, and especially Deng, seemed to try to play off the different factions (institutions) against each other and maximize support and benefits through this process, the success rate of this was apparent but not entirely successful. This was the first indication of a “Dual Track” policy from Beijing: the government promised peaceful coexistence but in practice accepted the military build-up and the military expansion that the Chinese military pushed through in the 1980s.

During the second half of the 1980s, China's foreign policy changed from preparation for a confrontation with the Soviet Union to being a policy to fight limited regional wars caused by territorial disputes. This was due to the reduced threat from the Soviet Union and the stalemate in Cambodia (Ji You, 1995b, pp. 376-377; Yuan, 1995, pp. 68-71; Chen Jie, 1994, p. 894). This was the first time China's military attention was directed towards its Asian neighbors rather than the Soviet Union and the US. As seen in sections 5.2 and 6.2 concerning international relations, during the time from the founding of the PRC until now, China's foreign policy has been directed against the superpowers in general and the Soviet Union in particular (Sutter, 1986b, pp. 105-124). As the threat from the Soviet Union and the US was dramatically lessened, the shift towards Southeast Asia was logical and both politically and financially motivated.

The change towards Southeast Asia can be seen in the build-up of the Chinese navy's South Sea Fleet (SSF). In the early 1970s, the SSF was the weakest of the three existing fleets (North, East and South fleets). After 1974 and the military conflict with South Vietnam over the Xisha (Paracel) islands, the build-up of the SSF has made it the most powerful of the three.¹¹⁰ The fact that China's only marine brigade was attached to the SSF reflected the importance that Southeast Asia had gained (New China News Agency, June 7, 1987), and it also indicated that China emphasized rapid action and limited wars in the region. The relations between the nations were, on the other hand, better than they had been for a long time even though China's military presence was massively strengthened. China had repeatedly said that its military forces were only in the region to secure a peaceful Asian environment, but naturally it has been hard to convince the nations in Southeast Asia that China has been antagonistic towards, as to China's peaceful intentions. Deng's cut in the military spending up to 1989 could be seen as an indication of China's good intentions. This was an attempt to save

¹¹⁰ A more detailed article about the military build-up of the SSF can be found in: Ji You, 1995b, p 385. Klintworth & Ball, 1995, pp. 259-262.

money which he then used to modernize some vital parts of the PLA, while simply dispersing other parts to civilian sectors (Godwin, 1996, pp. 69-99).¹¹¹ He did not believe that world war was possible any more, and considered that the money would be of better use to modernize the Chinese economy. Deng made this clear at the meeting of the Standing Committee of the Central Military Commission (CMC) in March 1980:

After calmly assessing the international situation, we have concluded that it is possible to gain a longer period free from war than we had thought earlier: During this time, we should try our best to cut down military spending so as to strengthen national construction (Sheng, 1995, p. 111).

The cut in financial resources for the military up to 1989 made the Chinese military equipment outdated and far behind nations like Japan and Taiwan. Both Japan and Taiwan spent a substantial amount of capital on their military and bought modern equipment, such as Mirages, MiGs, Patriot systems, etc. which China could not afford or was not allowed to buy (Wallenstein & Swanstrom, 1998; Godwin, 1996, pp. 69-99; Klintworth, 1996, pp. 38-45). The military realized that the outdated material and vast army needed to be replaced with a leaner and effective army.

During the period from 1976 to 1989 China was very reluctant to join any multilateral negotiations or contacts with the Southeast Asian Nations due to strategic reasons. Beijing had claimed from the beginning that bilateral negotiations were preferable in all fields of cooperation or discussions. This decision has meant that China does not have one foreign policy for the whole of Southeast Asia, but one for each country (Swanstrom, 1999b).

6.3.2 Vietnam

China's relations with Vietnam were very tense during this period, with occasional militarisation of the bilateral relations. At this time, the major part of China's and Vietnam's relations was determined by territorial disputes, ideological disparities, Cambodia, the ethnic Chinese in Vietnam and the Soviet Union's presence in Vietnam, i.e. adversarial issues.¹¹²

¹¹¹ For more details how the economic reform affected the military see: Gill, 1996, pp. 144-167.

¹¹² For a development of those factors see: Amer, 1994, pp. 357-382.

The Vietnamese factor was of great importance for China's cooperation with the ASEAN members. Beijing wanted to create unity between China and ASEAN against Vietnamese "aggression" in the region in order to gain a better position in Southeast Asia (Garver, 1993, pp. 166-177; Thayer, 1996, pp. 132-147). Secondly, the Chinese could improve their own security situation and internal politics without being seen as a threat by every nation in the region, even if the majority of states did in fact see Beijing as a future threat.

Vietnam's involvement in the Cambodian conflict and alliance with the Soviet Union was considered to be a threat against China and a major part of China's foreign policy reflected this threat. ASEAN also considered the Soviet-Vietnamese "expansion" to be a larger threat than China in the short term and believed that they could side with China. China's heavy-handed foreign policy towards Vietnam was motivated by the fact that China had less to lose than Vietnam with strained relations and that Vietnam could more readily be forced to give in to Chinese demands.

Prior to 1974, China occupied the eastern part of the Paracels, while South Vietnam occupied the western part. When South Vietnam was weakened by the Vietnam War, China seized the opportunity in March 1974 to occupy the South Vietnamese part (Keesing's/26388, March 4, 1974).¹¹³ This was the first military confrontation China had in connection with the South China Sea and the maritime border conflict with Vietnam. This conflict would cause strained relations for decades to come. The South China Sea dispute was however not the most threatening question between the states: Cambodia was.

The Vietnamese intervention in Cambodia in 1978 resulted in the overthrow of the Khmer Rouge and the installation of a Vietnam friendly government. This created stronger Chinese opposition towards Vietnam since China saw itself as the legitimate communist leader. China also perceived the emerging cooperation between the Soviet Union and the Indo-Chinese countries as a "Soviet encirclement" of China (Hinton, 1997, p. 358). China openly supported the Khmer Rouge's struggle against Vietnam in Cambodia and against the Cambodian government, which was established with the help of Vietnam in early January 1979 (Keesing's, Vol. 25, May, 1979).¹¹⁴ The Southeast Asian nations were worried about the spread of Soviet influence in Southeast Asia through

¹¹³ China even tried to occupy those parts of the Spratly Islands that Vietnam was occupying but this attempt failed. Keesing's/26388-26389, March 4, 1974. Keesing's/27872, August 6, 1976.

¹¹⁴ It is interesting to note that China was on the same side as the US and the rest of the Western World in its support for the Khmer Rouge and Pol Pot. The Khmer Rouge was considered the

Vietnam and believed that China was, for the time being, the “protector” against Vietnam's expansion. Lee Kuan Yew expressed his appreciation of the fact that China invaded northern Vietnam in February 1979 to protect the region against Soviet influence and Vietnamese aggression (Buszynski, 1995, p. 164). This led to Singapore, Thailand and China becoming allied in the struggle against Vietnam which was a potential threat to all these nations' political goals. Improvements in the bilateral relations started in 1986-87 when Vietnam and Indonesia, among other channels, initiated a dialogue which included Cambodia as an issue. This was the first step towards a regional dialogue about Cambodia and regional stability (Amer, 1996c, pp. 12-36).

In the late 1970s, the relationship between China and Vietnam reached a low-water mark: there was a risk of war and both governments tried to establish relations with non-communist nations in Southeast Asia. Vietnam claims that China lay behind 179 border incidents in 1974 and that this figure climbed to 2175 border incidents in 1978 (Keesing's, Vol. 27, October, 1981). China claims, for its part, that Vietnam was responsible for 121 incidents in 1974 and 1108 in 1978 (Keesing's, Vol. 27, October, 1981). In 1979, China subsequently fought the “One-Month War” against Vietnam with great losses and during the 1980s there were repeated skirmishes between the actors and despite some low level negotiations the relations were worse than ever (Keesing's, Vol. 25, October, 1979).¹¹⁵

After the Chinese withdrawal/retreat from Vietnam in 1979, there were several attempts to conduct negotiations between China and Vietnam from April 1979 to March 1980 (Amer, 1994, p. 363). The negotiations were a failure because the positions of the states were too far apart. The tension continued for the major part of the 1980s, with a small sign of more cordial relations late in 1985 when China's president congratulated his Vietnamese counterpart on Vietnam's Fortieth National Day. This was the first contact between China and Vietnam since the 1979 war. The diplomatic relations were however still bogged down in old patterns. The great power relations and the Cold War played a direct role in the relations between Vietnam and China, and the Cold War would have to end before relations could be normalized.

There had been tension between Vietnam and China since 1974, with a peak during the war in 1979, and in March 1988 China and Vietnam fought new battles in the Spratly area with severe human and material losses on both sides. China does not specify the military losses but they seem to be substantial. The conflict resulted in China seizing some other islands from Vietnam (Chang Pao-

legitimate leader of Cambodia and Vietnam's intervention in Cambodia was considered by China and the West to be a breach of international law.

¹¹⁵ For a more detailed study see: Amer, 1994, pp. 357-383. Garver, 1992, pp. 1007-1008.

Min, 1990, pp. 20-39; Far Eastern Economic Review, March 17, 1988, pp. 23-24; Far Eastern Economic Review, May 5, 1988, pp. 23-24; Kessing/35902-35903, May 1988).

6.3.3 Laos and Cambodia

Between 1975 and 1978, the position between Laos, Cambodia and China was low key but stable. In March 1976, China signed an economic cooperation treaty with Cambodia (March 10) and Laos (March 15) (China's Foreign Relations, 1989, pp. 184, 195; Renmin Ribao, March 10 & March 15, 1975). China was afraid of being besieged by the US forces between a hostile Indo-China under Vietnam, a US-controlled Korea and a hostile Soviet Union. In late 1978, China "realized" the need for a more active policy in Indo-China to counter the Vietnamese "aggression" in the region as the Vietnamese regional power increased and worried China. On December 5th 1978, Ye Jianying, Chairman of the Standing Committee of the NPC, proclaimed that China was "firmly supporting the Kampuchean people in their just struggle against Vietnamese aggression" (China's Foreign Relations, 1989, p. 184).

During the Third Indo-China War (1979-1989) Vietnam, Cambodia and Laos created an Indo-China block supported by the Soviet Union. The relationship between China and Laos, and China and Cambodia broadly followed the pattern of Sino-Vietnamese relations although the relations worsened somewhat later and improved slightly earlier. Laos was however not as anti-Chinese as Vietnam, and Cambodia had anti-Vietnamese elements in its government (Thayer, 1996, p. 133).¹¹⁶ China regarded Laos and Cambodia as "puppets" of Vietnam and consequently officially dealt with them through Vietnam.¹¹⁷ This created a situation in which China had a minimum of interaction with Laos and Cambodia, although China dealt with the ousted Pol Pot. China tried to mediate between Vietnam and Cambodia from 1975 to 1977 and did not openly side with Cambodia until 1978 (Amer, 1994; Issues and Studies, January 1981, pp. 78, 85). Amer has argued

¹¹⁶The Indo-China block had a common enemy in Thailand. Laos viewed Thailand as its main enemy, especially after the border war in 1987-88. Cambodia also viewed Thailand as its main enemy, in combination with anti-Vietnamese propaganda. Vietnam saw Thailand as a competitor for influence in the Indo-China region and was more than willing to help the anti-Thai sentiments in Cambodia and Laos.

¹¹⁷ Interviews at FAC in 1999. This has not been confirmed by any other sources, primary or secondary.

convincingly that the decision to side with Cambodia had been taken in November 1977 during Le Duan's visit to China, but it was not implemented until 1978 (Amer, 1994, p. 359).

China and Laos minimized their diplomatic relations in June 1979 and had no official relations until November 1987 (Tian, 1994, pp. 83-84). But relations improved in 1987 when Laos approached China to request military assistance against Thailand, which Vietnam could not provide, but was only offered military equipment on a commercial basis (Thayer, 1996, p. 142). This would indicate that China moved away from its earlier position of freezing Laos out, and saw benefits (mainly political) from engaging in trade with Laos even if this should mean more tense relations with Thailand.

China supported the Khmer Rouge and minimized the contacts with the Cambodian government before the peace process started. However, China kept its embassies open in all of Indo-China (Laos, Cambodia and Vietnam) although the relations between the countries were close to full-scale war. The Far Eastern Economic Review reported on January 5th 1984 that rebel troops had been trained in Malaysia and equipped by China (Keesing's, Vol. 30, February, 1984). ASEAN and China were deeply involved in the war through their support of the Khmer Rouge and Prince Sihanouk. The Khmer Rouge fought the Cambodian government and the Vietnamese forces with the best training and military equipment that China and the West (through Malaysia and Thailand) could provide.

After 1987, Chinese relations with Laos, Cambodia and Vietnam, and foreign policy in general became much more state-specific and the relations improved rapidly. It was however the relations with Vietnam that were the most important and in interviews I have been told that China and Vietnam used the improved relations with Laos and Cambodia to improve their own bilateral contacts.¹¹⁸ The relations between China and Vietnam came after the Jakarta Informal Meetings (JIM) were organized by Indonesia to solve the Cambodian conflict (Keesing's, Vol. 35, April, 1989). The resolution that resulted, opened up new possibilities for a normalization of relations between China and the Indo-Chinese countries. The Chinese demand for a normalization with Vietnam since 1979 had been a withdrawal of Vietnamese troops from Cambodia and a rehabilitation of the Khmer Rouge (Keesing's, Vol. 30, February, 1984; Vol. 28, April, 1982). This was not possible during the peak of the Cold War but at the end of the 1980s and the early 1990s there were

¹¹⁸ Interviews at FAC in 1999. This has not been confirmed by any other primary or secondary sources. It seems however to be logical since Laos and Cambodia were dealt with first, and the normalization between China and Vietnam followed the steps of the normalization between China and Laos/Cambodia. It would have been relatively easy for China and Vietnam to interact through Laos and Cambodia.

important changes towards normalization of the bilateral relations between China and the Indo-Chinese states.

6.3.4 Indonesia, the Philippines and Malaysia

The Chinese links with revolutionary movements especially in Malaysia and Indonesia, created in the 1950s and 1960s tension between the actors that did not end until the 1970s and 1980s. Chinese influence was probably greatest in Malaysia. China tried to influence the Philippine communist guerrilla but was not as successful as in the case of Malaysia (Hinton, 1997, p. 350). China insisted that it had done everything to remove the obstacles that the ties between the political parties (CCP support to communist rebels) had caused to the relations between the States and that their ties were now only a matter of principle. It was not until December 1989, however, that the Communist Party of Malaya (CPM), which was supported by the Chinese, surrendered.¹¹⁹

Malaysia and Indonesia claimed that China could have stopped this earlier as it did with CPT in the 1980s and accused China of having supported military resistance in their countries up to this date. This question was, as I will deal with in the next chapter, still a problem in the 1990s for the relations between the nations.¹²⁰ Apart from the Chinese support to the communist guerrilla forces, China had a low degree of political interaction with Malaysia and Indonesia until the 1990s despite normalization of the diplomatic relations in the 1970s.

There was an obvious increase in trade with Malaysia, the Philippines and Indonesia although the official figures are insignificant (IMF, directions of trade). The unofficial figures that can be derived from the transit trade with Hong Kong are much higher, but no exact figures can be extracted – they were however several times higher than the official figures (Wei & Yu, 1992, pp. 196-215). This pattern will be easier to penetrate in the next period. The political situation was not ready for all-too-open trading with Southeast Asia before 1989, but the economic reality forced China to use Hong Kong to increase the Foreign Direct Investments (FDI) to China and export from China.

¹¹⁹ The CPM leader Chin Peng emerged from Beijing, where he lived, in 1989 to sign the agreement. This indicates that Beijing supported CPM in its military struggle in Malaysia, but also that Beijing supported the closure of the conflict. We can relatively safely assume that Beijing pressured the CPM to agree to a closure of the conflict, as trade with ASEAN had become too important (Buszynski, 1995, pp. 165-166).

¹²⁰ Interviews with military personnel in Beijing, both PLA and PLAN officials, 1997 and 1999.

6.3.5 Burma

China had been the largest supporter of the Burmese communist guerrilla and had very poor relations with Burma, but there were stepped-up efforts to lessen the friction between the states in 1984 (Hamrin, 1997, p. 104). China and Burma slowly increased their contacts after the disastrous years of the Cultural Revolution. Burma was in no position to refuse better relations with China even if it would have preferred to do so, and when a possibility for deeper cooperation came, Burma took it. The Chinese government drastically increased its contacts with the military government in Burma in 1988, and increased them still further after the Tiananmen incident 1989 when both China and Burma were isolated from the West.

It has been said that China supplied more than US \$ 1.4 billion worth of arms to Burma between 1988 and 1992 (Malik, 1995, p. 148). It is unclear how much was given to Burma before 1989 and after, but the tendency was one of growing support to Burma from China. Through this military support, Burma became China's most southern ally and this gave Beijing a strategic position both in relation to India and to ASEAN. The relationship between Burma and China and the strategic importance was increasingly crucial and this will be especially significant in the next time period that will be examined.

It is clear that China sees Burma as an important factor in its regional policy and as a strategic partner and is reluctant to let the ASEAN 10 cooperation destroy the newly established relations between Rangoon and Beijing. Burma is strategically located both militarily and economically for China. It would be easy to trade over the old Burma Road and militarily it would be easy to control the Indian fleet's movements in the region and possibly ASEAN fleet movements in the Southern part of the South China Sea.

6.3.6 ASEAN

During this period ASEAN was considered by China to be a very important actor in creating regional stability, especially in the settlement of the Indo-China situation and in improving relations in general with China.¹²¹ Due to the alliance between Vietnam and the Soviet Union on November 3,

¹²¹ Interviews with personal at FAC and China Institute for Maritime Development Strategy (CIMDS). I was told that ASEAN was regarded as a guarantee of stability and that the importance of ASEAN for regional stability increased and is still increasing. From the beginning,

1978, and Vietnam's intervention in Cambodia in December 1978, China intensified its relations with the ASEAN members. This was directly to counter Vietnam and its presence in Cambodia. China even formed a *de facto* alliance with Thailand against Vietnam when Thailand in February 1979 allowed Chinese weapons and soldiers to be transported over Thai territory to give the Khmer Rouge military assistance. Thailand used Chinese intervention in Cambodia to secure its eastern border against Vietnamese expansion. The improved relation with Thailand was also, to an increasingly large extent, caused by trade and the need for the two nations to gain access to each other's natural resources and technology. In the eyes of Thailand, Singapore and Malaysia, China became during that time the defense against Soviet-supported Vietnamese expansion in the region (Straits Times, February 7, 1982; Xinhua, November 2, 1983).

During the 1970s and the 1980s China was engaged in several military disputes with Vietnam over both the border between Vietnam and China and over the South China Sea (Keesing's/26388; Keesing's/38346; Keesing's/35902). Some ASEAN members were also in conflict with China over the South China Sea and did not support China's claims in the South China Sea and they were worried about Chinese expansion in the region. The political picture was therefore not clear: both Malaysia and Indonesia were deeply suspicious of China and saw Beijing as the prime threat against regional security. To give China diplomatic support against Vietnam, was only a temporary solution and China would again emerge as the main enemy in the eyes of Malaysia and Indonesia (Sheldon, 1994, p. 1052).

Malaysia's Tun Hussein Onn and Indonesia's President Suharto laid down the Kuantan principle in March 1980. They wanted to compromise with Vietnam over Cambodia so that Vietnam could break with the Soviet Union and join a wider Southeast Asian community directed against an expansionist China.¹²² This was not accepted by the other members, most vigorously by Thailand, and all the ASEAN members finally agreed that the unity between the members was more important and that Thailand's security situation was more threatened by the Vietnamese "aggression" than ASEAN was by China. The possible threat from Cambodian and Vietnamese communist aggression prevailed for the moment over the worries for China's future position. The different attitudes towards China were reflected in China's policy towards each individual country.

China has been very skeptical towards ASEAN but during the conflict in Cambodia China saw ASEAN as a potential ally against Vietnam and the Soviet Union.

¹²² For more information concerning the "Kuantan Principles" see, @SEAN online (www.asean.com)

The economic relations between China and ASEAN became increasingly important in the 1980s and China began to focus on ASEAN as a potential trading partner. It is important to bear in mind that most of the trade goods were similar in ASEAN and China, which made them competitors rather than trading partners (Narongchai & Deunden, 1992, pp. 1-29). Despite the competition between China and ASEAN there was a clear increase in trade. The official trade from China to ASEAN increased from 5% in 1981 to 5.3% in 1987 and from ASEAN to China the trade increased from 1.7% in 1981 to 3% in 1987 (IMF, Direction of Trade). Those figures are however highly misleading. The main bulk of the increased trade from and with China consisted of so-called transit trade with Hong Kong (Yu & Yu, 1992, pp. 196-215). The transit export grew from 6.973 HK\$ million in 1975 to 366.405 HK\$ million in 1989 (Hong Kong Statistics Bureau).

This increase in transit trade was due to the (still restricted) trade regulations for China and with China. The solution was to transit the trade through the British colony of Hong Kong that had a special trade relation with China and a free trade system. How much of the trade that was from China and went to Southeast Asia is hard to measure, but it is clear that a great deal has gone to ASEAN. One of the indications of this is that Hong Kong has emerged as the leading investor in ASEAN, exceeding Singapore (Enright et. al., 1997). This investment hype started in the mid-1980s and grew quickly. A large part of this money is from the “Red Chip” companies or other resources originally from China.¹²³ As the restrictions loosen up, Hong Kong fears that it will lose its competitive advantage in China as a transit port (Swanstrom, 1999a). This could have a direct impact on China’s trade with Southeast Asia in the next period.

6.3.7 South China Sea

The South China Sea is a major constraint in China’s relations with its neighbors. The Tonkin Gulf, Paracel Islands and Spratly conflicts started in 1974, and at the end of the 1970s they intensified. Beijing first occupied the Paracels in 1974 and had repeated skirmishes with Hanoi. Nowadays, China actively claims all of the South China Sea, from the coasts of Vietnam and the Philippines down to Brunei, Malaysia, and Indonesia (see Map 7 Occupation of the Spratlys). In total there are six claimants to the region or parts of the region. China and Taiwan are the only two states that claim all of the South China Sea. The relations between all the claimants and China have been constrained,

¹²³ The “Red Chip” companies are Chinese companies listed in Hong Kong. The capital in those companies is however overwhelmingly Chinese and the red chips are often used to move capital

especially in the case of Vietnam which has been the only nation, so far, which has been at war with China over their maritime borders. Vietnam is also the only nation that could pose a military challenge, but hardly a threat, towards Chinese occupation of the islands.

Vietnam has been in conflict with China over the disputed islands repeatedly since 1974. In 1977, Vietnam declared its jurisdiction and suzerainty over the islands by claiming a 200 nautical mile Exclusive Economic Zone (Hyer, 1995, p. 37). This caused several incidents but there were two major incidents after 1977. In 1979, 24 Vietnamese fisherman were arrested and detained for over a year by the Chinese fleet and in 1988 there was a battle over the Spratly Islands with 74 dead soldiers on the Vietnamese side and an unknown number on the Chinese side (Garver, 1992, pp. 1007-1008; Chang Pao-Min, 1990, p. 25; Keesing's/35902-35903, May 1988). Other Southeast Asian nations have claimed the territory but there has been a latent conflict until the 1990s.

The main conflict issues can be arranged in three categories (Swanstrom, 1999b):

- a) Strategic importance
 - For the parties in the conflict
 - For third parties (trade channels in the South China Sea)
- b) Natural Resources
 - Oil, gas, and minerals
 - Fisheries
- c) Nationalism and sovereignty

This arrangement is fairly crude and problematical but will suffice for the purpose of this thesis.

During this period there was a severe constraint on resources in China, and the potential oil and gas reserves in the South China Sea would be very important for China's economic development, but also for other nations (Salahem, 1995; Renmin Ribao, December 24, 1989; Keesing's, 26388, March 4, 1974; See Map 8: oil fields). The shortage of oil increased the tension in the region, especially since there was a belief that there were huge oil reserves in the South China Sea. At this time there was however limited knowledge of the potential of the region, but in the late 1980s the South China Sea was estimated to contain 105 billion barrels of oil and 370, 000 tons of phosphor (Swanström, 1999b, p. 103). The significance of the natural resources was however not at its peak in the late 1980s but would become much more important. In the next period I will examine

from China to Hong Kong and beyond but also to China. The problem is that it is rather hard to control how much capital is transferred, and where the capital originates from.

in more detail how the resources in the South China Sea region are becoming increasingly important for all parties in the conflict (Shultz & Ardrey, 1995, p. 127).

Fishery, which has been accorded less weight, was also crucial for China, and Vietnam, to feed its populations. Fishery is intended to reinforce the lack of arable land in both China and Vietnam and there is a growing awareness in China of the importance of fishery for China's human development. China had in the mid-1980s 23 percent of the world's population and only 7 percent of the arable land, which indicates China's apparent need to find alternative sources of food (Swanström, 1999b, p. 104).

The most important factors explaining the unsuccessful attempts to resolve this conflict are nationalism and sovereignty (Chen Jie, 1994, p. 894; BBC/FE/2065/G1, August 4, 1994). China was in no position to compromise over the status of the region due to domestic nationalism and the historical concession to the "Western Imperialists" (Swanström, 1999b, p. 104). This forced China to meet any "expansion" in the region with military means. The problem is accentuated as several other states in the conflict have similar problems with increased nationalism and unstable governments.

There is also strategic importance involved for all parties in this conflict. The state that controls the South China Sea has a strong strategic position, both economically and militarily in the region. No state has forgotten that Japan used the South China Sea as a base for its war in the region during World War II (Swanström, 1999b, pp. 101-103). Further, trade is dependent on open and free trade lanes through the South China Sea to guarantee the economic development of the states in the region. This has led to China seeking to defend its "indisputable territory", while the Philippines see China's expansion in the region as a "dagger against Philippines (Manila) heart", Vietnam is threatened by the closeness of the maritime border that China wants to draw against Vietnam proper, and all states are financially dependent on the region.

6.4 Outcome

The main events (changes in the input) during this period are the death of Mao and the establishment of Deng as China's undisputed leader, the Cambodian war, and the intensification of the South China Sea conflict. The international environment becomes increasingly positive for China, especially in the economic realm, and international trade grows rapidly. The regional integration was especially high, compared to the international community at large, both politically and economically. This was due to increased flexibility from a China seeking increased economic contacts, despite a reluctance to open up the political system.

Institutions had a greater say in the making of China's foreign policy, but there emerged a split in the interests of different institutions, i.e. PLA and MFA, that created rivalry between institutions. This split caused some instability and unpredictability in the decision-making process. Since Deng was in greater need of coalition-building than Mao, the power of the institutions increased as they benefitted from Deng's relative weakness. It is important to point out that Deng still had almost supreme power despite this "loss of power".

It was still Deng's interpretation of the reality that was important. The changes are to a great extent due to Deng's financially liberal ideas and the opening up of the Chinese economy. Deng knew that greater integration and interdependence was necessary for the development of China and he therefore supported such efforts and strengthened liberal institutions such as the MFA. Deng's position towards the outside world was more predictable and he had a clearer strategy than Mao's revolutionary strategy. This can clearly be seen in Deng's foreign policy towards Southeast Asia and his consistency in his interpretation of the reality. The volatility in this period was much more dependent on the institutional infighting and unclear power structure below Deng.

Figure VII: Outcome in the period between 1976-1989

Events/crises/change	International	Domestic		Outcome
		Institutional	Individual	
Death of Mao and establishment of Deng Xiaoping. The Cambodian War and an intensification of the South China Sea Conflict.	The interpretation of Chinese foreign policy improves and the understanding of Chinese priorities increases. China is increasingly a partner in the international community.	Clear signs of divided interpretation of the internal and external environments between institutions. Stronger impact on the changing priorities of foreign policy	Deng's interpretation of the internal and external environments is fundamental for the changing priorities of foreign policy.	China is increasingly a partner with most other states, the exception is Vietnam and the Indo-Chinese states. China makes a clear move away from the superpowers and towards the Southeast Asian region
	Regional and international actors have a greater influence on China's foreign policy due to increased economic interdependence.	Increased scope and degree of participation in foreign policy making.	Deng's degree and scope of participation in foreign policy making is high Fundamental impact on the changes of rules, norms, and mechanisms in the policy making process	
	The flexibility by the international community and international actors towards the Chinese foreign policy increases. USA recognizes China in 1978.	Increased participation and autonomisation of institutions in the making of foreign policy. Clear lines of division of interest between different institutions.	Deng's power and authority is decreased. Increased reliance on institutions, but Deng is still paramount in his decision-making power.	

I shall explain the results of the above figure more in detail in the following sections.

6.4.1 New Relations or (C)old Patterns?

One of the most significant changes during this time is the move away from the superpowers, the Soviet Union and the US, towards Asia. China argued that interaction within the Strategic Triangle could only take them so far. Trade and regional security increased in importance for China, and Asia became much more important for China than the US and especially the Soviet Union, later Russia, was.

It is clear that China improved its relations with Southeast Asia during this period. The only state that China had increasingly tense relations with, was Vietnam, and with Vietnam's allies Laos and Cambodia. The patterns of interaction with the different states in the region follow the conflict in Cambodia and the tension between China and the USSR. The Cambodian conflict created an improvement between China and the ASEAN members despite a clear reluctance on the part of Indonesia and Malaysia. Cambodia was also the first conflict that made China act militarily in the Southeast Asian region against a Southeast Asian neighbor – the intervention in Vietnam, Laos and even Korea was directed against the US. As the conflict around Cambodia was solved, military and political relations with all Southeast Asian states, including Vietnam, improved and increased in importance.

It seems to be clear that the domestic environment in China was for the first time ripe for improved relations with Southeast Asia due to the increased strength of the liberal institutions and out of necessity for economic development. The exception being Vietnam, Laos and Cambodia, which are ironically the only communist states in the region. This combined force of necessity and liberalization indicates that China's focus is much more on economy and security than ideological compatibility. The economic factor is increasingly interesting in China's foreign policy, especially the creation of a functional domestic economy that can feed the growing population of unemployed.

The social unrest that increased unemployment created in the form of a virtual army of a floating population, forced China to focus on economic development rather than geostrategic and ideological goals (Lieberthal, 1995, pp. 168, 340). That is not to say that the geostrategic environment is unimportant, but it seems to be clear that China's politics are divided between a faction that is oriented towards economic liberalization and cooperation and another faction that is more oriented towards the old geostrategic goals.

As was seen earlier, economic cooperation and investment patterns in both China and ASEAN were increasingly directed towards each other. The overall trend in Asia during this time was one of increased intra-Asian trade and investment (Elek, 1996; Taylor, 1996; Sutter, 1999). It seems however that China and Southeast Asia have increased their economic interdependence faster

than China has with the other states in the region or internationally (Liu et. al., 1998). Trade has increasingly replaced the military doctrine as the main driving force for China's interaction in the region.

6.4.2 Adversary or Partner?

China was increasingly taking a more cooperative approach to the Southeast Asian region, with the apparent exception of Vietnam. The patterns in this period were very clear since there were improvements in all aspects and states, with the exception of Vietnam and its allies. There are very few ideological considerations in this period; China tries to improve its relations with all states, except Vietnam. Vietnam was a clear adversary and the situation showed very little improvement until the end of the period and initiation of the resolution of the Cambodian conflict and the Cold War. Burma stood out, since it belonged neither to ASEAN nor the Indo-China states, but improved its relations with China faster and on a deeper level than any other state in the region.

Figure VIII: Adversary or Partner 1976-89

	Vietnam with allies	ASEAN	Burma	Thailand
1976-1989	Adversary	Neutral/cooperative	Adversary 1976-85 Cooperative 1985-1989	Cooperative

It is no coincidence that China was in need of a more cooperative strategy during this period since economic development was crucial for social stability in China. The pattern was however not clear. There was, however, a clear cooperative strategy with the ASEAN members *against Vietnam* and its allies, and relations with Vietnam continued to deteriorate during this period. China used the division in the region to secure support for its own political agenda in Vietnam. A beneficial side-effect of this support was even more important economic cooperation which in turn overshadowed the importance of the political/military cooperation in the later stage of the period.

It is possible to point out a clear division inside China as to how to deal with the region. The military position indicated that the South China Sea was not open to compromise and that it would be defended by any means, while the Foreign Ministry was more cooperative in the economic realm. This division of interest inside China was the clearest evidence of the erosion of the paramount position the leader traditionally had in China and the creation of institutional interests.

The domestic economic development was in a need of increased external economic relations since China had used most of its internal growth potential.¹²⁴ Beijing feared that without a high growth that could be distributed to the people, social unrest could increase, and it has even been argued that the stability of the CCP and the leadership was based on economic development. Since the bulk of China's trade was with Pacific Asia, regional stability was fundamental. China became therefore dependent on stable relations with its neighbors for increased economic growth and was well aware that a conflict with ASEAN could have devastating consequences.¹²⁵

This position would indicate that China has a peaceful and cooperative strategy towards Southeast Asia, but the division between PLA and MFA could create tension inside China and potentially decrease the stability with its neighbors if the "hawks" strengthen their position internally. The Tiananmen incident was a setback for the liberal faction, but had a positive effect for Southeast Asia. ASEAN never condemned China for the incident and diplomatic relations improved and, as will be seen, ASEAN took over much of the trade that the "West" lost through the boycott in 1989 after the Tiananmen incident.

6.4.3 A Regional Leader?

China indicated an increasing interest in taking some sort of regional leadership role, but the costs of this were deterring. If China was to take a regional leadership role it would have to improve its military capability and be prepared to assume economic responsibility. At this time China's economy was too weak to fulfill those "requirements".

China had a very weak military organization, especially with regard to intelligence units and in PLANs Blue Water capacity, that would be necessary to project its force outside China. Moreover, the Southeast Asian states were still reluctant to let China function as a leader in the region. This conclusion is based on the earlier support to communist insurgents, the conflict in the South China

¹²⁴ It is clear that China has an impressive growth potential, but at this stage China is in need of export markets and import of strategically important products to develop at a high level. Beijing also realizes that it is imperative to develop modern and technology-based industries and this can only be done with the help of already industrialized nations.

¹²⁵ It is interesting to note that China was never in conflict with any state that was allied with its major trading partners during this period, such as the Philippines. We will see a different pattern after the US Navy is removed from the Philippines and the strategic cooperation between USA and Philippines is decreased.

Sea, and the relatively poor Chinese economy. It is however clear that Beijing was aspiring to the position of regional leader, i.e. Asian leader. Japan had the financial weight but was even more distrusted than China and would have fundamental problems assuming a regional leadership role. China was aware of this, but also the potential threats if India, Japan or possibly a strengthened ASEAN were to take a regional leadership position. It was in the interest of China to divide the region, i.e. no clear leader, or acquire the regional leadership position itself.

6.4.4 A New Security Environment?

During this period it was possible to see the development of a new security environment which was based on the shift from great power relations to Asia, and from geo-strategic to geo-economic policies.

The shift to Asia from the Soviet Union and USA made China appear regional rather than global, and this was something that could be seen in the modernization of, and focus on, the military. The new units were overwhelmingly suited to rapid action tasks and close range warfare such as the marine brigades in the South China Sea. By focusing on the local power structure, China made its first attempts to become the regional leader, even though financial resources were not available to fully aspire to this position. A major reason for the regional outlook was the reduced presence of Soviet and US forces in the region.

The prime focus on Southeast Asia did not have a strategic basis but an economic basis led by the MFA and the liberal decision-makers. The development was from a geo-strategic to a geo-economic policy in China, with a more cooperative strategy based on nationalism rather than ideology. The new focus on nationalism was necessary for China to unite the nation and create a positive aura around China and its role and position in world politics. Nationalism was however not an accurate instrument in foreign policy, and this new strategic environment (that was based on nationalism) created new problems that will be important in the 1990s.

The economic focus on regional cooperation and integration was due to China's increased need for economic development and the import of resources such as oil, gas but also agricultural products. This increased interdependence between China and other Asian states such as the ASEAN states seems to make Chinese foreign policy dependent on improved relations with the surrounding nations. Domestic stability was clearly linked to regional stability and economic development. There is, however, evidence that remnants of the "old" thinking still inspired the "hawks" and that the position of the liberals was unstable. If the "hawks" increased their power there would be a reversal

of China's cooperative strategy and presumably a more aggressive policy in the Southeast Asian region.

7. After Tiananmen: 1989-2000

“Weak and strong, short and long, are mixed together in their use.”

Sun Zu

Jiang Zemin’s period of rule started with the failure of the old leadership to peacefully stop the student demonstrations in Beijing. The three main reasons that Jiang was elected were that he stopped the demonstration in Shanghai, that he was fairly liberal but not too much so, and most importantly that the CC believed that he could be controlled. The development of this period subsequently showed whether these three reasons proved right. What is interesting is that new forces such as the end of the Cold War and increased globalisation characterized the period, but Jiang also had to deal with regionalisation and economic liberalization, often in conflict with other leaders. The impact on the Southeast Asian region was fundamental and Jiang’s and the increasingly stronger institutions’ changing perceptions created the foreign policy in this period.

7.1 Domestic Changes

Deng’s new foreign policy that was initiated at the end of the 1970s was further confirmed by the “28 character strategy” after the Tiananmen incident in 1989, the economic sanctions that followed from the US and Europe and the effects of the collapse of the Soviet Union and the subsequent end of the Cold War:

*“leng jing guan cha”	-Watch and analyse (developments) calmly;
*“wen zhu zhen jiao”	-Secure (our own) positions;
*“chen zhe ying fu”	-deal (with changes) with confidence;
*“tao guang yang hui”	-conceal (our) capacities;
*“shan yu shou zhao”	-be good at keeping a low profile;
*“jue du dang tou”	-never become the leader;
*“you suo zuo wei”	-make some contributions.

(Zhao, 1996, pp. 53-54; Deng, 1994, pp. 350-352)¹²⁶

¹²⁶ It is interesting to note how close these principles are to *Sunzi Bingfa* (Art of War) and it would be interesting to study how much Sunzi affects today’s strategic culture. For an excellent

It is interesting to note that Deng doesn't mention any aggressive behavior as Mao would have done, rather he emphasized a low profile and cooperation with other states. Deng actually emphasized that China would not assume leadership, be it regional or international. The practical reality looks somewhat different.

On November 13, 1993, the CC adopted a proposal for the establishment of a socialist market-economy structure in China. This was a major change in the economic structure in China and would have a fundamental impact on the foreign policy of China in the years to come.¹²⁷

The reasons for the low-key profile are that Jiang Zemin, who took over after Deng, had a much less stable position and after the death of Deng Xiaoping in 1997 his struggle to stay in power started for real (Gilley, 1998; Lam, 1999). Deng knew that Jiang would have serious problems with the conservative factions in Chinese society, and especially with the military (Fewsmith, 1997, pp. 472-532; Goodman, 1994, pp. 108-114). When Deng initiated this cooperative strategy, and in practice condemned military involvement, he gave the new policy the legitimacy Jiang would not have been able to do. Jiang's initial leadership was characterized by institutional infighting and unclear directives and leadership. A senior diplomat in Beijing compared China's leadership to the bridge on a ship without a captain:

“Picture China's leadership on the bridge of a ship at midnight. The captain has retired below, leaving his officers at the helm. If they see a shoal, naturally they will steer around it. But they can't chart a new course without waking the captain. But now the captain won't rouse. So the mates eyeball each other nervously and compete for every change of course” (Gilley, 1995, pp. 16-17; Forney, March 28, 1996, p. 14).

For the moment Jiang is at the “helm” but he has to consider other interests and factions in the Chinese leadership to be able to stay in power. The Chinese leadership today emphasizes the decision-making power inside the CCP and the NPC, where no leader can have such a paramount power position as during the dynasties of Mao and Deng. Jiang's situation is very fragile, by Chinese

example of how the strategic culture of China has effected today's negotiation culture, see: Fang, 1999.

¹²⁷ Decision of the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure (November, 14, 1993, 3rd Plenary session of the 14th Central Committee of the CCP).

standards. He can only secure his position inside the military if he is tough on questions such as Taiwan, the South China Sea and other border conflicts. The military blames him personally for the “Cornell incident” when Taiwan's president Lee Teng-hui went to Cornell University to receive a degree of honor (Beck & Engbarth, 1995; Becker & Beck, 1995).

This criticism of Jiang is possible since power inside China is more factionalized today, with a variety of interest groups. This has not been the case during any other section of Chinese history since 1949. It is hard to imagine that any leader with the power of Deng and Mao could re-emerge; it is more likely that coalitions and factionalizing will characterize China's new political climate (Overholt, 1996, p. 63). It is clear that Jiang has strengthened his leadership position, especially in the military. It is, however, equally clear that Jiang and all other leaders are relatively weak and dependent on coalition-building.

The Chinese leadership still seems to be divided into two main factions (institutions), the military faction (PLA) which pushes for the immediate recovery of lost territory and rides on the high waves of nationalism, and the financial faction (Ministry of Foreign Affairs (MFA)) which promotes the financial interests and long-term cooperation and rides on the waves of economic development.¹²⁸ There has been a discussion whether or not the PLA has been an interest group in Chinese foreign policy. Some have argued that this is the case: according to Ellis Joffe the PLA has had the characteristics and attitudes that have led them to adopt distinct positions in foreign policy for some time (Joffe, 1987). Joffe admits that there have been crosscuts between the interests of the CCP and the PLA, but claims that a common “military view” could be found. Gerald Segal, on the other hand, maintains that it doesn't seem that the PLA has an interest of its own (Segal, 1984). I would agree that the crosscuts between the military and the CCP are apparent. Segal found, moreover, that the PLA has few opportunities to become involved in the foreign policy process (Segal, 1984). This is even more difficult to accept without discussion. There is both an economic and a political dimension to PLA participation. The PLA is today one of China's most successful companies and has increasingly been involved in the policy process (Yu Xiao, 2000; Singh, 2000, pp. 227-239, Mohanty, 2000a; Mohanty, 2000b, pp. 509-523).

John Garver has taken a different position than Segal, when he claims that the PLA does not *always* have to act as an interest group. The divisions and cross-cuttings that exist inside the PLA have to be recognized, but the PLA can still work as an interest group on particular questions

¹²⁸ I do not argue that these are the only two fractions in Chinese society, but I believe that these two are the most important in the creation of foreign policy. Other interest groups and coalitions will be noted if they have an impact on the creation of the foreign policy towards Southeast Asia.

(Garver, 1996, pp. 246-251). Garver found a strong PLAN faction behind the militant policy on the South China Sea led by Politburo Standing Committee member Liu Huagiang (Garver, 1992, pp. 999-1028). The PLA has increased its presence in the Central Committee (CC) from 13.0 % of the delegates in 1992 to 23.3% at the following CC meeting (Garver, 1996, p. 251). Membership in the CC is the first step to becoming involved in leading policy organs, such as those determining foreign policy. This creates a much higher probability of PLA influence in Chinese foreign policy. The divisions between the PLA and the MFA are particularly obvious in questions of arms sales, the United States, South China Sea, and Taiwan.¹²⁹ The MFA has been more concerned with long-term cooperation and good relations with other countries than has been the case with the PLA.

The political leadership has had a declining influence over the military, and since 1992 when Deng resigned from the Central Military Commission (CMC), the military lobby has had a great deal of power over the policy process. One reason that the military was relatively weak during the 1980s was that Deng ordered the military to exercise “self-constraint” which created a constant decline in the military budget (Ji You, 1995b, p. 377; GAO, 1995). The cut of 1 million troops in the PLA was also a step in the modernization of the Chinese army and a move towards an efficient high-technology army rather than a mass-army.¹³⁰ Deng’s policy of “self-constraint” could also have been a deliberate policy to weaken the military and strengthen the prospects of economic modernization. Jiang is in no position to restrain military spending to the extent that Deng was able to do. There are however attempts to restrain military spending and force them out of politics and especially the economy (Yu, 2000, July 4). Yu claims that 52 % of the PLA ownership in business has been dismantled but that would still indicate that the PLA retains its position as one of the most lucrative “companies” in China.

¹²⁹ For a more detailed discussion see: Garver, 1996, pp. 255-272. Up to 1976 the division was between Mao and Zhou Enlai, but the factionalism was very weak due to the devotion Zhou showed Mao. For details see: Li, 1994, Lieberthal, 1997b, pp. 87-147, Harding, 1997, pp. 148-247. During the Deng era the division was between Deng, who was reformist, and Chen Yun, who never criticized the Soviet Union and was a “hawk” inside CCP. During this time the split was more obvious and the internal struggle for power was intense. Before the Cultural Revolution, Chen was ranked higher than Deng and surely wanted to regain the power he had lost. For more details see: Zhao, 1996, pp. 79-87.

¹³⁰ For a more detailed analysis of various aspects of China’s military modernization, See: Dennison, Weisenbloom & Liu (eds.), 1996; Puska, 2000.

It is more likely though that the military will have more to say in a factionalized China than during the strong leadership of Mao and Deng.¹³¹ Jiang Zemin has been forced to develop close ties with the PLA even though the military has been attacking him for being weak in the face of foreign interests and Taiwan (Forney, March 28, 1996). An interesting sign was the 14.9 per cent increase in China's defense budget directly after 1989, and a 14.4 per cent increase in 1990, 13.8 in 1991, and 12.2 per cent in 1992 (Godwin, 1994, p. 178).¹³² Jiang's dependence on the PLA is a worrying sign and could lead to a more militant foreign policy in the future. The military also held the civilian government responsible for the Tiananmen incident through its weakness and late action, and increased the PLA power in the government after the crackdown (Hsu, 1990).¹³³ The increased military spending and the tougher stands in the South China Sea disputes could be concessions made by the civilian government to win the military lobby over, and secure the "open door" policy and the economic reforms. It has to be noted that in most questions there are deep divisions inside the "civilian" and the "military" interests even though a majority within the two groups supports certain actions and policies in, for example, the South China Sea question.¹³⁴

The formation of a dual power structure inside the PRC means that the MFA can find itself in the unfortunate position of making commitments that may not have backing in Beijing, i.e. inside the PLA faction. It is important to note that even though most Chinese policy-makers admit that there are interest groups inside the PRC and especially within the military and the MFA, they tend to emphasize that the leadership of the Party and the NPC has the power to make decisions and that no

¹³¹ Both Mao and Deng had prominent positions in the military, but since their position was paramount the military is considered to be controlled by individual interests rather than an independent institutional view.

¹³² The increase is motivated, according to Chinese officials, by the inflation rate that affects the soldiers' living standards and has a negative impact on the modernization of the military forces. I would accept that this is true, but also that the increase after the Tiananmen incident is partly to court support from the PLA leaders.

¹³³ Interviews in Beijing 1997 with PLA and CASS confirm this.

¹³⁴ Nathan and Shi found that Chinese society had an emerging split structure, which could mean that in the future with economical liberalization and possibly more political freedom, this could affect foreign policy in a more active way. Nathan & Shi, 1996, pp. 522-550.

independent action has been taken by individuals or interest groups.¹³⁵ This could indicate that the government uses a “dual track” when it emphasizes peaceful cooperation while nevertheless accepting the result of the more aggressive PLA actions.

John Garver suggests, rather convincingly, that since September 1992 the PLA has worked *more or less as an institution* that has influenced the foreign policy of China (Garver, 1996, pp. 246-281). The PLA lobbyists have sought a harder stand against primarily the US, Taiwan and in the South China Sea dispute. There have been several, more or less open, disputes between the PLA and the MFA such as the level of action regarding the maritime disputes. The PLA has advocated that it should use force to remove any foreign incursion. Jiang Zemin and MFA have on different occasions advocated a more conciliatory stand with joint development of the disputed region in Southeast Asia as the main tactic. Jiang Zemin however became more dependent on the army as Deng’s health worsened. Now after Deng “has gone to see Marx” the dependence on the army is rather worrying for the stability in the region, especially in the view of the regional actors (Forney, 1996a, pp. 14-16).

7.1.1 Domestic changes due to the financial crisis 1997

China has gone through some major changes in the aftermath of the financial crisis that are worth mentioning separately. Politically, there is a transition period from a closed political system to a system where the citizens have a greater say in political and economic processes.¹³⁶ Premier Zhu Rongji has been a driving force in the liberalization process of the Chinese economy in the late 1990s and in creating greater accountability and transparency. The improvement Zhu has created in the economy is, however, threatened by the possible purge of Zhu himself. In Beijing, most of the senior staff I interviewed, both in politics and in the military, had little faith that Zhu will stay in power for long.¹³⁷ There are more cautious predictions such as those of the *Economist*, which argues that leadership changes are possible, but unlikely (EIU, 1999, selected reports). A leadership change could have a great impact on future trade relations with the surrounding countries if the leader

¹³⁵ Interviews with PLA, PLAN, FACC, CFAC in 1997 and 1999.

¹³⁶ The adoption of China’s Administrative Law enables citizens to bring suit against the system. This law has spread through China and is widely used even though there are problems to solve in the legal framework. The “village Democracy” has spread through China and there are positive signs that it has been successful and is here to stay.

chooses a more conservative and militant posture than the current government has tried to implement. Currently there is a power struggle behind the scene and it is likely that a new premier will focus more on the political dimensions of super power relations (with the assumption that China is a superpower) than on trade and economic liberalization. It is an open race but it seems likely that somebody more conservative will take over, such as Hu Jintao, Chi Haotian or Qian Qichen.

Apart from this division in the party, there is a challenge to the system from within. Democratization and deepened political reforms have been favored by several individuals in the top leadership and among senior political advisors (Economy, 1999; Pastor, 1998). The impact on China's foreign policy through the growth of civil society and democracy is unclear; it might create better relations but could also strengthen nationalism and xenophobia. It is important to bear in mind the fundamental political changes that are underway in China today, to be able to understand the changes in China's foreign policy. Downs *et al* have noted that nationalism is on the rise in China but argue that it is too early to talk about a risk of expansion and isolationism (Downs & Saunders, 1998/1999). Looking at the other periods, it is evident that nationalism has been used, especially in the last period, but also that the government has been able to keep it under control. The problem is that nationalism could work in favor of the *Junshi* (military) faction that has shown itself to be more prone to military action, rather than the *Waishi* (political/trade) faction.¹³⁸ Downs's argument could be seen in contrast to the more conflictual assertions that argue that China will become the new "evil empire" and emerge as a threat to the liberal democracies (Bernstein & Munro, 1997). It can be seen below that the more aggressive scenarios are not only highly imaginative but also highly improbable due to domestic and financial circumstances. It is, however, clear that the striving for reunification has gained in importance, especially during and after the return of Hong Kong (Schädler, 1998; Berbers, 1997; Sun, July 12, 1997). Since Hong Kong returned to the "Motherland" (China) on July 1, 1997, Chinese nationalists have demanded the inclusion of Macao and Taiwan as soon as possible, even before the year 2000 (China Daily, July 4, 1997. Renmin Ribao, July 1, 1997.

¹³⁷ Interviews in Beijing 1999 with senior officials in CFAO and PLA.

¹³⁸ As I pointed out earlier I am aware that there are other divisions inside the Chinese leadership but I will limit myself to this one, since I find this aspect the most important among the leaders in determining Chinese foreign policy towards Southeast Asia. It is also during this period these two factors have increased their power and a great deal of the domestic debate is conducted within the framework of economy and security.

Renmin Ribao, July 2, 1997. Renmin Ribao, July 3, 1997. Renmin Ribao, July 4, 1997).¹³⁹ Taiwan did not join China before 2000 but the demands have become even stronger with the return of Macao to the “Motherland”. This will make it harder for China's leadership to make any concessions concerning border delimitations or conflicts affecting Chinese supremacy in the region.

Despite the fact that China was not severely hit by the crisis, it did slow down China's economic development and decreased China's exports to other Asian states. China has major social problems with a floating population and unemployment of more than 100 million and a state-owned sector that has major problems with efficiency and deregulation (China Economy, 1999). The current position in China has created a situation in which Beijing can afford very little economic slowdown before the current protests in China could come to assume a critical dimension (Lawrence, 1999). Dobb *et al* have argued that China could be on the verge of economic collapse (Dobb, 1999). Statements like Dobb's do not take into consideration the fact that China actually has a good economy, despite obvious problems in the banking sector and the dismantling of the state-owned companies (SOEs) (EIB-China, 1999). It is, however, clear that China has major domestic issues that must be solved before it can conduct a stable expansive foreign policy (Steinfeld, 1998; Economy, 1999; Song, 1998).

7.1.2 Changes in Southeast Asia due to the financial crisis

This section will briefly examine the major changes in Southeast Asia after the financial crisis which in fact created a very positive environment for further cooperation with China and a more active role for China in Southeast Asia. The financial crisis led to an obvious economic decline, which has meant a social crisis in many countries, of which Indonesia is the most affected. The challenge for Indonesia consists not only of the social unrest created by the economic crisis, but also of the political repercussions inside Indonesia after the crisis (Sukma, 1998; Lowry, 1998). This was first manifested in the fall of Suharto who conceded that East Timor could gain independence if it chose to do so, and then Habibie who lost the first democratic elections in Indonesia and carried out the referendum that *de facto* granted independence to East Timor. The democratic process further complicates the situation. As an example of the problems that have erupted, many Indonesians feel that it is unfair that vice-president Megawati who is commonly seen as the winner of the elections never became the President. It was President Wahid who won the presidency, even though he never came close to threatening Megawati's party in the elections. Many Indonesians do not yet understand

¹³⁹ Interviews at CASS in 1999.

coalition-building and tactical support as a part of democracy, and this has led many citizens to doubt the results and democracy. The perception of flaws and corruption as being inherent in democracy has grown even stronger after President Wahid opened the door for independence for Aceh, which is regarded by many Indonesians as an integral part of Indonesia.

Besides the political and social issues, Indonesia has other problems, such as the regional instability that has caused East Timor to secede, and which in turn increased the tension in areas such as Aceh and Irian Jaya. The problem now is that more and more regions in Indonesia would like to gain independence and self-determination, after having seen East Timor free itself. A fragmentation of Indonesia is possible, but is not acceptable to the Indonesian government, to the military, or to the international community. There have even been voices raised in favour of a military coup if the fragmentation of Indonesia should continue.¹⁴⁰ If this fragmentation should acquire unexpected dimensions it is not impossible that the international community and China “would look the other way” to safeguard military intervention and stabilization.

Most states in the region have social and/or political problems that have been accentuated or created by the crisis. Thailand’s political weakness threatens the current government, and it will be forced to schedule an early election within the next year due to lack of political support (Dibb, 1999). The other nations have similar factions calling for more openness or a more nationalist stand in several questions; this could create an increasingly complicated situation in terms of further integration in ASEAN (Southeast Asian Affairs 1998). This instability among the members of ASEAN makes the organization slow or even reluctant to act in crisis situations such as the economic crisis in 1997 and the Chinese occupation of Mischief Reef (Lim, 1998; Foot, 1998; Cheeseman, 1999). Without a cohesive ASEAN, Southeast Asia will have problems acting against China, or any other power, since ASEAN’s potential leverage would not be available (Setboonsarng, 1998). The lack of a coordinated market that could increase ASEAN’s bargaining power by increasing the region’s finances and financial “clout”, is the result of political instability. This is an important failure since each individual country is negligible, both politically and economically, by international standards.

The domestic instability in Indonesia in combination with the financial crisis has incapacitated Indonesia as the *de facto* leader of ASEAN; this has landed ASEAN in an institutional crisis in the midst of the financial crisis. An ASEAN without a leader will have grave problems formulating a coordinated foreign policy. The leadership issues are further complicated by the lack of a common goal for the organization. ASEAN will need to coordinate its internal policies if it is to

gain an international or even a regional role. ASEAN has, however, been divided over how to conduct intra-member relations (Eng, 1999; Sheridan, 1998). The split could be seen as being between open and closed societies. Thailand proposed a more interventionist approach in intra-member relations; the other members effectively suppressed this. The problem with different agendas among the ASEAN members remains, and if ASEAN members are to further integrate politically or economically they will have to accept more intervention in internal issues. This is not to say that all political issues must be subject for discussion.

The financial crisis clearly reflected the inability of ASEAN to react to a common economic threat (Funston, 1998). This inability stems from the low degree of political and economic integration in ASEAN, as well as the lack of a common goal for the organization. ASEAN must start to work in a new way which takes into account the end of the Cold War and the recent changes in the international and regional security environment. I strongly believe that ASEAN has to focus more on the financial aspects of the organization if it is to fill a function in the 21st Century.

7.2 China's International Environment

The change in the international system was fundamental for China's foreign policy. New trends in international security and economic relations with more interdependence were emerging, with the downfall of communism in the former Soviet Union, Mongolia and Eastern Europe.¹⁴¹ The breakdown of communism throughout the world was important because it showed the imperfection of the current communist systems. The world was also moving towards more interdependent relations that forced Beijing to modernize the Chinese political and financial system to meet the changes. China began with a non-aligned policy to gain maximum economic profit after 1989 and to minimize the costs of the US boycott after the Tiananmen incident.

As early as 1991, China and Russia began a relationship of cooperation to meet the new challenges that the post-Cold War situation created (Renmin Ribao, April 24, 1997; Chen Yanni, June 25, 28, 1997).¹⁴² China, however, improved its relations with other countries at the same time and avoided becoming involved in any formation that excluded other nations. The US was a problem for Beijing since China (all factions) believed that the United States "has never abandoned the

¹⁴⁰ Interviews with senior officials at the Swedish Embassy in Jakarta, 1999 June.

¹⁴¹ For details see: Robinson, 1997, pp. 586-600.

ambition to rule the world” (Kristof, 1993, p. 73).¹⁴³ In mid-1994 China declared that it would pursue independence in international affairs and oppose any membership in alliances or power politics (temporary alliances) (FBIS-CHI-94-089, May 9, 1994, p. 16). This was changed to a strategic cooperation with Russia on May 24, 1997, against hegemonist tendencies (the US) in the region and the world at large (Remin Ribao, May 24, 1997; Remin Ribao, April 24, 1997). The strengthened cooperation between Russia and China in May 1997 was the first step towards an anti-bipolar alliance to lessen the pressure from a bi-polar world. This is in line with the policy to cooperate with the weaker power to counter the more powerful and threatening power.¹⁴⁴ The effects of this cooperation between Russia and China are hard to predict but the relations between Moscow and Beijing have been seriously strained before and it is not likely that the new alliance will be very effective in the long term. China and Russia have several unresolved border disputes that could easily have a negative impact on the alliance, in addition to which, both have internal problems to resolve before the alliance becomes reliable. At the end of June 1997 President Jiang Zemin and the Russian Prime Minister Viktor Chernomyrdin emphasized that Sino-Russian cooperation was for the purpose of creating a peaceful and multipolar world; it was not an aggressive policy towards USA (China Daily, June 28, 1997).

Beijing has continued to emphasize Asia in its foreign policy, especially since the cooperation between Russia and China from 1991 and the internal weakness in Russia have reduced the pressure of the earlier military threat from the former Soviet Union. China's main strategic concern has now moved from Russia towards Asia and what Beijing sees as the “natural” evolution of Japan into an aggressive military power and ASEAN’s policy of increased military spending, mainly on the navy (Godwin, 1994, pp. 174-175). The Chinese emphasis on regional stability rather than on global stability has been fundamental, and this emphasis continues.

The change after 1989 and the more intensive shift towards the Third World and Southeast Asia was triggered partly by the political climate after the Tiananmen incident in 1989 and the negative reactions that followed from the West. The Third World and especially ASEAN did not react as hard as the West did, which created an environment for deepened relations between China

¹⁴² Interviews at CASS 1997 and CASS, CFAO 1999.

¹⁴³ Interviews at CFO, CFC 1997 and 1999.

¹⁴⁴ The change was now that the alliance was created in the face of financial threats rather than military.

and Southeast Asia (Huo, 1992, pp. 265-266).¹⁴⁵ China tried in particular to increase its relations with Asian countries since they responded “moderately” to the Tiananmen incident in 1989. China also wanted to lessen the effect of the economic and political pressure from the West on China, and finally to increase China’s diplomatic flexibility in the future (Gelber, 1990, p. 662). This was successful and in 1992, 80.36% of all trade was with Asia (Ding, 1995).

Another fundamental change was the ending of the Cambodian conflict in 1991 that created an environment for improved relations between Vietnam and China, but also led to an overall good regional environment.¹⁴⁶ China, the ASEAN members, Vietnam, Laos and Cambodia increased their dialogue between 1989 and 1991. External dialogue partners such as France, Great Britain, the US, and the Soviet Union were also included in the “Paris Conference on Cambodia” that led to the resolution of the conflict. This was the major regional change in the relations between China and the Southeast Asian region.

The major international change in 1989 was the unexpected ending of the Cold War and Beijing's view of the changing international environment after the collapse of China’s most threatening enemy, the Soviet Union (Chen Qimao, 1993, pp. 237-251). Both the US and the Soviet Union had begun to downsize their forces in Asia during the 1980s, and after 1989 that process was accelerated. The reduction and removal of the Soviet and US military forces and influence in the region will in the future trigger more military interaction between ASEAN and China.

Scholars differ in how much stress they put on the different aspects, but a consensus suggests that a combination of a changed international environment with reduced external pressure against China has shifted the emphasis away from the West and led to China becoming more oriented towards the developing world and Southeast Asia. Some Chinese scholars have argued that after the fall of the Soviet Union, US pressure towards Beijing would increase and China would have to find new allies after having lost its favorable position as a middle power between two superpowers. Many

¹⁴⁵ The United States abandoned the human rights linkage to most favored nation trading status, because of the risk of the US becoming isolated, rather than China. The Asian countries did not follow the American policy of containment, but tried to increase their trade with China rather than boycott China. Japan was reluctant to take any measures against China and within three months the ex-Foreign minister of Japan, Masayoshi Ito, went to China which marked the start of the renewed relations with China. Gorbachov said to the leaders in Beijing during the Tiananmen incident: “We will try not to take advantage of any temporary difficulty you may have, We understand”. This showed the Soviet reluctance to take any measures against China. Gelber, 1990, pp. 660-661. Harding, 1994, pp. 57-74. Klintworth & McLean, 1995, pp. 78-79.

Chinese feared, and still fear, that China would come to be regarded as the new “prime enemy” by the US, and argue for regional and international support against possible US aggression. The NATO (US) bombing of the Chinese embassy in Belgrade gave credence to this view in the opinion of many Chinese politicians.

It seems that the liberal government, with Jiang as its leader, that took over in China after the Tiananmen incident was deliberately moving in the direction of the Third World and against the West through the new "independent foreign policy of peace" (Kim, 1994a-b; Renmin Ribao, January 7-13, 1991). This could be seen when China abstained from voting on Resolution 678 (The Iraqi withdrawal from Kuwait) of November 29, 1990, which indicated that China did not want to have close contact with the West, or that Beijing at least wanted the possibility to go both ways. It could be argued that China normally avoids imposing a boycott on other nations and that China actually did not vote against the Allied forces. It seems that the policy-makers deliberately tried to make a statement, but at the same time Beijing did not want to end up defending Iraq. This was also indicated in Resolution 686 of March 1991. In other respects, the Kuwait War came as a “Geopolitical blessing” moving the attention away from China and towards Iraq, and China tried to make full use of this (Kim, 1994b, p. 142). Both in trade and politics, China still maintains strong international contacts but there have been indications that it prefers to seek stronger relations with "like-minded" nations (Asian nations) which, in China’s opinion, offer potentially more stable relationships.

Several interviews in Beijing suggest that China is searching for a new foreign policy today to meet the demands of the new era. The changed international situation makes it hard to follow Mao's division of nations into three worlds (the First, Second and Third World), and the increased interaction and interdependence makes a more flexible foreign policy important.¹⁴⁷ The First World today consists only of the US, Russia is either in the Second or Third World and China is moving towards a new position internationally. Which policy China will develop, is unclear today but it will most certainly emphasize multipolarity, non-interference in internal politics and most importantly economic development.

¹⁴⁶For more details see: Amer, 1996, *ibid*.

¹⁴⁷ Interviews at CASS, FISS, FAC, CSLS, Renda and Beida in 1997 and 1999. Mao divided nations into three worlds, the first which consisted of the Soviet Union and the US, the second

7.3 China's relationship with Southeast Asia until 1997

7.3.1 Cambodia and Laos

China improved its relations with Laos and Cambodia (People's Republic of Kampuchea) after the Cambodian conflict was resolved, and its relations with Vietnam improved in the same manner. Prior to 1991, China believed Indo-China to be Vietnam's "puppet" and had a very aggressive policy towards Cambodia and Laos which aimed at the expulsion of Vietnam and Hanoi's allies from Cambodia and preferably from power altogether (China's Foreign Relations, 1989).¹⁴⁸ Despite the dispute between the states, diplomatic relations were maintained even though the ambassadors were temporarily recalled.

The resolution of the Cambodian conflict in 1991 did improve the climate between the PRC and ASEAN although improvements had already started in 1989-1990 as a result of the Paris Peace Conference of 1989-91 on Cambodia. In October 1991, China hosted a conference in which all the Cambodian parties participated. The conference concerned the peace process in Cambodia and was a great help in creating the Cambodian peace resolution that resulted in the elections. This China-hosted conference had a positive effect and China radically improved its diplomatic relations with Cambodia as a result (Zhao, 1996, p. 61). For the first time in the PRC's history, Beijing also sent a peacekeeping force (370 troops) to foreign soil to supervise the preparations and the conduct of the Cambodian general election. (World Journal, April 25, 1992, p. 10).¹⁴⁹ This could indicate an increasing awareness by China of its international role and prestige and concern for regional stability.

China's relations with Cambodia have been greatly improved since the peace accord in 1991 and the withdrawal of Vietnamese troops from Cambodia. China succeeded in restoring its influence in Cambodia, and Laos and Cambodia have turned towards China to counterweight Vietnam's influence in Cambodia. Chinese and Cambodian leaders have met frequently and economic relations have flourished (Nathan & Ross, 1997, pp. 106-107).

In 1997 China and Laos agreed to strengthen economic cooperation (Gao, July 16, 1997). The bilateral trade had increased from US \$ 7.13 million in 1989 to 34.84 in 1997 (Ministry of Foreign Trade and Economic Cooperation Statistics). This was still seen as being far too little, and

which consisted of the developed and capitalist countries and finally the third world which consisted of the developing countries which China was meant to be the leader of.

¹⁴⁸ Interviews at CFAO 1999.

China would like to integrate Laos more thoroughly with the Chinese economy. Despite the relatively small size of Laos, the country is important in the context of China's attempt to secure its border regions and stop the inflow of drugs and other illegal transactions.

Similar patterns can be seen in the bilateral relations with Cambodia. China encouraged a peace settlement between the government and the Khmer Rouge, as well as promoting the inclusion of Cambodia into ASEAN (China Daily, July 11, 1997; Sun, July 9, 1997). The main interest for China was regional stability and increased economic cooperation.¹⁵⁰ Cambodia has been a problem, for China, due to the instability that the conflict created in Indo-China. The resolution and normalization of relations between China and the Indo-Chinese states not only resulted in increased trade with Cambodia, but also created a degree of regional stability necessary for the regional development that is important for China's economy.

7.3.2 Vietnam

After the military conflicts in 1988 and the Chinese occupation of territories that Vietnam claimed and had previously occupied, the China-Vietnam relationship steadily improved. In 1990, Li Peng declared in Singapore that the conflict in the South China Sea should be set aside and shelved until a solution could be found (Hyer, 1995, p. 51). This was to a very great degree directed against Vietnam. China considers Vietnam to be the only claimant that can seize control and defend the islands against what Beijing considers to be its sovereign right to exercise control in the Spratlys; Vietnam is thus China's main threat (Glasner, 1993, p. 266).

China and Vietnam held both bilateral and informal, and bilateral and formal, meetings about the Cambodian conflict and the Spratly area from 1989 onwards. This helped to improve and finally formalize the relations between the two states, even though there is still tension in connection with the Spratlys (Thayer, 1994, pp. 515-517; Keesing's/37712; Keesing's/38574; BBC/FE/1519/A1/2; BBC/FE/1557/A2/1-2; BBC/FE/1620/A2/2; BBC/FE/1780/G2-3; BBC/FE/1783/G1-2; BBC/FE/1825/B2-3; BBC/FE/1957/B7; BBC/FE/2085/B1; BBC/FE/2140/B6; BBC/FE/2160/B1-2; BBC/FE/2273/G1; BBC/FE/2311/B6; BBC/FE/2463/B1/1). The resolution of the Cambodia conflict and the ending of Vietnam's and China's involvement in the dispute were an essential pre-condition for the normalization of Sino-Vietnamese relations (Amer, 1994, pp. 377-380).

¹⁴⁹ For more details see: Amer, Saravanamuttu, & Wallenstein, 1996.

Relations between China and Vietnam have improved steadily after 1991, and trade and cultural exchanges have increased immensely. The border disputes between Hanoi and Beijing still remain the major obstacle to further improved relations, although substantial progress was made in the early 1990s. The Chinese joint development proposal for the disputed areas and further economic cooperation could defuse the dispute for the time being, which could improve the chances for a conflict resolution.

In 1991, when the Cambodian conflict found its solution, Sino-Vietnamese relations improved immensely; two major obstacles had been removed – the Soviet Union in 1989 and the security threat in Cambodia for both China and Vietnam. Between November 5 and 10, 1991, China and Vietnam fully normalized their relations in Beijing. In February 1992, the foreign ministers of the two nations wrote a memorandum of understanding relating to economic cooperation, communication and transportation (BBC/FE/1305/A3/1-3; BBC/FE/1306/A3/1, BBC/FE/1307/A3/1; BBC/FE/1324/A3/2-3; BBC/FE/1326/A3/1-2). By May 1992, China and Vietnam had experienced a sharp increase in tension over Spratly, primarily because of the signing of an agreement between China and Crestone Energy on oil exploration in the disputed area (Far Eastern Economic Review, June 18, 1992). The tension escalated further in September, when exploratory drilling was initiated. In September, new meetings were held but no agreement was reached (Far Eastern Economic Review, September 24, 1992.). In December 1992, Li Peng visited Hanoi to sign four agreements concerning economic, cultural and technological cooperation, and at the same time China granted Vietnam a US \$ 14 million interest-free credit (BBC/FE/1222/A3/1; BBC/FE/1223/A3/1-3; BBC/FE/1224; BBC/FE/1227/A3/1-2; Zhao, 1996, p. 61; Hiebert, 1992, p. 23; Lincoln & Hiebert, 1991, pp. 10-11). An agreement on the basic principles for settling the territorial disputes relating to the land border and the Tonkin Gulf was signed on October 19, 1993 in Hanoi (BBC/FE/1825/B/2-3).

From 1991 to 1994 there were two trends in the Sino-Vietnamese relationship, one positive with a drastic increase in contacts and cooperation and one negative with continued differences over the territorial disputes (Keesing's/38390; BBC/FE/1519/A1/2; BBC/FE/1620/A2/2; BBC/FE/1825/B2; BBC/FE/1885/B2; BBC/FE/1957/B7). The relations between the two nations were nevertheless less strained than they had been for many years and this laid the ground for further negotiations and improved contacts. In 1994, China and Vietnam held three rounds of negotiations which led to some progress and to the official visit of President Jiang Zemin to Vietnam, the first in

¹⁵⁰ In this context it is interesting to note the cooperation between Cambodia and Laos over the Mekong River. For more details see Richardson, 1997).

decades (Far Eastern Economic Review, December 1 1994). During Jiang Zemin's visit to Vietnam in November 1994 the parties agreed to establish working groups to deal with "issues involving the Seas" (BBC/FE/2160/B/1-2).

When Vietnam joined ASEAN in 1995, Beijing interpreted this as a hostile act directed against China (BBC/FE/1450/A/2-3; BBC/FE/2369/S/2-1).¹⁵¹ In military terms, Vietnam was one of the most powerful Southeast Asian nations and Beijing believed that the inclusion of Vietnam would challenge China's influence with both military and political means. Many policy-makers believe, on the other hand, that the inclusion of Vietnam was inevitable after ASEAN had decided to grow to what was its "logical" size.¹⁵² Despite this, the inclusion of Vietnam was met with suspicion and a military build-up took place in the region. Notwithstanding Vietnam's skepticism, there were new negotiations in 1995 concerning the South China Sea dispute in May, July, and November (BBC/FE/2307/G1; BBC/FE/2356/G6; BBC/FE/2463/B1/1). In 1997, Vietnam and China discussed the conflict and possible solutions; the meetings were said to be very constructive but so far no resolution has appeared and nor is any expected in the coming 10-20 years, but new border delimitation meetings were planned to be held later in 1997 (BBC/FE/2890/G/4; BBC/FE/2886/G/5; BBC/FE/2872/B/5-15; BBC/FE/2837/G/5).¹⁵³ A new crisis erupted between China and Vietnam in March and April concerning the Chinese oil drilling in the South China Sea (Amer, 1997). In July 1997 Vietnam and China discussed detailed proposals to conduct joint efforts in the South China Sea and to find a temporary solution to the conflict (China Daily, July 16, 1997; South China Morning Post, July 15, 1997).

7.3.3 Burma

China and Burma created a *de facto* alliance in the early 1990s as a result of the military cooperation that was established in 1988, and Beijing was granted the use of the facilities at Bassein in the Irrawaddy delta (Buszynski, 1996, p. 123; Rohwer, 1995, p. 316). It was also in 1998 that China ended its arms aid to the Burma Communist Party (Hinton, 1997, p. 352). It is clear to the regional powers that the Bassein facilities will be used to secure China's naval presence in the region, despite

¹⁵¹ Interviews at CASS, 1999, confirm this but indicate that China today sees Vietnam as a positive force in ASEAN.

¹⁵² Interviews at CASS and PLAN 1999.

the Chinese claim that this was, and still is, a station for telecommunication and space research. ASEAN and India have reacted firmly to this “military” move by China. ASEAN believes that it might be engulfed by the competition of the two local superpowers for influence and that there is a high risk of finding itself in the midst of a regional conflict. The increased presence of China in the region has worried ASEAN to the extent that Malaysia, Indonesia, Singapore, the Philippines and even China’s long-term ally Thailand have considered joint naval exercises with India to counterbalance China’s presence in Burma. (Malik, 1995, p. 150; Far Eastern Economic Review, April 22, 1993, p. 9). Beijing intends to open the Old Burma Road to create economic cooperation between China’s more backward provinces and ASEAN, and the trade between China and Burma had mushroomed to US \$ 490 million by 1993 (Zhao, 1996, p. 214). This will, of course, be interpreted by some people as a new way to attack the region but the economical cooperation with Burma and the region in oil and timber, is extremely important for China, which lacks both resources.

In December 1994, China’s Premier Li Peng visited Burma to establish *baobo qingyi* (brotherly relationship) between the two countries, and this was seen by regional governments as proof that China was trying to expand its political and military influence in the region through Burma (Lintner, 1994; Zhao, 1996, p. 214). China’s relation with Burma is complicated; Beijing has a political willingness to support the military government which it believes is competent enough to rule the country but, at the same time, the Chinese are afraid of the reactions of other countries. There is a distinct possibility that China will intervene in Burma “carefully” in the near future to create a better internal situation in Burma and lessen the international pressure on China.¹⁵⁴ To add to the complicated relationship, illegal emigrants are smuggled out of China via the Mekong River and the drug trafficking from Burma becomes worse and worse. This creates severe difficulties inside China with national drug problems, but the problem is also international since China functions as a transit-country for drugs (Zhao, 1996, p. 214; Lintner & Saen, 1997).

¹⁵³ Interviews at CASS and CCIS in 1999.

¹⁵⁴ Interviews at PLA, CASS and CFAO in 1999. Some of the interviewed people do not agree with this and believe that China will refrain from interfering in Burma’s internal affairs, partly

7.3.4 The Philippines and Malaysia

In 1994-95 China and the Philippines were engaged in two conflicts over the South China Sea which constrained China's relations with ASEAN in general, and – naturally – the Philippines in particular (BBC/FE/2130/G5-8, BBC/FE/2202/B12). Despite the fact that China and Malaysia were also engaged in a conflict on March 23, 1995, over the sovereignty of the South China Sea very few regional governments raised their voices against China (BBC/FE/2260/B2, March 24, 1995). The relations between China and Malaysia have, if anything, improved after the incident and are today very good and Beijing's relations with Indonesia and Thailand have shown a stable improvement since 1989.

The Mischief incident between China and the Philippines in 1995 met with surprising silence: some countries in the region issued statements about the incident but there was no severe condemnation except by the Philippines and initially by some ASEAN members with their own interests in the South China Sea. There was obviously nothing ASEAN could do – it had experienced its first hard lesson of “Finlandization”¹⁵⁵. This could also indicate that China is unconstrained by economic interdependence, at least to the extent that it is prepared to take actions that can lead to economic boycotts as long as these do not mean that the Chinese economy ends up in chaos. China and the Philippines have repeatedly discussed the conflict, and several political compromises on Spratly have been discussed such as the “Siazon” proposal in August 1995 (Villegas, 1995). In 1997, China tried to further improve its ties with the Philippines and lessen the constraints that the Mischief incident caused (BBC/FE/2855/G/1-1; BBC/FE/2848/B/9; BBC/FE/2847/B/2-6). This improved the political climate but already in July 1997 there was increased tension between the Philippines and China over Sabina Shoal and the structures China had built on the Shoal (South China Morning Post, July 1, 1997, Chen Yanni, July, 4, 9, 10, 1997). This has led to new discussions in ASEAN as to how and whether China will solve the conflict peacefully.

because Burma is a friendly neighbor and partly because there is no point in pressing the military government. China's rule of non-interference is also one important factor in this decision.

¹⁵⁵ “Finlandization” describes a situation in which politics are constrained because a neighbor is too strong to challenge. Segal describes ASEAN's situation as a self-fulfilling strategy: “If no concern were articulated, then no one could be asked to help. If no one would help, then nothing could be done”. In interviews, Chinese policy-makers see it differently, they see it as proof of Chinese military superiority and a reluctant admittance from the other states that this is Chinese territory.

7.3.5 ASEAN

China re-established formal diplomatic relations with Indonesia in August 1991 and established diplomatic relations with Singapore in October 1991, and with Brunei in September 1991 (Lee Lai To, 1993, p. 1095). China had now established formal relations with all ASEAN members. It is important to note that the response from ASEAN after the Tiananmen incident in 1989 was “rational” and “moderate” in the Chinese view, and had a low profile. This has been noted by Beijing, and the relations between ASEAN and China improved immensely after 1989 (Simandjuntak, 1992; Feng & Chen, 1992).¹⁵⁶ At the beginning of 1992, China’s foreign policy became clearly omnidirectional and issue-oriented. China tried to improve diplomatic relations with all countries, both developed and developing (Taylor, 1994, pp. 259-263). The official Chinese view at the time was that China had no aggressive intentions towards Southeast Asia and that economic prosperity and increased diplomatic relations was the way to national security.¹⁵⁷

The improved relations between China and ASEAN indicated that there was some elasticity in China’s foreign policy: (a) Chinese-ASEAN relations have improved due to cooperation in dealing with Western human rights offensives (New China Daily News, April 11 1992).¹⁵⁸ (b) The main goal in China today is economic development and closer trade links with ASEAN that will help China to overcome increased international protectionism (Lee Lai To 1993, 1095-1096; Ji You, 1995b, pp. 393-394).¹⁵⁹ It is very important to bear in mind that there has not been any direct ASEAN policy, and that both Vietnam and the Philippines (and to a lesser extent Malaysia) have had strained relations with China due to maritime border conflicts during the 1990s. The former Chinese President Yang Shangkun visited Malaysia, January 11-14 1991, on his world tour, and was the first Chinese head of state to do so. This was followed by the visit of Sultan Azlan Muhibuddin Shah to China in September 1991 (Keesing’s, Vol. 38, January, 1992). In 1994, the Sino-Malay trade

¹⁵⁶ For more details see: Xia et. al, 1995; Yahuda, 1996; Song Ligang, 1998; Sutter, 1999. Canyon, 1997. Interviews with CASS and FISS in 1997 and 1999. Thailand was the only country in ASEAN that expressed strong negative reactions to the Tiananmen incident in 1989.

¹⁵⁷ Telephone interview with the Chinese Embassy in Stockholm, February 12, 1997. Interviews at PLAN and CFAO in 1997 and 1999.

¹⁵⁸ See also: Ji You, 1995b, pp. 375-403. This tactical “alliance” has served China well in its resistance to political pressure from the West.

relations improved radically (Gao, July 11, 1997). Political relations, however, did not improve as quickly but in 1997 political relations improved between China and Malaysia significantly with several high level visits from both countries (Chen Yanni, July 10, August 27, 1997).

After Vietnam joined ASEAN in 1995, ASEAN brought China into the ASEAN-centered security dialogue. ASEAN and China have frequently used the ASEAN Regional Forum (ARF), which has in turn helped to further improve the relations between the nations (BBC/FE/2369/S2/1; Keesing's, Vol. 39, June, 1993). Ji has named a few initiatives to show that China has seen the need to improve its relations with ASEAN rather than emphasize the maritime border conflicts that have prevailed earlier: a) improved mutual understanding and CBM through top-level visits. (b) China has participated in a number of ASEAN-sponsored meetings. The fact that China has participated in those meetings on a multilateral basis indicates the priority China gives to improving its relations with ASEAN. In a speech in Malaysia, November 1994, President Jiang Zemin expressed his desire to increase regional cooperation and he acknowledged that the region was very important for China's security and economy (Jiang, 1995, pp. 2-4).

It is, however, to China's advantage to stay away from any collective security arrangements when it is obvious that such a system would constrain the largest power, by reducing the comparative advantage it would otherwise exercise in a bilateral negotiation with a smaller nation (Segal, 1996, p 115; Huang Fanzhang, 1994). On the other hand, China has re-asserted that it believes that all countries should be treated the same regardless of whether they are small or big, "have or have not"; if China were to implement this, it would clash with its current implemented policy that works in favor of certain states. In several interviews, China's policy-makers have emphasized the need for future multilateral negotiations and collective security arrangements to solve the difficulties that exist between the regional actors.¹⁶⁰ In Brunei on August 1, 1995, before the ARF meeting, China promised the participants to solve the South China Sea dispute according to the Law of the Sea. China nevertheless claimed that the territory was "indisputable" Chinese territory, although it agreed to introduce more transparency in military matters (Xinhua, November 16, 1995; Segal, 1996, pp. 128-129). According to ASEAN, these Chinese attitudes were contradictory, but they reflect what I have previously described – the split in the "power of decision" between the PLA and the MFA.

¹⁵⁹ China and ASEAN were among the founder members of ARF

¹⁶⁰ Interviews in Beijing 1997 and 1999 with CCIS, FAC, CFAO and the State Councils Office of Hong Kong and Macao Affairs (SCOHKMA).

ASEAN and China have initiated several “soft” cooperation projects concerning environmental cooperation, drug trafficking, and piracy in the South China Sea which have strengthened the relations between the countries (Sheldon, 1994, p. 1063). Cooperation in such less controversial projects on governmental level has been very important in helping to secure stable relations between the states. The Non-Governmental Organizations (NGOs) have also been fairly successful in establishing contacts and cooperation that could assist in improving relations between the states, both politically and financially. The range and amount of NGO contacts between China and the ASEAN members are not easy to estimate but it is obvious that they have increased rapidly every year, both officially and unofficially.¹⁶¹

ASEAN has for some time discussed the establishment of ASEAN Free Trade Area (AFTA), partly as a counter-balance to Asia Pacific Economic Cooperation (APEC), although China fears this could have a negative influence on Chinese trade. AFTA consisted of ASEAN and Indo-China, and in January 1992 ASEAN announced that it planned to establish a free trade area within 15 years. This increased the importance China accorded the area, and the possibility to participate in, or to be excluded from, this cooperation, especially when Laos, Burma and Cambodia joined the ASEAN 10 (China Daily, Vol. 17, July 8, 1997). The ASEAN 10 will without doubt meet with some problems integrating the newcomers into the ASEAN economy. Integration in ASEAN is believed by Beijing to be China’s best defense towards an increasing economic threat from ASEAN.¹⁶² The decision by ASEAN to become wider rather than deeper has been regarded by the financial world as a negative approach and as something ASEAN might come to regret (Financial Times, June 3, 1997). China, on the other hand, can detect several economic advantages from a financially and militarily distracted ASEAN 10 and a possible regional leadership role.

ASEAN’s importance for China will increase now after Hong Kong has reverted to China, because Hong Kong has a greater degree of trade with the ASEAN members than China earlier had, which creates a stronger interdependence between the actors. Beijing does not see the ASEAN 10 as a military threat at present, although China now shares land borders with several ASEAN members, but Beijing is fearful that ASEAN might destroy the good relations China has with Burma and Laos

¹⁶¹ Interviews at CASS and the Swedish Embassy in Beijing 1999 and complementary interviews with people working with and inside NGOs.

¹⁶² Interviews with CASS staff in 1999.

and that this will influence the Chinese trade with these nations.¹⁶³ There is a distinct possibility, according to Chinese scholars, that the ASEAN 10 will turn towards each other in trade and that the older ASEAN members would like to minimize China's influence over the new member states.¹⁶⁴ It is apparent that China believes that the ASEAN 10 will increase the pressure on China, mainly economically, but in the long term, also militarily. China is also not at ease over the strategic position, and its long land and maritime border with ASEAN. ASEAN 10 could potentially pose a threat towards South China in a future conflict, especially in combination with Indian, Russian or US forces. This is, however, unlikely in the short term, i.e. within 20 years. But could be a possibility in the long term if China were to become domestically weakened.

As during all the prior periods since 1949, China still prefers bilateral contacts with its neighbors but contacts at various levels such as full member, observer, invited guest etc., with ASEAN, ARF, the ASEAN -Post Ministerial Conference (ASEAN-PMC), the ASEAN Ministerial Meeting (AMM) and the ASEAN-China dialogue have developed after 1992. This has shifted the dialogue from bilateral to multilateral, even though China is still reluctant to accept multilateral decision-making. China's former Foreign Minister, Qian Qichen, argued in 1993 that security dialogues have to be bilateral so that the regional actors could improve their communication with, and confidence in, each other (Qian, 1994, pp. 3-6). China claimed that most of the security problems in the region were not amenable to multilateral discussions (Banning & Glaser, 1994, p. 14). This was reversed by Jiang Zemin at the end of 1994 and he proclaimed that China believed all ways of communication to be important (Jiang, 1995, pp. 2-4). At present many, if not most, Chinese researchers argue that multilateral activities are needed to solve the conflicts that exist (Zhan, 1996, p. 30).¹⁶⁵ The increased participation in collective security arrangements, such as ARF, indicates the weight China accords to the new organs even though it opposes multilateral decision making. The

¹⁶³ Interviews at SCOHKMA, FAC, CSLS, Renda and Beida 1999. There are many different opinions about how ASEAN 10 will affect the relations between China and the region. Many believe that ASEAN 10 will have a negative impact on China but a majority believe that China could and will use this new relationship towards its best interest, including more trade and a more peaceful environment. Some have expressed their belief that Burma and Laos can serve as the springboard for better relations with ASEAN. Some people believe that ASEAN will have a positive impact on Burma and its military government.

¹⁶⁴ Interviews with FAC and SCOHKMA 1999.

¹⁶⁵ Interviews at Beida, Renda, CIMDS 1999. .

ASEAN-PMC invited China to participate in 1992 and was used partly to discuss the security problems between China and ASEAN (BBC/FE/1401/A2/6).¹⁶⁶ Beijing has previously been opposed to any multilateral organ that goes further than APEC's informal consultative body, but this is a step towards regional cooperation in conflict management questions.

According to China there is no need to "rely on the formation of a bloc, whether economic or political, and certainly not military" (Xinhua, November 20 1993; Banning & Glaser, 1994, p. 22). When ARF was created in 1994, ASEAN and China quickly initiated an informal dialogue about the security problems, particularly in the South China Sea, and China has repeatedly emphasized the leading role of ARF as a multilateral security mechanism. (Zhan, 1996, pp. 21-22).¹⁶⁷ China has also accepted ARF as the forum where security questions should be discussed (Tasker, 1994, pp. 14-15). At the end of 1994, relations between China and Vietnam changed in a positive way and the talks at high level increased in number as well as becoming more effective, and some aspects have been dealt with through ARF (BBC/FE/2273/G1; 1995, BBC/FE/2307/G1; BBC/FE/2356/G6; BBC/FE/2463/B1).

China has also participated in several "workshops" for conflict management in the South China Sea which have used confidence building measures (CBM), such as the informal workshops which were arranged by Indonesia (Keesing's/38346; BBC/FE/2140/B/6; BBC/FE/2435/B/2). This indicates that China will use multilateral organs more frequently and that they even can participate in multilateral security organs, like the ARF, to discuss regional conflicts such as the South China Sea, albeit rather reluctantly, at least so far (Goldwin, 1996, p. 97). This change shows that China has the will to participate in a multilateral security dialogue and actively work towards a stable environment.

Most analysts agree that China is pragmatic enough not to embark upon any more military actions against the nations in the region that could jeopardize the economic development that China is presently experiencing (Chanda & Huus, 1995, p. 23). In accordance with this there has been a move towards more interaction and cooperation with ASEAN during 1995-1997 and China has emphasized the value of ASEAN in China's foreign relations (Chen Yanni, August 27, 1997). In line with the improved relations, the China-ASEAN Joint Cooperation Committee (CAJCC) was established on February 26, 1997 (BBC/FE/2856/G/2-5; BBC/FE/2858/G/5) for the purpose of intensifying the relations by developing a new channel of cooperation between ASEAN and China

¹⁶⁶ For more information see: Xu Xinbo, 1996, pp. 35-54.

¹⁶⁷ For more details about ARF see: Kusuma, 1995, pp. 527-529; Anatolik, 1994, p. 117; Leifer, 1996, pp. 13-16.

and completing China's full dialogue partnership with ASEAN. During the first half of 1997, China met with all ASEAN members to discuss military cooperation, conflict resolution, economic cooperation, etc. (BBC/FE/2837/G/5; BBC/FE/2847/B/2-6; BBC/FE/2848/B/3-9; BBC/FE/2849/B/3-7; BBC/CE/2858/B/3-13; BBC/FE/2863/G/1-2; BBC/FE/2865/B/3-7; BBC/FE/2872/B/5/15; BBC/FE/2872/B/4-11; BBC/FE/2885/G/1-1; BBC/FE/2886/G/5-15, BBC/FE/2886/G/5-14; BBC/FE/2890/G/4). The improvement in regional relations was apparent during 1997, although there were minor conflicts in the South China Sea. There was also less tension around the South China Sea than before, with the exception of the Sabina incident. This was possible partly because China had focused on the maritime conflicts with Japan due to nationalist sentiments inside both China and Taiwan. Public opinion in both political entities had demanded that PLA/PLAN act firmer against the Japanese illegal occupation of Chinese territory (Forney et al, October 10, 1996).

7.3.6 Southeast Asia and the South China Sea

China has stepped back from the sovereignty question on the Spratlys on a few occasions and proposed several times in the 1990s that it could temporarily set aside the sovereignty problem and jointly develop the resources in the South China Sea area (Yuan, 1995, pp. 79; Xu Jian, 1993, pp. 72-77; China Daily, July 16, 1997; South China Morning Post, July 15 1997). This does not mean that China has given up its claims, but rather that it is prepared to postpone the "rightful" occupation of the region. There have also been suggestions from the Chinese side that the dispute could be solved with international law.¹⁶⁸ The members of ASEAN have been reluctant to believe in the sincerity of China's *bilateral* proposal and want more multilateral discussions to find a solution to the maritime disputes.

The security concern in the region has become of less importance for China after 1989 and the Spratlys' strategic value is overshadowed by the financial importance the region has acquired for China. ASEAN and Asia have become very important for the economic development of China and the Chinese-ASEAN trade is the fastest growing in the region, and consequently the interdependence of the actors is increasing (Rohwer, 1996; Findlay, 1995; Rimmer, 1995). In 1991, Chinese trade with Southeast Asia was 5.9 per cent (US \$ 8 billion) of China's total trade and in 1994 it was more than 13% of the total trade (Schultz & Ardrey, 1995, pp. 132-134, Clough, 1995, p. 236). With the inclusion of Hong Kong into China, July 1, 1997, the trade with Southeast Asia increased

¹⁶⁸ For a more detailed discussion concerning the legal problems involved in the resolution of the South China Sea see: Zou, 1998.

immensely. Triangular trade, alone, in Hong Kong was US \$ 38 billion in 1991, and although it is unclear how much of this went to ASEAN, it was definitely a sizable amount (Clough, 1995, pp. 236-237). The figures are vague and few studies have been made that could give a somewhat accurate picture of the transit trade between China, Hong Kong and ASEAN. The pattern becomes clearer after 1997 and the return of Hong Kong to the “Motherland”, see section 7.3.7.1.

The Southeast Asian countries (for example Thailand's Charoen Pokphand Group and the Lippo Group in Indonesia) are among the largest investors in China.¹⁶⁹ The impact of such investments on China's development can not easily be underestimated. On the financial level, China deepened its trade and financial ties with all countries in the region, albeit to a varied extent. During the 1990s the economic development between the regions increased immensely and the political relations have been growing stronger, partly due to the economic development (Jiang, 1995, pp. 2-4). The trade between ASEAN and China may not seem that impressive, but since the goods that ASEAN and China import and export are to a very great extent similar, it is impressive that the economies are as tightly connected as they are. China has repeatedly emphasized the importance of economic relations with ASEAN and Asia at large. At the end of 1994, 80% of China's foreign trade came from the Asia-Pacific (Chen Jingbao, 1993, pp. 8-10; Taylor, 1994, p. 266). This indicates the dependence and interdependence of China in the region at large, although most of the trade was with Japan and Hong Kong.¹⁷⁰ China has the political will to lessen its dependence on Japan and it therefore concentrates on ASEAN and the other Southeast Asian nations.

There is a broad consensus both inside China and outside, that the PRC bases its legitimate rule on economic growth. China's basic human right is economic development, and this has a direct effect on foreign policy and the Southeast Asian region. China has sometimes adopted a hard line in the South China Sea problem, but for the time being, the economic gain seems to be of greater

¹⁶⁹ Most of the Southeast Asian individuals and companies that trade with China are Hua Ren and have close connections to the villages and the economies from which they originate. This makes the Chinese minority in Southeast Asia financially powerful in the trade with China (Weidenbaum & Hughes, 1996; Kemenade, 1997).

¹⁷⁰ The trade and direct investments in China from the ASEAN members can not be compared with the trade and direct investments from Taiwan, Hong Kong/Macao, Japan but are increasing rapidly and will outphase most of the investments outside the region in a short time. China, Statistical Yearbook 1995. State Statistical Bureau of the People's Republic of China, Beijing. It is however clear that a large proportion of Hong Kong's transit trade is with and from ASEAN.

importance than security or political gain. Nevertheless there are different opinions inside the leadership of China about how to behave in the South China Sea question (Denoon & Frieman, 1996, pp. 422-424).¹⁷¹ Some believe that trade and peaceful relations are fundamental to the development of China, while others consider that the reunification and the “rightful” occupation of disputed areas is fundamental to China’s development. This could be identified as the “dual track” process as was discussed earlier; the Chinese leaders and the MFA have emphasized peaceful coexistence and economic cooperation but PLAN have used force on several occasions against Vietnam, Malaysia and the Philippines (See each country section). Although not formally endorsed by the leadership, no measures were taken to stop these actions against disputed area, which could be taken as indicating indirect approval from the Chinese government.

Chinese military pressure against Southeast Asia has increased since the collapse of the Soviet Union; prior to 1989, the bulk of the armed forces was situated in the north to meet the Soviet threat. After the disintegration of the Soviet Union, the Russian threat was limited and China could focus to a greater degree on other regions and conflicts, although a large part of the PLA was still based in the North (Lin Chong-Pin, 1996, pp.100-120). The fastest growing military region (MR) today is in the South China Sea and focuses towards Southeast Asia. The South China Sea is the main source of the tension between China and the nations in the region.¹⁷² The Chinese military build-up, while not welcome, is more acceptable to China’s neighbors than a “rearmament” of Japan would be for the Asian nations (Roy, 1996, pp. 119-120).

After 1989, China fully stepped down from focusing on full-scale wars and focused on limited regional wars. This has been very worrying for the regional actors who perceive this change as a threat directed against them. In terms of the military balance in numbers, China is the overwhelmingly stronger power, but a great part of the Chinese military apparatus is obsolete. It lacks the new technology which other nations in the region have, as well as the logistical support for long-range operations – and perhaps most important – it does not have a blue water capacity and the air to air refueling capacity is limited (Military Balance, 1994; Lin Chong-Pin, 1996, pp. 100-120).¹⁷³

This would indicate that the proportion of the trade with ASEAN is larger than we can see in the official figures.

¹⁷¹ This has also been confirmed in interviews with PLAN and CFAO in 1999.

¹⁷² For details about South China Sea and China’s policy see: Gallagher, 1996.

¹⁷³ Allen Whiting is one of the few researchers to claim that China acquired aerial refueling technology in the early 1990s (Whiting, 1994, p. 262). I agree with him and in discussions with

Although China has launched a new generation of destroyers (Luhu-class), frigates (Jiangwei), and logistic ships (Dayun), the greater part of the fleet is of Soviet design from the 1950s and incapable of effective combat (Godwin, 1996, pp. 90-91).¹⁷⁴ Looking closer at the actual money countries spend on the military, Japan's military spending which reaches US \$ 40 billion per year is far higher than China's official figure of US \$ 7 billion and the estimated US \$ 12-15 billion per year. The military spending of Taiwan is US \$ 10.5 billion, and for South Korea it is US \$ 12 billion which is close to China's figure and is far below the figure for the United States of US \$ 270 billion. China's military spending would equal the combined spending of all ASEAN states together (Military Balance, 1994). China's military spending actually declined from 8.2 per cent of the BNP 1981 to 3.3 per cent in 1991, which is almost equal to the military spending of the ASEAN members in per cent. In actual numbers, however, there has been an increase of 100 per cent the last four years, which is much higher than the increase of the ASEAN members (Klintworth & Ball, 1995, p. 263). All these estimates suggest different and conflicting conclusions as to Chinese military capability. What the real military spending is in China, nobody knows, perhaps not even the PLA or Jiang Zemin, and at the very best we are dealing with "more-or-less accurate estimations", and that includes the PRC statistics.¹⁷⁵ It is clear that China has a relatively minor military budget for its size, and that there is an apparent need for it to modernize its armed forces.

Military readiness in the South China Sea is on the other hand strong, and China's only marine brigade is located inside the South Sea Fleet (Ji You, 1995b, p. 386). This also indicates that Beijing emphasizes rapid action to defend the Chinese interests rather than full-scale invasions in the region. Although China's military equipment is old and inefficient, the PLA could basically "run over" many other regional powers with more modern and efficient equipment, with great human losses. China has showed before that it is willing to accept high losses in manpower if its national

military staff in China this has also been confirmed, the extent of the aerial refueling is, however, difficult to estimate but it seems that most of the existing technology is placed with PLAN and in the South China Sea.

¹⁷⁴ Up to 1995, the ASEAN nations updated their naval and air forces to a greater extent than China with MiG-29s, F-18s, and Hunter aircraft and Seawolf, Exocet, and Harpoon missiles. For details of the military capability in the South China Sea see: Lin Chong-Pin, 1996, pp. 113-116; Rohwer, 1996, pp. 308-310.

¹⁷⁵ The Chinese government is believed to have a limited knowledge about the exact figures in the military budget since a large part of the PLA budget comes from the PLA own income from PLA

pride or security is at stake (Roy, 1996, p. 120). The problem for China is to keep the islands under control without aircraft carriers and long-range combat capability. It is doubtful if China could defend any future occupation of the South China Sea and this is probably one of the major reasons that it refrains from further military actions in the region (Lin Chong-Pin, 1996, pp. 114-115).

Despite the military build-up and the conflicts in the South China Sea there have been several inofficial workshops and other attempts to improve conflict management (Keesing's, Vol. 37, July, 1991; Vol. 45, November, 1999). This has not however led to any direct results that could be implemented and enforced.¹⁷⁶

The dual policy of the development of economic relations and promises of peaceful coexistence versus the military development and the clashes China has had with its neighbors, has been explained by some as a single policy by China. I would, on the contrary, argue that this could be explained as two different policies by different internal actors such as the PLA and MFA. The PLA has sought a firmer stand in the South China Sea disputes, while the MFA has sought improved economic and diplomatic relations instead of conflict. There seems to be a split between those institutions that the Chinese leadership uses, which would indicate that the dual track policy (postulated earlier in this study) is a manifest reality in China. It should be mentioned that the Chinese leadership to a much greater degree speaks for cooperation and peaceful coexistence abroad, but when addressing the Chinese population it emphasizes that the territory in conflict is indisputable and that no compromises will be made.

The human rights "offensive" by the West against the region has also brought the regional actors closer together.¹⁷⁷ China and ASEAN feel that the West does not understand the cultural difference between the West and Asia (Lin Jun, 1997). ASEAN gave China support after the Tiananmen incident 1989 but the intensified "cooperation" came in June 1993 at the Vienna Conference on Human Rights. Both China and ASEAN claimed that the West was working against Asia and used human rights to turn other nations against them (Renmin Ribao, December 3, 1992).¹⁷⁸

controlled companies. For more details see: Blasko, 1996, Gill, 1996, Cheung, 1996. The Chinese government has tried to limit the independence of the PLA with some success (Yu Xiao, 2000).

¹⁷⁶ For interesting developments in the subject, see Amer, 1999.

¹⁷⁷ For a development of such arguments, see Mahathir & Ishihara, 1995; Mahbubani, 1998.

¹⁷⁸ For more details about China's foreign policy and human rights, see: Seymour, 1994, pp. 202-225. Only in Thailand has there been a popular and a political will to support the Western values and consequently to criticize the Chinese and Indonesian position.

During Mahathir's visit to Beijing the same month, it was proclaimed in a joint statement that the West was attempting to subvert Asian governments by using the issue of human rights (BBC, 15 June 1993).¹⁷⁹ The relations between China and ASEAN are not steered by the human rights question and neither party need feel threatened by Western human rights activists. However, this is a question that has been easy to agree upon and it has generated a feeling of closer kinship towards external powers. China and ASEAN have defined human rights in terms of national economic rights rather than individual political rights. All nations in the region have insisted that:

“The issue of human rights can only be studied in the context of economic development, history, and cultural traditions of a particular country.... The right to development represents a most basic human right” (Xinhua, July 18, December 25, 1993).¹⁸⁰

The US tried to isolate China as far as the human rights question was concerned, but this has had the opposite effect and the US has almost been isolated from Asia. This can be seen in Clinton's decision in May 1994 to formally abandon the US linkage between human rights and the most favored nation trading status, to ensure China's status.¹⁸¹ China has also successfully rallied its neighbors around this question. The goal has been to withstand the pressure from abroad, mainly the US, and use it as an argument in the regional debate against US interference in internal affairs (Jiang, 1989; China Daily, May 13, 1997).¹⁸²

¹⁷⁹ For a deeper analysis see: Buszynski, 1995, pp. 176-177. Stuart Harris argues that the extent of human rights influence in foreign policy is dependent upon domestic political reform but also on the emerging Chinese nationalism (Harris, 1997, p. 15). An Asian diplomat pointed out that dramatic improvements in the relations between China and India happened directly after the Tiananmen incident when China was isolated and vulnerable; this seems also to be the case with the relations with the other nations in Asia (Malik, 1995, p. 137).

¹⁸⁰ For more detailed studies in the subject, see: Sheldon, 1994, p. 1052. Taylor, 1994, p. 260.

¹⁸¹ The economic growth in China makes it impossible for USA to ignore China even if there are crimes against human rights, and moreover there are over 150 000 American jobs dependent on US export to China. Harding, 1994, pp. 57-74.

¹⁸² For more details concerning China and human rights in foreign relations, see: Seymour, 1994.

7.4 New relations or (c)old patterns after the financial crisis 1997

It is important to point out once more, that Chinese foreign policy has developed to a more issue-oriented policy than in the earlier periods. This is exemplified in the short bilateral section and the longer issue-oriented sections. This does not imply that China has no bilateral relations but only that the issue-oriented policies have become more important. China's emphasis has shifted from a geo-political security dimension to an geo-economic security dimension. This trend started in the late 1970s and intensified after 1989 and the end of the Cold War (Swanstrom, 2000). It was a common belief that Southeast Asia would increase in importance as China's trading partner after Hong Kong (HK) was returned to the "motherland" since HK was a regional port of entry. The financial crisis two days after the return of HK created skepticism as to China's possibilities of increasing its trade and consequently integration with the international community and, especially, the hard-hit Southeast Asia. In this section there will be an attempt to evaluate how the financial crisis and the return of Hong Kong has affected China's policy towards Southeast Asia.

7.4.1 Bilateral relations with the Southeast Asian States

During this time China's bilateral relations were not as important with the clear exception of the Philippines and Vietnam, where bilateral relations to a very great extent were concerned with delimitation issues in the South China Sea and the Sino-Vietnamese land border.

Vietnam's relations with China have been characterized by the resolution of the land border and despite a few minor conflicts there has been a steady improvement of the bilateral relations (Amer, 2000; Keesing's, 41545, March 1997; 41594, April 1997; 42071, February 1998; 42191, April 1998). This process led to the signing of the Land Border Treaty between China and Vietnam in 1999 and a ratification of the same document in 2000 by both nations (Amer, 2000).¹⁸³ The conflict in the South China Sea underwent a positive development as a direct reflection of the negotiations on the land borders, even though no formal treaty was signed in 1999.

The Philippines have had a more negative trend than Vietnam in their relations with China, with several military engagements, but in June 1997 both countries agreed to inform each other in advance about military activities in the region (Keesing's, 41643, May 1997; 41686, June 1997). Despite this, there was increased tension with the Philippines until May 2000 when Philippines

¹⁸³ For a more thorough argumentation concerning the border treaty, see: Thao, 2000. For a more general view of the Sino-Vietnamese relations during this period, see: Thayer & Amer, 1999.

President Estrada visited Beijing and signed five accords to ease the tension in the South China Sea (Scobell, 2000). In May 1999, the Philippine military vessel *Sierra Madre* (that was incapacitated) was destroyed by “hostile” fire from Chinese naval vessels and Manila retaliated by sinking a few Chinese fishing boats (Thayer, 1999b). Those minor engagements and constrained relations characterized relations between China and the Philippines, notwithstanding increased economic integration.

Except for Vietnam and the Philippines, the other countries’ bilateral contacts with China could easily be classified according to which specific issue China is pursuing. This does not mean that China always sees foreign policy as an issue-specific problem, but rather that Chinese foreign policy has come to focus much more on issues than on specific states. Policies are there to stay but the names of the states involved can change.

7.4.2 Trade and finance

When Southeast Asia was dragged down in the crisis with Thailand as the main actor, there was a very great risk that China too would be pulled in. The logical action from China, bearing in mind China’s earlier inaction, would have been an isolationist move to protect itself from the crisis (Swanstrom, 1999b-c). China had a relatively strong economy with a very strong currency reserve that potentially could keep China out of the crisis and most of its loans were long-term loans with sound bases. The Chinese action was somewhat surprising. China was one of the main supporters of the grant of Special Drawing Rights (SDR) 2.9 billion (US\$ 3.9 billion) to Thailand in August and moreover pledged US\$ 2 billion (China and HK) to support Thailand (Keesing’s, 41777). This surprising action could be explained by the importance the trade with Asia had for China. In 1992 80.36 percent of all trade went to Asia and 74.16 percent of the capital inflow (Ding, 1995). This major trade focus on Asia could be explained by the Tiananmen incident in 1989 and the following US boycott of Chinese goods, see section 7.3.6. This increased the importance of Asian trade with China in Beijing’s foreign policy.

This had however changed somewhat by 1999 when the share of exports to the US had increased to 21 percent, with imports at 12 percent. The Asian share has consequently diminished but was still \$45.56 billion in 1998 (Singh, May 2000). According to China’s Ministry of Foreign Trade and Economic Cooperation (MOFTEC), in June 1997 China had established 529 joint ventures in Southeast Asia to a value of \$ 850 million. Southeast Asia had at the same time established 12 938 projects in China to a contracted value of US\$ 37.25 billion (Singh, May 2000; He Kai, 1998). A large part of the shift in exports from 1992 to 1999 could be explained by the fact that the transit

trade with Hong Kong Special Administrative Region (HKSAR) to and from China had lost in value as China has liberalized its economy and the trade from and with USA now goes directly to China rather than (as before) through Hong Kong.

China has emerged as one of the most important trading partners for the Southeast Asian states. Already in 1995, Thailand sent 278 trade delegations to China which emerged as Thailand's tenth biggest trading partner (Ruland, 1998). The ASEAN states are increasingly dependent on China as a trading partner, and China increasingly depends on the Southeast Asian states (EIU-Selected States, 1999). The potentially large market of both China and ASEAN makes it interesting for all parties involved to intensify the economic cooperation and this can explain the Chinese intervention in the financial crisis and the increased trade with ASEAN.

The Chinese government repeatedly refused to devalue the Chinese currency during the crisis for fear of worsening the crisis and dragging each country deeper into it (Asiaweek, January 30, 1998; SCMP, January 17, 1998; SCMP, February 25, 1998). China followed this policy for two major reasons: to keep China out of the crisis and to create a platform for regional leadership. By refraining from a devaluation of the Chinese currency, the Chinese leadership accepted the price of decreased competitiveness and higher import costs from its Southeast Asian neighbors. A devaluation of the Chinese currency would increase Chinese competitiveness but would also increase the risk of further devaluations in the region and through that prolong the crisis (O'Neill, March 8, 1998; Wang Xiangwei, March 7, 1998; SCMP, February 10, 1998).¹⁸⁴

In addition to the financial question marks, China could create a platform for regional leadership by acting as the regional stabilizer. China reacted rapidly to the situation and was one of the first to give credits to Thailand on the eve of the crisis. Japan was slower and, despite its very high stakes in the region, reluctant to give credits to individual states. China was consequently perceived by the states in the crisis as being more generous than Japan, despite the fact that Japan gave substantially larger credits. This was due to the rapid response to the crisis and the fact that China was a developing nation and in many ways poorer than the nations it helped. This is not the same as saying that China gave out of generosity; it gave to improve its regional base for regional trade and political influence, and because it lacked an alternative course of action that was feasible.

¹⁸⁴ There was some debate as to whether the Chinese currency was already at its correct level, and whether a devaluation of the Renminbi would create any advantages for China. The risks involved with a devaluation were too high compared with the questionable gains so China refrained from a devaluation. World Economic Forum, January 30, 1998; World Economic Forum, February 1, 1998; SCMP, January 15, 1998; Hu Fred, 1998; O'Neill, 1998; Lee-Young, 1998.

The best indication of the self-interest China had, and the importance of Southeast Asia in this crisis, is HKSAR. When the crisis first hit HKSAR, the Chinese Government indicated that the local government in HKSAR was responsible for its own economic management, but added that the People's Bank "always stand by to help" (Keesing's, 41861). The help that China referred to was to defend the HK dollar against speculation and to keep the HKSAR\$ pegged to the US dollar (Swanstrom, 1999c). HKSAR had already become too important for China in its economic development, and a great proportion of HKSAR's trade was with the crisis-hit Southeast Asia (World Economic Forum, January 30, 1998; SCMP, March 19, 1998).¹⁸⁵ The acquisition of HKSAR had increased the importance of Southeast Asia for China, and Beijing knew that if it let the HK\$ devalue it would deepen the crisis in the region and moreover threaten the economic stability of HKSAR. HKSAR has also been singled out as the region of China that should be responsible for the increased trade and cooperation with Southeast Asia.¹⁸⁶ This has increased the importance of HKSAR in trade relations between China and Southeast Asia; political and military issues are still strictly controlled from the mainland.

China has discovered that the Growth Triangles could be a successful tool in regional integration and economic development, especially in the environmental field. The Growth Triangles do not require the same governmental attention since they are decentralized to regional institutions such as HKSAR. The Mekong River project is the first of its kind, but Chinese sources have indicated interest for more cooperation in other regions, such as the South China Sea, Burma, and Thailand (Richardson, 1997; Thant et. al, 1998).¹⁸⁷ The Chinese leadership sees Growth Triangles as a first step to improve economic and possibly political relations with Southeast Asia and Northeast Asia. The South China Sea could very well be a trial case for managing political disputes by Growth Triangles, since the sovereignty issue does not necessarily have to be resolved before cooperation around resources can take place.

¹⁸⁵ Interviews with Senior managers at CFAO, FAC and SCOHKMA confirm that Beijing already guaranteed HKSAR financial support to defend the HK dollar against speculation. Beijing, 1999-09. HK, 1999-09 to 10.

¹⁸⁶ Beijing seems to have ruled that it might be better if the trade with Southeast Asia and to a large extent Taiwan is routed via HKSAR. Interviews with Senior managers CFAO, FAC and SCOHKMA. Beijing, 1999-09. HK, 1999-09 to 10.

¹⁸⁷ Interviews with Senior managers at FAC and CFAO, Beijing 1999-09.

The economic aspect of China's relations with Southeast Asia can not be explained without looking at the connection with the overseas Chinese (Weiderbaum and Hughes, 1996). Most of the trade with China is conducted by the overseas Chinese. It is important to point out that 60% of China's Foreign Direct Investments (FDI) in 1998 came from overseas Chinese in East Asia (Singh, 2000). China is increasingly tense over how the overseas Chinese are treated in other states since they are so fundamental to China's economic development.

7.4.3 Energy and other resources

The South China Sea could possibly have large reserves of oil and natural gas that would decrease China's and Southeast Asia's energy imports. Several sources have cited great oil deposits in the Sea but this is far from certain (Salameh, 1995; Valencia, 1995). Townsend-Gault has repeatedly warned of over-exaggeration of the potential oil resources (Townsend-Gault, 1998). The focus should be on resolving the conflict rather than on potential gains that might not actually materialize. The situation is, however, far more complicated than this.

The most important resource in the South China Sea might not be oil but rather the transport lanes and the fisheries. Both Vietnam and China face a great discrepancy between population and arable land, and this discrepancy could be partly covered by increased fisheries in the South China Sea. China and Vietnam, moreover, suffer from being two overpopulated countries in combination with a deficit in resources (Chanda, June 12-13, 1995; Swanstrom, 1999b). The unsustainable usage of arable land creates environmental problems in the form of desertification, landslides, and flooding. This forces many Asian countries, especially Vietnam and China, to use land that is not appropriate for agriculture since the lack of arable land is more and more apparent. Efficient usage of the South China Sea's organic resources would increase the welfare of the nations since less land would have to be allocated to inefficient agricultural practice. China has noted the importance of the South China Sea as the new *Sheng cun kong jian* (Lebensraum) and the living resources in the South China Sea are perceived as more and more important.

As China's ecological and population problems assume greater proportions, the South China Sea becomes increasingly important for Beijing's domestic politics. It would be hard, even without the nationalistic tendencies, to compromise over the natural resources in the area. The South China Sea has consequently been accorded a more prominent role in foreign policy.

7.4.4 Political relations

China's traditional political relations with Southeast Asia have been bilateral and informal to a very great degree (Swanstrom, 1999b). This changed in the late 1990s when China accepted a more multilateral approach focusing more on CBMs and trade than military security. This could especially be noted in China's positive approach to the ASEAN Regional Forum (ARF) (Foot, 1998),¹⁸⁸ but can also be seen in China's increased participation and proposals for CBMs in the ARF environment. China has, however, refused to give ARF a role in regional mediation and conflict resolution. Beijing has argued that questions concerning the security environment should be solved bilaterally. ARF should, according to China, be limited to consultations and dialogue. ARF is also handicapped since the financial crisis has undermined ASEAN's ability to play an effective role in ARF, and any other leader of ARF would be unacceptable to China. Lim has proposed that China could hijack ARF in order to "divide and rule" in the region (Lim, 1998). This is a possibility, since ASEAN has not been able to reach a consensus in security questions which is a problem that has been further accentuated by the enlargement of ASEAN. The question is whether China would benefit from this. China urgently needs to solve or at least manage, bilaterally, its disputes with neighboring states, due to the domestic situation and increased insecurity at any level would not be beneficial to China at this stage.

Attempts by Australia and the US to formalize ARF have also decreased the willingness of China to participate in the development of ARF's functions. China is still not ready to engage in formal and official security resolution, and it is debatable whether ASEAN would participate in a formal security forum, because any formalization of the ARF could force the members of ASEAN to formalize their internal conflicts, which the member states of ASEAN are as reluctant as China to do. China and ASEAN know that any attempt to formalize the ARF would handicap the organization as a security forum, and both parties see the *informal* ARF as a necessary, and unique, forum for security discussions.

The conflicts of interest among the members of ASEAN and, primarily, the social and political instability in Indonesia will damage the stability ASEAN needs to take an active role in ARF. The risk that China will "hijack" the ARF since ASEAN is not capable of leading the organization increases as the disorganization of ASEAN continues, see section 7.1.2. China emerges as the only Asian power capable of taking control of ARF, especially since Japan is not perceived as a legitimate power in this context. It is doubtful whether ASEAN and the other Asian states would

¹⁸⁸ For more details on how important ARF has become for China, see: Primakov, 1998.

allow China to take a greater role in ARF, but if the anti-Western views grow among the ASEAN states it might be a possibility. For the moment, both ASEAN and China are content with a continued US presence in the region. China knows that a withdrawal of US troops would increase the instability and, probably, the demands from domestic groups to take a more active role in the region to “regain” their natural position as the leader in the region.

The new members in ASEAN – Burma, Cambodia and Laos – have worked as integrating factors between China and ASEAN. This could forge a better integration of China into the region, but it could also create a position for China to divide and rule the region. The enlargement of ASEAN has made ASEAN weaker, not stronger, and China could well use this weakness to split the organization (Lim, 1998). This is, however, not in the Chinese interest. Chinese officials have repeatedly stated the importance of ASEAN as a regional player.¹⁸⁹ This is strengthened by the fact that ASEAN will not be able to become any military threat to China in the foreseeable future.

The overseas Chinese in Southeast Asia could be an increasingly important factor if there is increased violence against Chinese minorities in Southeast Asia (Swanstrom, 1999b-c). This is further accentuated as China opens up in media and through internet. The Chinese in the mainland could gain access to information on atrocities committed against Chinese overseas and demand action from the government. This political pressure from the population is increasingly important, as could be seen in the popular protests against the Japanese occupation of Diaoyu Tai/Senkaku in Taiwan, HK, and the mainland (Downs, 1998). In combination with the increased nationalism that flourishes in China any mistreatment of Hua Ren could initiate a popular clamour for military action to defend overseas Chinese.

During the financial crisis, China and ASEAN improved their relations, due to China’s actions and non-actions, but the South China Sea seems to be the main constraint on a further improvement of the bilateral and multilateral relations with Southeast Asia. In May 1999, a Chinese fishing boat was sunk in an intermezzo with the Philippine Navy near Scarborough Shoal (Keesing’s, Vol. 45, May, 1999). In late July, two more fishing boats were sunk and the Chinese side reacted with “shock” (SCMP, June 6, 1999; SCMP, June 5, 1999). China reacted by further reinforcing the structure on Mischief Reef that China has improved during 1998 and 1999 (SCMP, June 6, 1999; SCMP, June 5, 1999; Keesing’s, Vol. 44, December, 1998; Keesing’s, Vol. 44, September, 1998; Thayer, July, 1999). China’s stand on the Mischief Reef is strengthened by the lack of a concerted response from ASEAN. A solution to the South China Sea dispute seems to be far away, and the only possibility today seems to be embodied in conflict management between the parties involved. China

has repeatedly refused to engage in multilateral discussion concerning the South China Sea and its posture is that any solution to this question should be negotiated bilaterally (Swanstrom, 1999b).

The political relations with the Philippines worsened during 1998 and 1999 but China's bilateral relations with all other States remained cordial or improved (Thayer, July 1999). Chinese President Jiang Zemin claimed in Thailand, September 3, 1999, that friendly consensus and cooperation was improving in the region between China and all other ASEAN members. This is true of all countries, except the Philippines (Keesing's, Vol. 45, September 1999).

7.4.5 Military relations

The financial crisis has undoubtedly changed the military relations between China and Southeast Asia, but with shifts towards insecurity as well as towards a more relaxed security environment.

Prior to the financial crisis, Asia accounted for some 23 percent of the world's combined military resources (Cheeseman, 1999; Cheeseman, 1996). Cheeseman and others argue that this pattern radically changed with the financial crisis, but the changes came earlier than this. From 1985 to 1994, Thailand halved its military expenditure from 5 percent to 2.6 percent of GDP. During the same period, Malaysia cut its military expenditure from 5.6 percent to 3.9 percent (Solingen, 1998). The GDP outgrew the military expenditure by an average of 50 percent and in 1990-1991 the Southeast Asian military expenditure was 2.8 percent of GDP. China's military development and improvement, on the other hand, does not seem to have been affected by the end of the Cold War to the same extent (Sheldon, 1998). China cut its military force by a million men during the early 1990s, but military expenditure has not decreased, which points to a radical modernization of the standing Chinese army (Dennison, 1996). There have even been calls for higher spending on military technology (EIU-China, 1999). The ASEAN decline in military expenditure was, however, accelerated when the financial crisis hit Southeast Asia, and in December 1997 the Thai Government announced that the country would have to further cut its defense expenditure by 30 percent. The following April, it was announced that the armed forces would have to cut their personnel by 75 percent over the next few years (Sirithaveepor, 1998; Tang, 1998).

At face value, it might seem only positive that the Southeast Asian states do not spend a great deal of their resources on military modernization. It should, however, be remembered that the power balance is uneven and that, even if China focused most of its military personnel and training towards Russia, India, Northeast Asia, and Taiwan its force towards Southeast Asia is substantial.

¹⁸⁹ Interviews with Senior managers at FAC and CFAO, Beijing 1999-09.

China has been building a blue water navy and has, according to my interpretation, recently achieved air to air refueling capacity which will increase its capability to fight in the Spratlys or any other place in Southeast Asia. If the power balance becomes too uneven this will increase the instability and distrust towards China in Southeast Asia. China will, however, not have the capability to fight a long-range war in the Southeast Asian region until the PLA improves its military intelligence and lines of communication and supply and, most important of all, until it achieves an overall modernization (Godwin, 1996).¹⁹⁰ Even if selected units are modernized, the Chinese army is in need of an overall improvement before it will be able to take on any major adversary; this will take at least decade.

I have earlier suggested that China's relations with Southeast Asia will be increasingly peaceful, but that there will be domestic factors, such as in the Mischief Incident, that could increase tension between China and Southeast Asia. (Swanstrom, 1999b; Wallenstein & Swanstrom, 1998). The Dioyutai dispute with Japan shows clearly how nationalism and domestic pressure can force a more confrontational stand from the Chinese government (Downs, 1998). The Chinese leadership is increasingly dependent on the support of the population and pressure groups. Mistreatment of the Chinese minorities in Southeast Asia could conceivably trigger a more aggressive stand from the Chinese military and even the civilian leadership could be forced to react. Despite this possible tension, the military situation after the financial crisis seems to suggest that the peaceful relations will remain although the lack of military modernization in Southeast Asia could create a power vacuum. The situation could, however, be complicated by the Chinese government's dual policy of cooperation and conflict.

China's dual policy of an aggressive military foreign policy and a more trade-related foreign policy stems from the division of interest between the Foreign Ministry and PLA. The linkage between defense and foreign policy seems to be the weakest of all linkages in national security policy-making (Swaine, 1998). This view has been reinforced by interviews in Beijing and HKSAR, which showed the division and that the perceived incompetence of the other side was striking.¹⁹¹ This division between the two most powerful institutions for security policy-making means the situation is more unstable. Both parties have a tendency to react to domestic pressure and to use this

¹⁹⁰ For a description of the current status of the PLA and the future problems and prospects see: Puska, 2000.

¹⁹¹ Interviews with Senior staff at the foreign ministry and PLA in Beijing 1997 June-August, 1999 August; HKSAR June-July.

to create a better position to further their specific agendas. This division can explain the Mischief incident. Senior officials at the Foreign Ministry in Beijing claim that they did not know what was going on and that it was a mistake by the PLA to engage militarily.¹⁹² The danger was not that China would lose the conflict but that trade would be hurt. Fortunately for China, ASEAN was divided and no uniform action was taken towards China. This lack of action by ASEAN taught the PLA that the international community and ASEAN would tolerate minor military operations, such as the Mischief incident. The Foreign Ministry is not as convinced that such operations would be accepted by ASEAN or the international community and is more prone to focus on bilateral cooperation or perhaps multilateral cooperation, within ARF, WTO or other multilateral organizations. There is still some reluctance, even in the Foreign Ministry, to accept multilateral decision-making, although new possibilities have been opened up.

There seems almost to be a consensus that security policy making and foreign policy in general will be *civilianized* as soon as the older leadership leaves its power positions (Swaine, 1998).¹⁹³ There has undoubtedly been a shift from a more ideological and military based leadership towards a more liberal and trade influenced leadership (Swanstrom, 2000). It would be foolish to conclude that China's security policy-making will be totally *civilianized*, and this would probably be impossible in the short run, since the military component will continue to be a significant part of any nation's security dimension. In the shift from a dual policy-making to a *civilianized* policy-making, there will be an increased focus on trade and economic interdependence. The liberal elements of the Chinese leadership have also indicated less negative attitudes towards multilateral forums for decision-making and cooperation.

Even if China wanted, and was able, to act militarily in the region, the chances that China would conduct any military operation today are limited since China is dependent on export earnings which could be distinctly affected if China were to engage in a conflict.¹⁹⁴ China's trade goes to a

¹⁹² Interviews with Senior staff at FAC, CFAO and PLA in Beijing 1997 June-August, 1999 August; HKSAR June-July.

¹⁹³ Interviews with Senior staff at FAC, CFAO and PLA in Beijing 1997 June-August, 1999 August; HKSAR June-July.

¹⁹⁴ Wortzel argues that if China follows the current path of economic integration there are high hopes that China will develop peacefully and that PLA will have to postpone its external defense policy (Wortzel, 1998). Others have been less positive and argue that the fast-growing economy will inevitably push China into seeking control over new territories (Singh, 1999; Rappai, 1999).

very great degree to the Asian region and to an increased degree to Southeast Asia (EIB-China, 1999). To engage in a conflict with Southeast Asia would increase domestic instability. Domestic stability is dependent on continued economic development, and in the aftermath of the financial crisis, a problematic domestic economy and an international crisis would be hard to handle for China. Ginsberg argues the “conversion to a new fighting force would likely not sacrifice economic growth, which matters to the Chinese leadership” (Ginsberg, 1998). To go a step further and engage in a militarized conflict would be foolish of the leadership. It might, however, be possible and necessary if the domestic pressure is too strong. It is not unlikely that such pressure could be built up through nationalism and domestic politics. The first target would probably not be Southeast Asia but rather Japan, the Diaoyutai Island, and Taiwan.

7.5 Outcome

The major change in the input at the international stage is the end of the Cold War. At the regional stage, the resolution of the Cambodian conflict and the financial crisis in 1997 seem to be the most important changes. At the domestic stage the Tiananmen incident in 1989 that caused Deng to disappear from the scene and Jiang Zemin to take a more active role as the president of China is the most important.

The international levels, EU, and US developed a more confrontational position politically, even if not militarily, after the Tiananmen incident in 1989. The regional actors and especially the Southeast Asian states, accept to a greater extent the action taken by the government in 1989. The understanding between the West and China, and to some extent Asia, decreases after 1989. Flexibility from the international actors was, according to China, low. The financial crisis in 1997 increased cooperation and understanding between ASEAN and China. China was to a great extent regarded as the state that cared most about the situation for the regional states. The increased weakness of ASEAN after the financial crisis (see section 7.1.2) is to a very great extent a reason for China’s new and active attempts to assume a regional leadership position

The institutions increased their power after 1989 and strengthened their power position further after 1997 and the death of Deng. The institutions have a direct impact on foreign policy and the strength of the institutions determines current policy to a great extent. It is interesting to note the vitalization of PLA after 1989 and the more aggressive stand against the West. It is possible to see an obvious split between increasingly powerful institutions, PLA and MFA, that proved to be crucial in the creation of Chinese foreign policy.

The strength of the individual decision-makers has decreased significantly since Deng voluntarily left power and Jiang took over, and this has further decreased after the death of Deng. The individual decision-makers are still very important and powerful, but have nothing like the paramount power the old leaders possessed. Each individual leader has to engage in coalition building and the times decide which institution to rely on; it is interesting to note the strong reliance of Deng and later Jiang on the military that was most critical of the civilian authority and the handling of Tiananmen and Taiwan. In times of good economic development it is possible to predict that the MFA (which relies on trade and popular support) will increase in strength, but in times of difficulty the military seems to be the stronger part.

Figure IX: Outcome in the period between 1989-2000

Events/crises/change	International	Domestic		Outcome
		Institutional	Individual	
End of the Cold War, resolution of the Cambodian conflict, the financial crisis in 1997, Tiananmen in 1989, and Jiang Zemin's election as the President and top leader.	Understanding of the Chinese priorities decreases after 1989, regionally there is an increase in understanding after 1989 and 1997	Strong impact on the interpretation of the internal and external environments, learning, adaptation and the changing priorities of foreign policy	Decreased importance of interpretation of the internal and external environments, learning, adaptation and the changing priorities of foreign policy. The individual is one of many factors in the creation of foreign policy	Increased participation in economic and political projects. More cooperative stand in all foreign policy aspects. Clear division in the institutional interpretation of the security aspect. PLA argues for more militant solutions in South China Sea and MFA argues for more cooperative and integrative solutions. Active search for a position as a regional leader after 1997.
	Increased influence by international actors in the making of Chinese foreign policy, especially in the economic realm, through economic interdependence	Increased scope and degree of participation in foreign policy making. Important factor behind changes of rules, norms, and mechanisms in the policy-making process.	Decreased scope and degree of participation in foreign policy making. Lesser impact on changes of rules, norms, and mechanisms in the policy making process	
	Decreased flexibility by the international community and international actors towards the Chinese foreign policy after 1989 but increased trade. Increased flexibility and cooperation from the regional actors, especially after 1997.	High degree of participation and autonomisation of institutions in the making of foreign policy.	Individual leader's power and authority decreases significantly. Individual decision-makers preferences and choices, foreign policy strategies and tactics lessens in importance. No leader has longer the paramount position that Mao or Deng had.	

I shall explain the elements of the above figure in more detail in the following sections.

7.5.1 Adversary or partner

Dibb et al have suggested the possibility of a more aggressive posture for China in regional and international affairs in its search for leadership (Dibb, 1999). It is undoubtedly so that China has an

agenda of regional leadership, but it cannot be deemed more aggressive than EU leadership or US. It could be argued that China has proven that it could be a partner rather than an adversary, though this is not to say that China will act only from unselfish motives. It is important to bear in mind that China has been involved in several incidents with Vietnam and the Philippines concerning the South China Sea. This has not lessened the economic cooperation, but has affected the political relations between China and Vietnam and the Philippines. In the case of the other states, relations with China have improved greatly and after 1997 China has emerged as a *possible* leader even though the current situation does not allow for that.

Figure X: Adversary or Partner 1989-2000

	ASEAN, Laos, Cambodia, Burma	Vietnam	Philippines
1989-1997	Partner	Partner/tension	Partner/tension
1997-2000	Partner (leader)	Partner	Partner/tension

Feigenbaum has argued that China will focus on cooperation and strategic partnership due to the limitations of its own limited military capability (Feigenbaum, 1999). China's limited military capability and economic goals make an aggressive policy unlikely in the foreseeable future. Nobody should, however, make the mistake of neglecting the strategic interest China has concerning the trade-lanes in the South China Sea or Beijing's commitment to modernizing and strengthening its military.

China and the ASEAN members have several common interests, among which economic development stands out, but there is also an interest to counter a US dominance in APEC or any other regional organization (Ruland, 1998). Although both China and ASEAN have a common interest in keeping US troops in the region, there is also a common interest in limiting the US dominance in the region. The conflicting interests of keeping both China and the US at bay are hard to balance for ASEAN, but the situation is simplified by China's reluctance to take military responsibility in the region. Human Rights are another area where the Asian governments seem to have a common line, with a few exceptions (Asian Human Rights Charter). This has been used domestically both in China and in ASEAN to muster resistance against the West and the "neo-colonial" strategy the West uses against the developing world.

Moreover, China is a financially weak nation with relatively few resources that could be allocated to an expansive policy. China's first and most important task is to improve the living standard of the population and control social unrest. Lardy has gone a step further to state that China

will need to focus on short-term growth rather than the reconstruction of the economy, due partly to the possibility of social unrest (Lardy, 1998). This exemplifies the importance of economic growth in defusing the social instability that China faces today.

The current status of the economy reinforces the (improbable) threat the Chinese military force poses due to its limited capability. It is clear that China is upgrading its military troops, faster and more coherently than its Southeast Asian neighbors, but its fighting ability is still limited and focused on Taiwan, Japan, India, the Koreas, and Russia. China has little reason to stir up more conflicts with its Southeast Asian neighbors; there is rather an active policy for cooperation, than a policy for conflict between China and the Southeast Asian states. This policy has been derailed from time to time by the division of interest between the *Junshi* and *Waishi* factions inside China. Economic development is the primary policy for China today, and Beijing is actively trying to increase its cooperation with ASEAN and limit the conflicting issues. Zhu Rongji's visits to Southeast Asia are the most recent indications of the need of improved relations between China and ASEAN (SCMP, November 30, 1999).

China was clearly committed to being an economic partner of its own desire, and is also a political partner by necessity, during this period. As China's economic development strengthens, it might be possible to see more adversarial behavior in the South China Sea, but at this time China was in great need of economic cooperation and the military factions have had to refrain from "adventures", such as the Mischief Reef, if China was to retain its strong regional cooperation. There was very little room for a more aggressive posture, especially directly after 1997 due to the already weak regional economy and the instability of the region financially.

7.5.2 A global or regional leader?

It has been suggested by several authors that China would like to replace the current world order with one that is focused on itself (Lee In-bae, 1998; Gu, 1996; Puska, 2000). It is true that China has the aspiration to become a global leader, but the costs involved in this operation are beyond China's current reach. I agree with Sheldon, who argues that China will have to focus on economic development and regional security to sustain a high domestic development pace (Sheldon, 1996). China lacked the military capability to take on a role like NATO or the US; the creation of a blue water navy is the first step to increasing its global power. The success in creating a blue water capability moreover depends on China's ability to create a force that could maintain such naval power. The costs and the organization to handle this task are beyond China's current reach: China is financially too weak to exercise global dominance or shared dominance.

The focus will be on regional leadership, which is in China's reach militarily and far cheaper for China to sustain. This is not to say that China will not participate and demand a role in the International Community, but it cannot afford to take an active role. China is no longer interested in an isolationist approach because the economic development is dependent on international trade and cooperation. China's admission to the WTO is the first step for China to a more integrated and participatory role in international trade (Swanstrom, 1999a).¹⁹⁵ As China becomes more integrated into international and regional trade it will become increasingly more difficult to revert to an aggressive policy, until a high level of development and economic independence is reached.

China has partly succeeded in taking a regional leadership role by its actions during the financial crisis in the region. Japan, on the other hand, was not praised for its engagement, since its financial contribution was believed to be far lower than the actual interest it had in the region.¹⁹⁶ To engage actively in the crisis has been a consistent policy of China, from the first credit extended to Thailand in 1997 until now. The political effects of this policy should not be underestimated, and as regards China during the crisis, it effectively marketed itself as a partner to the countries in Southeast Asia. China realized that it could not devalue its currency due to the risk of major economic consequences, so with devaluation not being an option, Beijing decided to create a political platform out of its inability.¹⁹⁷ As Zhu Rongji and Jiang Zemin travel around Southeast Asia today, it is clear how powerful this platform has been in integrating China into the region and making it possible for China to take a leadership role.

The different policies against Southeast Asia could be explained in the division of *Junshi* and *Waishi* (Swanstrom, 1999b; Swaine, 1998). The *Waishi* seems to gain power in relation to the *Junshi* faction as the old leaders resign. This would indicate that trade will become more prevalent in the relations between the parties, but this is a slow process entailing several drawbacks making the civilian staff more powerful in the decision-making process regarding foreign policy towards Southeast Asia. If the Taiwan issue becomes acute, the *Junshi* faction will be able to prolong its

¹⁹⁵ China has prepared for the admission to the WTO by adopting a new contract law that is very modern and focused on international trade. In combination with other changes in the legal system trade in, and with, China has been greatly improved.

¹⁹⁶ There are however several researchers that believe that Japan will be the major player in the region despite this drawback (Green, 2000). I would agree that Japan will be one of the major players but that the prime spot is reserved for China.

¹⁹⁷ Interviews with senior staff at the Foreign Ministry in Beijing, August 1999.

position and even dominate the political scene in China. Zhu Rongji's current position as the Premier has reinforced the *Waishi* faction, but if he is forced from his position the chance is great that the conservative elements will take over and the *Junshi* faction will gain control of the foreign policy decision-making process.

7.5.3 A New Security Environment?

China has traditionally had a realist's security perspective, and this still has a solid base in the Chinese foreign policy. The changes have been a move from military security to a widened security concept with economic development as the main focus. This has obviously changed the Chinese view of Southeast Asia, particularly after the financial crisis. China has noted the importance of the regional economy in its economic development and the importance of regional stability for increased trade. Due to the domestic changes in leadership toward a more liberal government in terms of trade and the dependence on economic development, China has focused more on economic security than political or military security. This trend has intensified with the financial crisis and the social pressure that has emerged in China.

The increased importance of the regional economy has made the regional security environment more important for China. This is further reinforced by China's limited financial possibilities for global leadership. Regional leadership can be attained at a limited cost and could be monitored with China's limited military and political capability. This regional focus will have implications for ASEAN and each individual state. This shift from a strict domestic focus to a regional and limited geo-economic focus has been a consistent trend since the late 1980s and has been intensified during the financial crisis.

HKSAR has had an impact on trade and to some extent on the political relations between China and Southeast Asia. This is especially prevalent in trade relations, since Southeast Asia is an important trading partner for HKSAR. The competition between Singapore and HKSAR as the entrepôt has increased the focus on ASEAN. There will surely be a more direct focus on Southeast Asia as both China and the Southeast Asian economies mature, the diversity of goods increases, and the trade possibilities open up.

The South China Sea is a negative reason for a more direct focus on the region. China and many Southeast Asian states, but also Japan and Taiwan, have an increased need for free sea-lanes and the access to fishing grounds. The South China Sea seems to be a serious obstacle for improvements in multilateral or bilateral relations. There is most risk of military security breach in the South China Sea region, especially since the border conflict between Vietnam has stabilized.

The security environment has not changed during the crisis, but the focus has been redirected towards regional leadership and economic development. This will increase the importance of ASEAN and its member states for Chinese foreign policy in the near future. The stability in bilateral and multilateral relations will increase, with a reservation concerning the South China Sea.

Regional integration has created a more interdependent region with less chance of conflict without grave economic repercussions. This has been a blessing for all parties since it will make war more difficult and it will probably increase the financial benefits for all parties. The problems are apparent, as the smaller states are increasingly dependent on China for their economic development, and China is “hostage” to its own nationalism and the financial consequences a regional conflict could have on China’s economic development. China does work with a new perception of security, (i.e. economy) both among individual decision-makers and institutions. It is clear that there are differences among institutions (PLA and MFA) and individuals (such as Li Peng who has greater support in the military than Zhu Rongji who has been termed a liberal and is more concerned with economic liberalization) on how to deal with the outside world and Southeast Asia. If China can handle the new problems of institutional in-fighting and possible aggressive nationalist policies it should be possible to see a more permanent focus on dialogue rather than the raw force that was apparent in the earlier periods.

Part III

8. Conclusion and discussion

The real cause was the rise in the power of Athens and the fear that it created in Sparta.
Thucydides, *The Peloponnesian War*

China's foreign policy towards Southeast Asia has not been steered by a single factor but there has been an obvious development from a reactive to a proactive policy and from unipolar to multipolar decision-making. The internal changes have meant development from a society and state strongly influenced and controlled by Mao to a multipolar society with diversified interests, and China has become an integrated partner in the international community, and especially in the regional community. The aim of this chapter is to discuss the findings in more detail with a focus on the changes, and to determine if and why China could be termed an adversary or a partner towards the states in Southeast Asia.

8.1 Three periods and five policy changes

During the first part of PRC's existence, the foreign policy towards Southeast Asia, and the world at large, was steered by ideology but China was still too weak both internally and internationally to formulate its own proactive foreign policy, and thus followed a reactive policy. The weakness was to a high degree a result of the Civil War in China and foreign policy was not prioritized since the attempts to consolidate PRC and increase the economic development were considered more important. It is important to point out that the first period has a clear division into two parts – the dividing line being the start of the Cultural Revolution.

From 1949 to 1966, as a result of the Civil War and economic instability, internal weaknesses and a lack of political strength and willingness to actively pursue any major foreign policy ventures in the region, characterized Chinese foreign policy. China reacted to the foreign policy strategies of other states, such as the US intervention in Indo-China. China was, however, during this time interested in cooperation and integration in the region, with both communist and capitalist states. This willingness to cooperate with all states was disrupted by the initiation of the Cultural Revolution in China in 1966.

Domestic policy from the early 1960s was characterized by ideological campaigns such as the Cultural Revolution (1966-1976), which had a major and negative impact on China's foreign relations, and especially with Southeast Asia, but there was some cooperation up to 1966. From 1966 onwards, foreign policy was further down-played and China's own ideological growth was

prioritized. Due to the political and economic turmoil inside China at this time there were very few resources that could have been used in a coherent and focused foreign policy even if Beijing would have preferred such a policy during the Cultural Revolution. The Chinese have termed the period “the ten lost years”, and in a foreign policy perspective this is to some extent true.

It is safe to say that in this period, the domestic changes are the primary factors for *changes* in the relations with Southeast Asia. Beijing initiated the period with a few attempts at cooperative behavior, but these turned into more adversarial behavior; this is especially evident during the Cultural Revolution. It is clear that China exhibited more neutral behavior in some cases but this was reversed after 1966 and the Cultural Revolution. China’s position in the Southeast Asian region was determined by the ideological campaigns in China, and led to a total break with the Southeast Asian states in 1967 (the exceptions being Vietnam and Laos). Internal disruptions characterize the changes to the second period, in 1976, with the death of Mao and the downfall of the Gang of Four.

Foreign policy, both towards Southeast Asia and the rest of the world, was determined by Mao as the paramount leader. This made his perception of other states and his notion of continuous revolution very important. For Mao, minor powers such as the Southeast Asian states were not important players, they were used more as “leverage” against the superpowers. It was undoubtedly the individual leader perception that colored China’s *relations* with Southeast Asia, even though the triangle relations between China, USSR, and USA were important.

In the second period, after Mao’s death, there is a change from security to economy as the prime goal, and a shift from dependence on the superpowers to a proactive focus on Asia, and Southeast Asia in particular. During this period nationalism becomes the “ruling ideology” and communism becomes less important both in action and in propaganda. China based all its relations on economic and political interests during this period, rather than ideology, with the interesting “exception” of Vietnam which was China’s main enemy in the region despite ideological similarities.

Since ideology becomes less of an issue in China’s foreign policy, economic development can be classified as the national interest during this period, and was/is even called the basic human right. Both domestically and internationally, Deng and the liberal institutions were working to improve economic competitiveness and the most attractive solution was economic integration with Asia and Southeast Asia. I will return to the economic factors in more detail later.

China and the Soviet Union fought for ideological supremacy in Vietnam during this period and it was primarily this, in combination with Cambodia, that caused the tense relations between Vietnam and China. It could easily be argued that this was less of an ideological struggle than a security question. Beijing was afraid that it would be surrounded by “enemy” states (India, the Soviet Union, South Korea, Japan, Taiwan, the Philippines and Vietnam); it is also easy to argue that China

needed a southern way, towards Southeast Asia, out of the entrapment and to decrease the “threat” against China. I believe that the ideological argumentation is of less importance, and that security prevailed in this matter. The historical notion of regional supremacy is, however, important since China strongly believed that it was the natural leader of the region and that Vietnam’s “defection” from the Chinese camp could not be tolerated.

During the period of Deng it was possible to see a change from the earlier adversarial behavior towards a more cooperative attitude. The pattern is, however, not clear, as Vietnam was considered an adversary throughout the period and direct wars were fought in both Cambodia and the South China Sea, but it was most apparent in 1979, during the border war. Thailand was among the closest allies China had in the region during the conflict in Cambodia, but was an adversary in the Vietnam War. In this thesis it is argued that ASEAN was more of a neutral organization during this period, even though China retained better relations with some countries than with others. This is not to say that individual countries could be seen as neutral. China’s posture towards ASEAN and the individual countries differs to a very great degree. ASEAN was neither a positive force nor a negative factor in Chinese foreign policy; despite this China tried to create better bilateral relations with all ASEAN members to be able to challenge the Soviet Union and its ally Vietnam in the Southeast Asian region.

Despite relatively good relations between governments it was hard to create good and positive relations as China supported communist rebels in most Southeast Asian states. It is telling that China still supported the communist rebels in Thailand against the Thai government during the campaigns in Cambodia where China and Thailand were allied. Both China and Thailand saw each other as partners out of necessity, and there was little focus on this relationship after the Cambodian War.

The primary reason for the change in China’s relations towards Southeast Asia is the end of the Cold War, the end of the Cambodian conflict and the normalization of relations between China and Vietnam. But also the Tiananmen incident in 1989 and the pressure that followed from the West and the more understanding attitude of the Southeast Asian nations are important.

In the last period (1989-2000) China developed to a state with diversified interests domestically, in contrast to the ideologically dominated first period; it is especially interesting to note the division between the PLA and MFA, even if there are other institutions that are both interesting and important to focus on in other studies. A single leader no longer determined foreign policy towards Southeast Asia, and the rest of the world, but rather an oligarchy of leaders with diversified interests. The reliance on Asia, and especially Southeast Asia grows after the Tiananmen incident and increases still further after 1997. This is particular noticeable in the economy and soft questions

such as Human Rights. Closer cooperation is possible since China feels that it can rely on fellow Asians. This is also the time the Chinese government (and the Asian states, especially Malaysia and Singapore) developed the notion of Asian values that was to some extent directed towards the western notion of “human rights”. In accordance with this, China focused on what it sees as the first human right: economic development.

The end of the Cold War, the normalization of the Sino-Vietnamese relations, and the end of the Cambodia war were the changes in the international climate that made the intensified international relations possible (developed below). The financial crisis was the catalyst for a more integrative policy with a more cooperative approach from the Chinese side. The domestic need for economic development and fear of social unrest spurred on interaction with Southeast Asia but also the aspirations to take the role as the regional leader. The current relations are, as before, steered by the economic development, but the engine behind this is more a question of institutional interest than a question of supreme decision-makers as it was in earlier periods. The threat towards further integration is the PLA and the nationalist tendencies in China that could create a more militant policy in the South China Sea.

ASEAN is at this time an economic partner and the old adversarial tendencies have been pushed to the background. The pattern is more problematic when looking at the South China Sea conflict with some ASEAN members (Vietnam and especially the Philippines have adversarial tendencies), but at the same time there is increased financial and diplomatic cooperation. There is no country that is excluded from trading with or visiting, China at this time, but relations are especially good with Malaysia and Indonesia, and less so with Thailand and the Philippines. This could partly be traced to the Human Rights debate and the 1989 tragedy at Tiananmen, but also to the South China Sea conflict with the Philippines.

8.2 Changes in the analytical levels

As has been shown in the thesis, the individual level was fundamental in all periods, although the second period had a very strong impact from the international level through the end of the Cold War and the resolution of the Cambodian conflict. What is interesting to note, is the relatively low impact on the changes by the institutional level in the first two periods. There is increased participation from the institutional level, and in the policy process the power of institutions in the decision-making process grows rapidly in importance. Institutions have, up to the last period, had very little direct impact on the direct changes of foreign policy. The institutions strengthened their position in the late 1980s but were still subordinate to Deng to a very great degree. This changed rapidly after 1989 and

China has now become an oligarchy of interests. The fear is that the institutional competition, i.e. PLA (*Junshi*) v. MFA (*Waishi*), could increase the risk for a more militarized policy in the future. The dual policy of the PRC that has been created as a result of the institutional diversification and increase in power creates insecurity among the Southeast Asian states, especially the Philippines and Vietnam. It is more difficult to predict what China's next move in the region will be when the power of the institutions is unpredictable. The strongest explaining variable in the foreign policy towards Southeast Asia in the new millennium seems to be the changes in the institutional and individual orientation, but the institutions political predictability is so far low.

8.2.1 Individual decision-makers and the “democratic dictatorship”.

Chinese foreign policy, both towards Southeast Asia and the rest of the world, was highly centralized under both Mao and Deng, even though Deng did not have the paramount role Mao had. Jiang Zeming, or any other future leader, will never have access to that kind of power concentration, the power of decision-making has been decentralized, though only to a handful of officials. This change could create uncertainty in China, with factions and warlords both fighting each other for power. It might however have the opposite effect with “stability through instability”, as one of the interviewees expressed it, with coalition-building and overlapping interests. Chaos and anarchy are hardly possible in today's China with the existing leadership but a more factionalist China is definitely emerging in the new century.

There have been suggestions that a strong dictatorship, or a strong democracy, would be more peaceful than a weak democracy/more democratic state. This would indicate that China is moving from a relatively peaceful “democratic” dictatorship towards a more aggressive institutionalist regime. It is clear that the individual decision-maker has much less power today than before and the prediction that it will further decrease is not too bold, but the conclusion that Chinese society will become more aggressive as a result, does not lie within the scope of this thesis.

8.2.2 Institutions as a new actor in foreign policy

It is apparent that institutions have more power in China in the third period (1989-2000) and that the paramount leader is unlikely to return, but is harder to say whether this development will be more peaceful. Institutions have created even more fragmented institutions inside China and an increasingly fragmented decision-making process. When a paramount leader ruled China it was

easier to predict foreign policy since a single individual determined it, but changes could be implemented at a moment's notice. With a society of fragmented institutions it will be harder to predict changes, but it might also be harder for China to change its foreign policy to the extremes of the Cultural Revolution or extreme liberalization as in the former Soviet Union. The predictability of the system will emerge in the development of competing interests and coalition building. The most apparent risks for increased tension with the Southeast Asian region are the increased nationalism and a possible economic downturn with social unrest as a consequence.

In the specific case of Southeast Asia, the stability of foreign policy is determined by domestic changes in leadership and institutional power. The South China Sea, nationalism and economic development are three increasingly important questions that are creating new possibilities for changes in China's foreign policy and in the leadership make-up. The clear split in institutional interest will be important for the future of China's relations with its neighbors.

8.2.2.1 Dual Track

China's foreign policy has not always correlated with its defense policy. Beijing has been consistently inconsistent in its foreign policy. The MFA policy has been designed to prevent crisis by diplomatic means; the defense policy (PLA) has emphasized that the only way to safely counter threats is through armed conflict. There has been an almost schizophrenic foreign policy towards Southeast Asia with a very liberal and open economic policy but a hard military policy. It is important to note that this phenomenon could have had its origin in two different power centers inside China each with its own area of power, PLA v. MFA.

The dual policy towards the South China Sea could be explained in terms of faction building reflecting economic interest and military interest, but it is hard to divide them into Reformers, Tough Internationalist, or Hard-liners. The groups could be divided according to ideological lines into two large but loose groups, each with its own characteristics. The more "liberal" group is interested in the economy and would like China to keep the "open door" policy and opposes any action that could jeopardize economic reform. The "conservative" group is to a greater degree concerned with questions such as Taiwan, the South China Sea and a stable society rather than economic development. The "conservative" faction also seems to have a greater tendency to react with military means. The movements between the two groups are large and since the borders are fluid it will increase stability due to the need for coalition-building and the relative ease with which individuals and institutions can shift their allegiance. Any policy that is considered radical will not be able to receive the support it needs and the more moderate faction will prevail. It might also be in order to

point out that most military and political staff members are relatively moderate and are opposed to an extreme version of both the liberal and the military views.

The future of China's peaceful relations with its neighbors is to a very great degree determined by which faction is in power. This is not to say that each side always would react in a specific way, but that it seems in this study that the *Junshi* faction is more inclined to use arms and power and the *Waishi* is more concerned with trade and economic development. The Junshi faction is hard on questions such as nationalism, the Communist Party and Chinese military supremacy in the region. The Waishi faction has shown itself to be more flexible and inclined towards compromise and multilateral negotiations. The institutional cleavage has been easiest to notice in the South China Sea dispute and the future of the South China Sea question might depend on the institutional struggle inside China.

8.2.3 Foreign Devils and Regional Dragons in Chinese foreign policy

The international factor has seen several interesting changes. China moved from a Strategic Triangle where the Asian states were treated as pawns in a game, to more integrated cooperation with Asia and a minimization of other relations. China has argued that the cultural resemblance between the Asian states makes them more trustworthy than the western states, which was especially seen after the Tiananmen incident in 1989. Trade with the Asian states has increased immensely after 1976, but especially after 1989, also in comparison with the rest of the world. This speaks for a reliance on the "small dragons" in the neighborhood rather than the "foreign devils" in the West.

It is clear that the international level has increased influence on Chinese foreign policy towards Southeast Asia through globalisation and a "new" economy with less respect for national borders than the "old" economy. As the civilian institutions have grown in strength in China, there has been increased respect for the international environment and vice versa. It would not be a controversial estimate to say that the Chinese will have to increasingly open up their economy as well as their political system in the future. How this will impact on the creation of foreign policy is unclear, but there seems to be an increasingly problematic tendency in China and abroad of aggressive nationalism and the international environment could encourage nationalist sentiments inside China through criticism and overt attacks on Chinese interests.

8.3. New Issues in a New Environment

8.3.1 Issue oriented leadership

A major change is that the Chinese policy towards the region is now more pragmatic and issue-oriented and aimed at all countries in the region, instead of ideological with individual targets and rigid structures. The constant theme is the economic development that has been the most important aspect of Chinese foreign policy since 1976.

Chinese politics were initially directed towards national unity rather than towards international leadership or interdependence. Beijing has been reluctant to assume any leadership, both regional and international, and this has not changed after Deng Xiaoping's reforms at the end of the 1970s. China is still not ready to assume any international leadership, due to logistic, financial and military aspects that have been discussed earlier, but has started to increase its regional influence. The economic interdependence in the region has, on the other hand, gone far and this has become the main theme in Chinese politics.

8.3.2 Ideology and nationalism

One fundamental domestic change with regional implications, is that China's foreign policy was redirected from ideology to nationalism and national interest, i.e. economy and security. Focusing on national interest, gives China more leeway in its relations with Southeast Asia than with an ideology that created a collision course between China and the Southeast Asian nations. Nationalism has taken over as the Chinese ideology and if China can keep its populist nationalism at bay, it would be possible to predict stable and productive cooperation between China and the Southeast Asian nations. Aggressive nationalism, on the other hand, could throw China into a conflict with the surrounding nations, including the Southeast Asian nations.

Taiwan, Tibet, the South China Sea and other regions that China believes to be indisputable and integrated regions in China will be much harder to find peaceful solutions to, if more militant factions increase their power at the cost of the more liberal faction. Nationalism will undoubtedly work in favor of the aggressive postures, especially since China already has developed a belief in its historical humiliation and failure to assert its rightful position in world politics.

8.4. Adversary or Partner

8.4.1 Cooperation with Southeast Asia

The political climate and the security situation have changed so dramatically since the fall of the Soviet Union and the resolution of the Cambodian conflict, that close cooperation between China and ASEAN became not only possible but also logical in political and economic terms. When the Soviet Union became less of a security problem and the Cold War decreased in importance in the region, the alliance between Vietnam and the Soviet Union lost its significance, and the relations between China and Vietnam became more stable. The resolution of the Cambodian conflict drastically improved the relations between China and Vietnam.¹⁹⁸ This created a better political climate in the region and with the rest of ASEAN, and this has increased both political and economic interaction on a bilateral but also multilateral level.

The only major obstacles today in the way of regional stability are the South China Sea conflict and domestic instability in China through nationalism and economic instability. Domestic stability in China is today dependent on economic development. Due to population growth, high unemployment and few new jobs in the economy, social tension has increased and what are perceived to be minor problems can create tremendous social problems. This could destabilize China since one of the few ways to consolidate such a fragmented state is increased nationalism and the creation of external enemies, which would decrease international trade.

8.4.1.1 Economic cooperation

The economic policy towards the region changed from Marxist-Leninist politics with controlled markets and low interdependence between China and other nations, with socialist movements and strong emphasis towards the Third World, to a free market with diversified regional contacts, which made the region deeply interdependent. China also sought closer cooperation with Southeast Asia to face what it believed was a protectionist West. China has increased its trade and economic cooperation with the region intensively after 1989 and the boycott from the West after the Tiananmen incident. After 1989, China's trade with ASEAN is the fastest growing, even if we take into account regions such as North America and Europe.

In the aftermath of the financial crisis and the return of Hong Kong to the “Motherland” there was deeper economic cooperation and an increased motivation to further strengthen economic cooperation. This is due to the new regional role China has adopted, and although China is not a regional leader the aspirations of China are clear. Moreover, it was apparent in the financial crisis that the economies in the region are interdependent to a very great degree and strong regional cooperation is beneficial to all states in the region. A third reason for the cooperation, is the trust China built up in the region after its strong support for the Southeast Asian economies and China’s belief that it can trust ASEAN members more than the West since the 1989 boycott. The Human Rights view from the West is considered a drawback to economic cooperation and makes the western economies hard to trust.

8.4.1.2 Human Rights as a variable

The notion among the nations in the region is that they have been “forced” together by the Western confrontation on the human rights question. The regional view on human rights is much more similar in content than the view that the West is pushing, or at least there is a political will to enforce a harmonized Asian view.¹⁹⁹ The regional view is that the most important human right is economic development and the right to economic development for *society* rather than individual rights. China and ASEAN have found a question to discuss and unite around that is media-friendly and politically safe in Asia.

It seems that after the Tiananmen incident China started to “reward” the Southeast Asian states for their moderate and understanding reaction to the incident. This has been further reinforced in the 1990s and it seems that more leaders in the region are ready to cooperate around a notion of

¹⁹⁸ Several researchers have argued that China has developed from an adversary and illegitimate pariah in international politics to an appreciated and respected partner (Hart, 1997; Robinson, 1998).

¹⁹⁹ This should not be confused with “Asian values” which I believe to be more Malaysian-Singaporean and possibly Indonesian values. I believe that the Chinese values and values in the different Indo-China countries and the rest of the Southeast Asian nations are different in almost each country even though they have found certain aspects that they can agree about. In interviews in Beijing some policy-makers have claimed that there are “Asian Values” and that they are Confucian in their form, and that even countries such as Indonesia are characterized by the values and morals of Confucianism. The Muslim majority in Malaysia and Indonesia would probably not agree that Asian values are Confucian.

common values. It is however questionable how much the Southeast Asian states and China actually have in common and how much is a political construction to challenge the West, primary the US.

8.4.1.3 Bilateral or multilateral relations

The continuity in Chinese foreign policy is that bilateral contacts have been preferred with the Southeast Asian nations although communication has become more multilateral. The fact that China wanted to keep relations on a bilateral basis for strategic purposes has been the reason that the foreign policy remained a policy toward countries rather than regions. China has recently adopted a policy that could be described as a more coherent regional policy with strong emphasis on economic cooperation and peaceful relations according to the five principles of peaceful coexistence; this could indicate a somewhat more flexible foreign policy.

China has however accepted a more multilateral discussion in which states could discuss security problems, but is nevertheless reluctant to accept any multilateral fora for resolving the conflict in the South China Sea or to resolve any trade disputes. There is a growing understanding inside China that there is a need for multilateral decision-making to solve many of the regional problems. This view is however not shared by all institutions inside China and it is no surprise that the military institutions are more reluctant than the liberal institutions to accept multilateral decision-making and negotiations.

8.4.2 Status Quo

There has been little in Chinese foreign policy towards Southeast Asia that has been characterized by status quo. There have been major changes in all aspects of China's foreign policy and the levels that might impact on the decision-making. The single most important status quo variable is security, even though "security" has changed from being security of China in general in 1949 to economic security after the Deng period started in 1976. China is today dependent on stable regional cooperation and economic development to keep itself stable and to allow it to develop and emerge as a developed nation in the future.

China seeks to keep the military and political *status quo* in the region and minimizes the actions that could upset the regional actors. In the Chinese view, it is better to have American forces stationed in the region than an insecure vacuum that all Asian states would seek to fill; it is better for China to wait and grow stronger before it endorses any major changes. In the future, now that Deng has "gone to see Marx", there are two possibilities for changes to the status quo. One that is

concerned with the Greater China vision and that could more easily resort to military solutions. Another possibility is a position in which the primary goal is to be incorporated into the interdependent world economy and the regional economy. This is the split inside China which I indicated earlier as being the main challenge for Beijing to deal with.

As it looks today, China has neither the military capacity to enforce its claims by military means in a long-range war in the South China Sea, nor the financial resources to face the financial drawback of a war with Southeast Asia. Beijing is also forced to increase its trade and development, in order not to be outpaced by other nations, and to satisfy the citizens of China. This speaks for the peaceful development of China. I will look at the argument of China as a threat in more depth in the next section.

8.4.3 China as a threat

China has been seen as a threat more than a potential ally in the Southeast Asian region most of the time, although cooperation with some ASEAN members has been good during the two later periods. China's former aggressive policy during the Cultural Revolution and in the South China Sea has created tension between China and ASEAN. The level of tension has varied between the different members of ASEAN. Especially Vietnam, Indonesia and Malaysia have at times had a strained relation with China, while China's relations with Thailand and Burma have been very good. The problems in the early periods with the Southeast Asian region have mainly been the support to communist rebels and the Hua Ren that have been associated with insurgency.

This changes radically after 1989 when Southeast Asia and China intensify their cooperation and trade. The conflictual relationship with Vietnam that characterized the region was solved when the Cambodian conflict was resolved and the Cold War finally "warmed up" and made it possible for all states to normalize diplomatic relations. This was not the resolution of all problems, Vietnam and China still had major delimitation problems and the Philippines were involved in several maritime disputes with China.

The relatively negative posture towards China changed after 1997 and the financial crisis. China was perceived as a positive force during, and in the aftermath of, the financial crisis. China was quick to lend money to the states hurt by the crisis and Beijing refused to devalue the Chinese currency, which would have led to more instability in Southeast Asia but possibly increased China's competitiveness. This made China, for the first time, a possible candidate as a regional leader.

There has also been a discussion among academics about China filling up the "power vacuum" in the region after the departure of the Soviet Union and the US. I believe there has been no

direct policy to do this, but during the last 20 years there has been a substantial build-up by the Peoples Liberation Army Navy (PLAN) to be able to defend the South China Sea and other regions that are claimed by China.

The South China Sea continues to be a problem in relation to ASEAN members, especially Vietnam, the Philippines and possibly Malaysia to a lesser degree. The South China Sea could very well be the battleground for the nationalist forces inside China if the liberal faction decreases in strength. China has, however, been engaged in a constructive manner rather than taking a hard position and China seems to be concerned with maintaining a peaceful relation with its neighbors. Beijing has repeatedly stressed that it is indeed seeking peaceful relations, and for the near future China's military might is not sufficient to dominate the region. The PLA does have a force of 2.9 million men under arms but the military equipment is outdated and the improvements are not sufficient to gain the upperhand in the region on a short-term basis.²⁰⁰ The military budget at the moment is only somewhere between US \$ 7.5 billion and the extreme estimate by the Arms Control and Disarmament Agency, which reaches up to US \$ 50 billion (Chanda, 1995, April 13). It is safe to assume that the real figure lies somewhere between. Even with the higher number (50 billion) this would not be sufficient to modernize the Chinese military over the coming ten years. It is important to bear in mind the extensive borders of China, its poor technology, old equipment and that more modern armies such as those of Japan and the US have budgets far over those figures. The PLA still does not have a developed blue water capacity, nor does it have extensive air to air refueling capabilities and there are still logistic and communication problems between the different segments of PLA in a real combat situation. This makes it virtually impossible for China to occupy and control the South China Sea.

The Chinese military policy in the South China Sea could be compared with a game of "Weiqi" where the players occupy empty spaces, without directly attacking, for the purpose of isolating the opponent. If this is correct, it could mean that China would not attack any already occupied "space", unless there is a change in Chinese foreign policy.

²⁰⁰ Nayan Chanda thinks China can dominate in the region in theory (but points to the different potential conflicts and the impossibility to focus all the troops at one place.) David B H Denoon & Wendy Frieman are of the same opinion as that author that China is far too poorly equipped to control the region in the short term. Denoon & Frieman, 1996, pp. 422-439.

8.4.4 China Adversary or Partner?

As a general conclusion, the following results could be presented in figure XI below. The fact that the results are general is to allow for more general conclusions. The more state-specific results can be derived from each of the sections. For a particular country the outcome may be fundamentally different from the general conclusion, or the levels may impact in a different fashion. This will not be discussed here, although “deviant” cases are interesting in themselves.

Figure XI: Conclusion

	International	Institutional	Individual	Outcome
1949-1976	Negative/weak impact	Weak impact	Strong impact	Adversary
1976-1989	Intermediate impact	Intermediate impact	Strong/intermediate impact	Partner (ASEAN) Adversary (Indo-China)
1989-2000	Intermediate international impact Strong regional impact	Strong impact diversified interests (PLA/MFA)	Weak/intermediate impact	Partner, strong emphasis on regional cooperation

It is clear that China’s international role is increasing, but even more so the influence and importance of regional actors on, and for, China. The institutions are increasingly important in deciding Chinese foreign policy. The role of the individual is at the same time declining in importance in the foreign policy process; this is not to say that the leaders are without power but rather that they have lost power in comparison to the earlier periods. This could indicate a more predictable and stable foreign policy with more actors involved. The institutions have, however, a predictability problem built in to them, as there are clear splits in the institutions in China with significantly different policies towards Southeast Asia. It is, however, clear that as institutions have developed in China there has been a more cooperative approach in Chinese foreign policy.

This would lead to the conclusion that when China is dominated by individuals it has a tendency to be more adversary but more predictable. And as China becomes more institutionalized and globalised it increases in cooperative behavior, the predictability is unclear even if it seems as if it will decrease as a result of more and diversified interest groups. It is clear that the foreign policy of China is increasingly cooperative and China sees itself, and is perceived as, a partner in the Southeast Asian region today, which could be seen in comparison to the earlier periods and especially the Cultural Revolution. In China’s most aggressive period the impact on

foreign policy towards Southeast Asia came to a very great extent from the individual level. As the cooperative approach developed, the individuals' impact on foreign policy decreased and the institutional and international/regional level had an increasingly large impact on foreign policy. This would indicate that the correlation between cooperative behavior is closely linked to the institutions and the globalisation of Chinese society. It is, however, important to note that the institutions are divided into a more aggressive and a more liberal faction. If the more conservative faction prevailed, there would be an increasingly nationalistic and aggressive China expanding in the Southeast Asian region.

As a conclusion I would agree that it seems that China is increasingly peaceful but it is not clear what the future will hold, as Chinese society is divided into competing factions with strongly divergent goals.

8.5. Predictions and problems associated with them

Predicting foreign relations is like predicting the weather, one can never be exact and sometimes the result is almost unbelievable as in the case of the process that led to the breakdown of the Soviet Union in 1989-90 or a sunny summer in Sweden any year. The unsatisfactory conclusion is that researchers are limited to making more or less professional predictions. To add to the complexity, Lucian Pye once said that "China is a civilization pretending to be a state"; this could indicate some of China's complexity, which makes it even harder to make a specific and accurate prediction (Pye, 1990, p. 58). There are too many unstable factors inside China and internationally today to be able to foresee the exact situation in the future, but a few factors have changed and will influence China's foreign policy in specific directions.

The foreign policy of China will depend on its leadership changes, nationalism and the economic posture versus the military posture. There will be no paramount leader again such as Mao or even to the extent Deng was. Factions and coalition-building inside the party will determine China's foreign policy. But today it is almost impossible to predict the exact changes of China's foreign policy due to the insecurity. New positions have been taken after the death of Deng, even though it seems that certain changes were easy to predict in the past such as the ousting of Liu Huaqing and the arrival of Zhang Wannian which could have been an early indication of some support for Jiang. Whiting proposes that two specific factions in China would be able to gain the post-Deng leadership: reform-internationalist and reform-nationalist (Whiting, 1994, pp. 256-257). I would also add the possibility of status quo-nationalists and traditional communists.

The probability of a revitalization of communism is hard to believe, but can not be totally excluded; the other three are open questions and none should be excluded. It will be hard to stop the reforms in China since the outcome has been so successful in the 1990s. Too severe international pressure could however cause China to revert to the former aggressive actor it has been, rather than remain the more cooperative actor it is today. The impact of foreign policy is difficult to forecast but the reform-internationalists are probably the most economy-minded and most willing to make concessions in the border conflicts that create tension for China in its foreign relations. The internationalists would probably also be less inclined to use military means in their foreign policy and to encourage regional instability in Cambodia and Burma, due to the negative impact a conflict would have on regional economic development. The nationalist factions base some of their support on nationalist questions such as the Chinese "Lebensraum", and the "indisputable" right to the South China Sea, which will make it hard for the nationalists to make any concessions.

Nationalism is one of the most unstable and important factors in the new foreign policy of China. The form of nationalism China has developed, is populist and aggressive in its nature. When I talk about aggressive I refer to the demands of “no compromises” in territorial disputes and the search for China’s traditional leadership role. These are demands that would bring China in conflict with the Southeast Asian states and many other states such as Japan and India. I do not make the assumption that the nationalist tendencies will continue, only that they are fundamental in China’s development of a peaceful or aggressive policy. With an increase in populist nationalism it will be hard for the leadership to control emotions and demands. This is also something different factions in China will use to seek support and control over the government, PLA and other institutions.

It seems that China will keep the foreign policy it has today, and few changes will happen if China is not pushed into a corner by militarily and/or financially strong nations. ASEAN 10 is not seen as a military threat to China at the moment, and it is believed that ASEAN will have its own problems to incorporate the backward economy of the new members into ASEAN and AFTA. Many Chinese researchers believe that political and economical cooperation, and even more so any possible military cooperation, will not be feasible in the next 10-30 years for ASEAN. ASEAN 10 could be an economic threat towards China in the near future, but the most threatening could be that ASEAN could opt for a change in the “special” relationship that Laos and Burma have with China nowadays. Beijing's fear is that ASEAN will try to exclude China from close cooperation with neighboring states with extremely good relations. Even if China does not see ASEAN as an immediate threat to China, the worries over the direction of ASEAN 10 are considerable and the strategic position of ASEAN 10 is too apparent to be neglected in China’s political and military planning. ASEAN and the ARF, will, on the other hand, increase in importance for China when it comes to solving the common economic and political problems that exist in the region. If ASEAN chose to incorporate China into the regional economy Burma and Laos could function as the springboard to increased contacts, but if ASEAN chose to exclude China this would have severe financial consequences for both China and the region. The governments in Burma and Cambodia are under severe pressure and the future Chinese policy towards these two countries is especially hard to predict, especially with the situation is as it is today in Cambodia. The Chinese position in those two countries will be crucial to any prediction about China’s future ASEAN 10-policy.

There have been suggestions that a “Pax Sinica” could be established over the sub-continent of Southeast Asia (Garver, 1993, p. 327). The possibility of this goes hand in hand with the South China Sea dispute evolution. If China and the ASEAN states can find a solution to this problem, China's influence in the region would increase enormously and as the only regional superpower in Asia it could create a “Pax Sinica” with the regional powers’ cooperation. In 1996, China offered the

ASEAN members a blueprint for a declaration to maintain good relations which could be seen as the first step to establishing stable relations, even though ASEAN considered those principles to be too vague (Richardson, 1996). The return of Hong Kong has certainly fanned Chinese nationalism and it will be harder and harder for the Chinese leadership to compromise on China's "indisputable" borders, which will add to the problem for China to convince the regional powers about its peaceful intentions. There is also a question of how far China will go in its leadership role. Deng explicitly said that China did not have the intention to become a leader of any block, and that China is still hesitant to participate in anything that could infringe on its independent position, or in anything that could cost money. However, others have called for the re-establishment of China as a regional, and possible Third World, leader.

A modest and reluctant prediction of China's future foreign policy has to be positive, considering how it has evolved until today. Despite the conflicts in the region, China is involved in much more dialogue and CBMs than before, and in combination with a much more flexible government today than during Mao, this can help to create a more stable environment.

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Appendix

Appendix I: Interviews

Location	Time	Position	Interviews
Beijing University			
Political Science	1997-01--06/1999-09	Professor/Ass. Professor	5
Asian and African Studies	1997-01--06/1999-09	Professor/Ass. Professor	4
Peoples University			
Law School	1997-05/1999-09	Professor	2
Political Science	1997-06	Professor	1
China Inst. for Maritime Development Strategy	1997-05	Senior Staff	1
China Society of Law of the Sea	1999-9	Senior Staff	1
State Councils Office of Hong Kong & Macao Affairs			
Research Institute	1999-07--09	Senior Staff	3
China Center for International Studies	1997-06/1999-09	Senior Staff	2
Foreign Affairs College			
Department of Diplomacy	1997-05/1999-09	Senior Staff/Professor	3
Central Foreign Affairs Office	1999-09	Senior Staff	1
Embassy of Sweden			
Beijing	1999-09	Senior Staff	2
Jakarta	1999-05	Senior Staff	1
China's Securities Regulatory Commission			
International Cooperation Department	1999-09	Senior Staff	4
Foundation for International & Strategic Studies	1997-06/1999-09	Senior Staff	6
Chinese Academy of Social Science	1997-06/1999-09	Senior Staff	3
Peoples Liberation Army			
PLA	1997-05—07/1999-09	Senior Staff	6
PLAN	1997-05—07/1999-09	Senior Staff	2

Appendix II: Abbreviations

AFTA	ASEAN Free Trade Area
AMM	ASEAN Ministerial Meeting
APEC	Asia Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN-PMC	ASEAN-Post Ministerial Conference
ASEAN	Association of Southeast Asian Nations
BCP	Burmese Communist Party
Beida	Beijing University (Beijing Daxue)
CAC	Central Advisory Commission
CAJCC	China-ASEAN Joint Cooperation Committee
CASS	Chinese Academy of Social Science
CBM	Confidence Building Measures
CC	Central Committee
CCIS	China Center for International Studies
CCP	Chinese Communist Party
CFAO	Central Foreign Affairs Office
CIMDS	China Institute for Maritime Development Strategy
CMC	Central Military Commission
CPT	Communist Party of Thailand
CSLS	China Society of Law of the Sea
CSRC	China's Securities Regulatory Commission
DRV	Democratic Republic of Vietnam
FAC	Foreign Affairs College
FISS	Foundation for International & Strategic Studies
GAO	United States General Accounting Office
HKSAR	Hong Kong Special Administrative Region
MFA	Ministry of Foreign Affairs
MR	Military Region
NGO	Non Governmental Organization
NPC	National Peoples Congress
PAP	People's Armed Police Force
PKI	Indonesian Communist Party
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
Renda	Peoples University (Renmin Daxue)
PRC	People's Republic of China
SDR	Special Drawing Rights
SCOHKMA	State Councils Office of Hong Kong & Macao Affairs
WTO	World Trade Organization
ZOPFAN	Zone of Peace, Freedom and Neutrality

Appendix III: Leadership in PRC

III:I Leadership in the Chinese Communist Party.²⁰¹

Year	Top Leader	Paramount Leader
1945-56	Mao Zedong	Mao Zedong
1956-66	Mao Zedong	Mao Zedong
1966-69	Mao Zedong	Mao Zedong
1969-73	Mao Zedong	Mao Zedong
1973-76	Mao Zedong	Mao Zedong
1977-82	Hua Guofeng	Deng Xiaoping
1982-87	Hu Yaobang	Deng Xiaoping
1987-92	Zhao Ziyang	Deng Xiaoping
1992-97	Jiang Zemin	Deng Xiaoping
1997-00	Jiang Zemin	None

III:II The PRC State Leadership

President	Premier	Foreign Minister	Heads of State
Mao Zedong (1949-59)	Zhou Enlai (1949-76)	Zhou Enlai (1949-58)	Mao Zedong (1949-59)
Liu Shaogi (1959-66)	Hua Guofeng (1976-80)	Chen Yi (1958-72)	Liu Shaoqi (1959-68)
Vacant (1966-1983)	Zhao Ziyang (1980-88)	Ji Pengfei (1972-74)	Dong Biwu (1968-75)
Li Xiannian (1983-88)	Li Peng (1988-1998)	Qiao Guanhua (1974-76)	Zhu De (1975-76)
Yang Shangkun (1988-93)	Zhu Rongji (1998-)	Huang Hua (1976-82)	Vacant (1976-78)
Jiang Zemin (1993-)		Wu Xiuquan (1982-88)	Ye Jianying (1978-83)
		Qian Qichen (1988-1998)	Li Xiannian (1983-88)
		Tang Jiaxian (1998-)	Yang Shangkun (1988-93)
			Jiang Zemin (1993-)

²⁰¹ The General Secretary of the CC is the top post of the Party since 1982, when the Chairmanship was abolished

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