ANALYSIS OF CHINA'S NATIONAL INTEREST

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Chapter One -- The Concept of National Interest

In modern political life, “national interest” has become a common term among politicians and political scientists. In nearly every discussion about changing foreign policy, national interests are treated as accepted facts to support scholars or politicians when they present opinions. But there is no accepted common standard or definition of the concept of national interest, so the understanding of the role or meaning of national interest is totally different from one user of the term to another. This makes it nearly impossible to reach a consensus when debating foreign policy. In practice, such superficial discussion is meaningless for policy making. A debate without a common definition of national interest can never achieve a meaningful outcome. This type of debate does not help policymakers at all in judging which recommended policy serves national interests better. In theory, such discussion is not scientific because it is not based on a common definition of the term or a common understanding of the concept. It is like a blind person touching part of an elephant and describing the animal based on the sense of touch only, but without any concept of what a whole elephant looks like.

Persons in foreign affairs circles and others dealing with international relations theory must have a similar concept of national interest when discussing our country's foreign policy. It is necessary to establish common standards for defining national interests. Without common standards, it will be impossible to make the study of foreign policy scientific; it will also be difficult to have meaningful discussions on foreign policy. For instance, there are people who regard 16 liang (similar to ounces) as 1 jin (similar to pounds), others regard 10 liang as 1 jin, there are even people who regard 9 liang as 1 jin. If their count of liang are the same, they can never reach an agreement on the weight of any given object using the concept of jin. If their concepts of liang are different, they will not have the same outcome when weighing objects, in addition they may also confuse the concepts of heavy and light.

I. Confused Concepts of National Interest

1. National interest does not have a class nature

In the Chinese language the concept of “national interest” has two meanings. One is national interest in the context of international politics, meaning the interests of a nation state in a global arena. This concept must be contrasted with group interests, international interests or global interests. The other is state interest or interests of state as the highest level in domestic politics, meaning governmental interest or a government that represents the peoples’ interest. Interests of state are more important than local interests, collective interests or individual interests. In 1954, Chairman Mao, at an extended meeting of the Chinese Communist Party Politburo, said “our policy toward farmers is not like the Soviet’s, but it is one that takes care of both the interest of farmers and the interests of the state.”\(^1\) The national interest that Mao Zedong was talking about is in the category of domestic politics. In 1989, when Deng Xiaoping met with the Thai prime minister, he said, “China wants to maintain its own national interest, sovereignty and territorial integrity. China also believes that a socialist country cannot violate other countries’ interests, sovereignty or territory.”\(^2\) The national interest that Deng Xiaoping was talking about here meant national interest in the context of international politics. Premier Zhou Enlai said in 1949: “When no war or violation takes place, national interests need to be protected domestically and

internationally. In the international arena, diplomacy has become front line work.”

Obviously the national interest in this sentence includes both types of interests. This book will examine the former; that is, national interests in the international context.

Because of the dual meaning of “national interest” in the Chinese language, some scholars have confused national interest with interest of state. They have therefore misunderstood the meaning of the concept of national interest in the context of international politics. For example, some believe that the national interest in the context of international politics has a class nature; that national interest is an interest of the ruling class. Their rationale is that the state “is invented by the governing class to promote their own self interests. Any state pursuing international economic interests should first be seen as one pursuing the economic interests of the governing class.” Some believe that “the governing class has control over the state machinery by controlling state power and commanding the military... and this represents national interests.” Some even equate the interest of the ruling class with the interest of the state, saying, “national interests are purely for the governing class of a country.”

Obviously these viewpoints confuse the “nation” of international politics with the “state” of domestic politics. Lenin said the state is an instrument of the ruling class in domestic politics. State organizations are that instrument. Because the ruling class controls the state, its interest and that of the ruling class coincide. A state’s interest is often contrary to groups other than the ruling class; therefore national interests in terms of domestic politics do have a class nature. However, a state in international politics represents a political entity that consists of four major elements such as population, territory, government and international recognition. This state is sometimes called a country. After the modern nation state was formed, a country has also been called a nation. This is why the UN is called the United Nations. The term “nation” is a political concept for all people of a country. Its focus is national but certainly not class-based. The national interest in international politics includes the interests of the whole nation state. And both the ruler and the ruled share those interests. For instance, the existence or survival of a nation often ranks at the top of all national interests and every country pursues that interest. As one of many national interests, the survival of a nation does not vary according to different regimes, nor will it become the private interest of the ruler just because the ruler controls the state machinery.

Resisting and defending against foreign invasion protects not only the ruler, it also protects the ruled. After the outbreak of the Sino-Japanese war, the Kuomintang (KMT), which represented China’s ruling class, was able to form a united front and fight together with the Chinese Communist Party that represented the interests of the ruled classes, despite years of military confrontation between the two groups. This was because the national interest was the common interest of all the people. Even scholars who argue for the class nature of national interests “cannot deny that that national interest in the international context has a broader classless meaning.”

Logically, it is paradoxical to say that the ruling class represents national interests. The state in the context of domestic politics is a tool of the ruling class. That tool always reflects the user's will, not vice versa. In other words, it is the state that represents the ruler's interest not the ruler that represents the state's interest. A nation in international politics is not a ruling tool; it is a

political group of people. Therefore, it definitely represents the interests of the entire group. It cannot represent the interests of only a part of the people within the group. Thus, national interests are represented by a government but not by a class.

By equating national interest with ruling class interest, the differences between a nation and a political regime have been blurred. Ruling class interests are not national interests but only interests of a regime in power. If ruling class interests equal national interests, then we could not distinguish national interests from ruling class interests. If the two interests were the same thing we would not have the concept of traitorous governments in history, because a government controlled by the ruling class could not betray the interests that belong only to them. In fact, because national interests differ from ruling class interests, a country's government sometimes sacrifices the national interest to maintain ruling class interests. To the ruling class, national interests are often subordinated to the interest of a political power. When the two interests clash the ruler will sacrifice the national interest to protect its regime interest. This is one reason why some governments adopted traitorous policies. If one sees all the interests that a government pursues as the national interest of the country, one actually has replaced the concept of national interest with the concept of regime interest.

Proving the classless nature of national interest does not exclude the possibility of ruling class interests overlapping with the national interest. However, the overlap of national interests with ruling class interests does not prove that national interests have a class nature, or that national interests are the exclusive interest of the ruling class. Overlapping interests are a universal social phenomenon. For instance, an individual’s personal interest is sometimes his own interest as well as his family’s interest. But this overlapping interest of individual and family does not prove that the individual interest has a family nature, or vice versa. Under certain conditions, national interests can sometimes overlap religious interests, party interests or a political leader’s individual interest. In a country that integrates religion and politics, as in some Islamic countries in the Middle East, national interests often overlap religious interests. In modern democratic countries like America and the Western European countries, it is the political party, not the religious organization, which is at the helm of the state. In some countries where there is no party in control, national interests often overlap with the key political leader's individual interest. In Russia after the disintegration of the Soviet Union for example, the key political leader, Boris Yeltsin, did not rely on his political party for governing but on his charisma. These are all indisputable facts. However, these phenomena only occur under certain historical conditions, therefore we cannot draw a universal conclusion that national interests have a religious nature, a political party nature or an individual nature. Likewise, the overlap of national interests with ruling class interests is also conditional. Since ruling class interests do not agree with national interests unconditionally, we cannot draw the conclusion that national interest have a class nature or that national interests are equal to ruling class interests.

The biggest problem in equating national interests with ruling class interests is that the objective existence of a national interest is denied. The reason is that if a ruling class decides on a national interest, then that national interest will completely depend on the ruling class’ subjective notions. This is a non-materialist viewpoint. Ruling classes often take advantage of people’s ignorance, purposefully disguising the ruling class’ interest as the national interest. This approach helps the ruling class obtain the full support of the entire society for the government’s foreign policy. It also helps ruling classes maintain and achieve their own interests. For example, expanding China-U.S. trade can help increase employment opportunities and lower the price of articles for American consumers. This benefits both American industry and the American citizen,
and objectively, it is in America’s national interest. However, from the beginning of the Clinton administration, for the purpose of showing his ability to keep an election promise, he linked China’s domestic human rights situation with America’s national interest. He added political conditions to the issue of most-favored-nation status for China, severely hampering the development of China-American trading relations. Due to the fact that objective national interests have been mixed up with the “national interest” that is subjectively advocated by the ruling class, many scholars find it difficult to explain logically the relationship between national interest and class interest. Confusing real national interest with “national interest” as advocated by the ruling class is one of the important causes of the mistaken belief in the class nature of national interest.

In actual Chinese political life, “guojia liyi” and “minzu liyi” in terms of the international context express the same meaning of national interest. When talking about the national interest in terms of international context, official documents and speeches prefer the expressions of “minzu liyi.” For example, Hu Yaobang said in his report to the 12th CCP National Congress, “we are nationalists and by no means do we allow Chinese national dignity and minzu liyi to be violated.” Jiang Zemin said in reporting to the 14th CCP National Congress, “on issues of minzu liyi and sovereignty, we do not submit to any foreign pressure.” Foreign Minister Qian Qichen said, “on issues of sovereignty, which is related to minzu liyi, we have no alternative, we must respond strongly.” In the academic circle of international studies, the term “guojia liyi” is the preferred manner of directly expressing a nation state’s interest and the statement of “minzu liyi” is uncommon in either original books or translated works.

The official choice of terms is different from that of academic circles. This is due to historic reasons. When the New China was founded, the language of the Soviet Union’s international theory heavily influenced China. China’s attitude toward western international theory was negative and critical. At the Foreign Ministry’s opening ceremony, Zhou En-lai said, “if we translate works on diplomacy from countries such as the Soviet Union or from capitalistic countries, only the former can be used as references while the latter are not scientific from the view point of Marxism and Leninism. Only those works that have been interpreted according to Marxism-Leninism are considered scientific.” The term “national interest” was used for translation of “national interest” used mostly in western diplomatic circles and schools of international relations. The term “minzu liyi” came from the Russian “народное именение” which was preferred among Soviet officials and scholars. The Chinese government accepted the Soviet Union’s terminology and kept using it because China was a socialist country whose ideology was virtually the same. Serious academic studies on international relations in China did not begin until the economic reforms and open door policies were adopted at the 3rd Plenum of the 11th CCP Congress in 1978. Economic reforms and open door policies brought Chinese international relations scholars into contact with western scholars and led increasingly to the adoption of western terminology in Chinese academic circles.

2. The definitions of “interest” and “national interest”

Once the confusing concept of “national interest” is clarified, we must examine the concept of “interest”, to complete our definition of “national interest”. Interest is a broad social concept.

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8 When this book was translated the US government already changed this policy.
Generally speaking, material or spiritual need may be considered person’s interest. Realizing interests is meeting needs. There are two kinds of misunderstanding about interest. One is a mechanistic materialist viewpoint. It emphasizes only the material nature of interest, and it believes that interests only seek to meet the needs for existence and development of the human being. In fact, human needs have two aspects: material and spiritual. For instance, human beings need food, money, sex, and also social recognition and love. Therefore, it is a lopsided view to regard as interest merely matters related to the material existence and development needs of human beings because this view ignores people’s spiritual needs. Another viewpoint is an idealistic one that focuses only on the spiritual nature of interest. It lopsidedly believes that interest is something concerned with satisfying people’s desires as opposed to their needs. In fact, desire is completely different from need. Desires change according to a human being’s subjective will and the objective environment does not necessarily limit them. However, need emerges from the objective environment in which human beings live. For example, a beggar may have the desire to be rich when he is really hungry. But his realistic need is to eat and get full. In other words, the beggar’s need is to find food. His desire is to get rich. If one equates desire to interest one has deleted the objective nature of interest and has made it an illusionary concept.

Having clarified the concept of interest, we can now define the term national interest as the common material and spiritual need of all the people of a nation state. In material terms a nation needs security and development. In spiritual terms, a nation needs respect and recognition from the international community. Especially for a big country spiritual needs can be as important as material needs. Deng Xiaoping said when meeting with former U.S. president Richard Nixon on October 31, 1989, that “America is strong and China is weak, and China is victimized. It is impossible for China to beg. The Chinese people will not beg for the cancellation of sanctions, even if they last 100 years. If China does not respect itself, it will not be able to stand up and our dignity will disappear. This is a very important issue.” America’s 26th president, Theodore Roosevelt, once noted that a people with a great sense of dignity and lofty spirit would rather face all disasters brought on by war than exchange basic prosperity with the nation's honor as the price. British Lord John Russell said that the honor of England will never be arbitrated by others.

II. The Formulation of National Interest

1. National interest and the nation state are not twins

Did national interests emerge along with the interests of human beings? The answer is no. The reason is simple. If there is no state, then there is no national interest. Interest is a social concept. Its subject is, of course, human beings with a social nature. For various reasons human beings are classified into various types and groups. Thus interests also vary; individual interests, family interests, children’s interests, women’s interests, class interests, party interests, social interests, government interests, etc. A nation is the most basic human group or actor in international politics; therefore it is the most important social entity of interests in the global context. As a

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14 Deng Xiaoping. (vol. 3), p 332.
political unit, states were formed when mankind reached a certain stage of development. Therefore the concept of national interest did not exist before the formation of states.

Did the concept of national interest emerge with the state? The answer is still negative. This is because national interest is largely defined as the interest of the modern nation state. But the concept of the modern nation state emerged relatively late in human history. Therefore, it is impossible that national interest emerged with the early formation of states. It took as many as thousands of years for some states to develop into modern nation states. In Europe, nation states emerged in the 15th century, after states changed from city-states, Roman-style republics, empires, kingdoms, and duchies.¹⁷ Nation states formed even later in other parts of the world. The evolution of the state in America is relatively simple. Nation states were established in the 18th century, after the experience of colonial domination. Nation states did not emerge in Asia until the early 20th century, after experiencing various types of political governance such as feudal states, hegemonic states, empires, vassal states and colonial states. In African history, there were kingdoms and empires. Colonial domination lasted about 400 years. Nation states were not commonly established until after WWII. Only after the formation of the nation state - which is the object of national interest - can the national interest possibly become one which people pursue. Before the concept of the nation state was established people did not have any idea about national interests. Wistermarck said that a state is merely a community for people during the Middle Ages. Subjects are first loyal to a given aristocrat rather than a state that consists of aristocrats.¹⁸

Did the concept of national interest emerge with state? The answer is still negative. The reason is that loyalty to a state became a moral concept after the nation state was formed. For example, today, if a Chinese diplomat were to give up his job and carry out diplomatic work for a foreign country in return for a higher position and better salary, he would be considered as one who damages the national interest and betrays his home country. However this kind of behavior was not condemned in the history of many countries. Among Chinese politicians, strategists, diplomats and thinkers before the Qin dynasty, there were few who were thought to be loyal to any given country, much less to maintain some form of national interest. Like carpenters and cooks, diplomats and politicians were employees. They served the people who paid the most. The famous Chinese philosopher Confucius was from the state of Lu. At one time he was the Prime Minister of Lu. He left for other states including Qi, Wei, Song, Chen, Cai, and Chu to seek official positions because of his distinct political philosophy.¹⁹ Later, because he was not in his master’s good graces, he returned to Lu to be a teacher when he was old. He felt everything was unfair and he was so angry that he was even planning to go to more distant foreign states to realize his political aspirations. He said with deep feeling that “if principle does not prevail, it is like a raft floating on the ocean.” The best known Chinese strategist Sun Zi was from the state of Qi, but he served as a general in the state of Wu.²⁰ Fan Shi was from Chu, but was an official and a general in Yue. After Wu defeated Yue, he presented a strategy to Wu’s King and begged for a better salary and a position in Wu. Later he went to Qi to become a minister.²¹ This kind of phenomenon also prevailed during the Warring States Period. Political Strategist Zhang Yi was first a minister of Qin but later returned to his home state of Wei to become a minister. He convinced Wei to follow

Qin’s strategy.\textsuperscript{22} Gongsun Yan of Jin first served the Qin state as a \textit{Daliangzao} (prime minister or noble official); later he went to Wei state to be a general.\textsuperscript{23} Philosopher Han Fei was a member of the aristocracy in the state of Han in the late Warring States Period. Qin’s king, Ying Zheng, liked his talents, so he forced the Han state to send Han Fei to Qin to be an ambassador and an adviser.\textsuperscript{24} At that time, it was considered natural to give up one’s responsibility for his home state or country, for the purposes of personal achievement or material interest. Ancient Chinese politicians and military leaders often said: “a virtuous minister chooses a king to serve; and a good bird selects a tree to reside in.”

Although the modern nation state formed later in China than in European countries, the national identity of the Chinese people formed much earlier than that of Europeans. This was mainly because China was unified earlier and the empire system was maintained for a longer period of time. Qin’s first emperor unified China in 221 BC. Once in power he dismantled the political system of enfeoffment\textsuperscript{25} and implemented a system of prefectures and counties instead. He decided that officials at both local and central government levels should be appointed or removed by the emperor himself. He also standardized laws, measurements, currencies and the language (characters). This enabled Chinese officials to develop the national idea of being loyal to their country. After the Qin dynasty it became rare for a government official to serve a foreign country. In this respect, the European countries were far behind China. Until the end of the 18th century European diplomats pursued their individual interests as their primary occupational goal. To show more fully the difficulties of Europeans in forming the morality of being loyal to the national interest, a large portion of \textit{Politics Among Nations} by the well-known American political scientist Hans J. Morgenthau may be quoted. Morgenthau wrote:

"The desire for material gain especially provided for this aristocratic society a common bond that was stronger than the ties of dynastic or national loyalty. Thus it was proper and common for a government to pay the foreign minister or diplomat of another country a pension; that is, a bribe. Lord Robert Cecil, the Minister of Elizabeth, received one from Spain. Sir Henry Wotton, British Ambassador to Venice in the seventeenth century, accepted one from Savoy while applying for one from Spain. The documents which the French revolutionary government published in 1793 show that France subsidized Austrian statesmen between 1757 and 1769 to the tune of 82,652,479 livres, with the Austrian Chancellor Kaunitz receiving 100,000. Nor was it regarded any less proper or less usual for a government to compensate foreign statesmen for their cooperation in the conclusion of treaties. In 1716, French Cardinal Dubois offered British Minister Stanhope 600,000 livres for an alliance with France. He reported that, while not accepting the proposition at that time, Stanhope "listened graciously without being displeased." After the conclusion of the Treaty of Basel of 1795, by which Prussia withdrew form the war against France, Prussian Minister Hardenberg received from the French government valuables worth 30,000 francs and complained of the insignificance of the gift."\textsuperscript{26}

\begin{itemize}
\item\textsuperscript{22} \textit{Ibid.} p. 30.
\item\textsuperscript{23} \textit{Ibid.} p. 30.
\item\textsuperscript{24} \textit{Ibid.} p. 41.
\item\textsuperscript{25} Refers to practice in the Western Zhou Dynasty (11\textsuperscript{th} century – 771 B.C.) where the emperor conferred the nobility with hereditary titles, territories, and slaves. - Ed
\item\textsuperscript{26} Hans J. Morgenthau, \textit{Politics Among Nations}, Translated by Xu Xin, Hao Wang and Li Bao Ping, Chinese People's Public Security University Press, 1990, p306.
\end{itemize}
Morgenthau felt regret that people had faint concept of national interests in the West until the middle of the 19 century. He wrote:

"Bismarck's experience in 1862, on the occasion of his recall as Prussian Ambassador to Russia, is significant for the persistence of this international cohesion of the aristocracy. When he expressed to the Czar, his regret at the necessity of leaving Petersburg, the Czar, misunderstanding this remark, asked Bismarck whether he was inclined to enter the Russian diplomatic service. Bismarck reported in his memoirs that he declined the offer "courteously." What is important and significant for the purposes of our discussion is not that Bismarck declined the offer - many such offers had certainly been declined before and perhaps even a few have been since - but that he did so "courteously," and that even his report, written more than thirty years after the event, showed no trace of moral indignation. Only a little more than half a century ago the offer to an ambassador, who had just been appointed prime minister, to transfer his loyalties from one country to another was considered by the recipient as a sort of business proposition that did not at all insinuate the violation of moral standards."

2. Dynastic interest is not national interest

For the purpose of properly understanding the formulation of national interest, national interest must be differentiated from a dynasty’s interest. Human understanding of national interest is a process, just like the understanding of other matters. “Because of their ignorance of the fact that it took a long period of time for humankind to recognize the notion of national interest, some Chinese scholars believe that “from day one after the birth of the nation-state, a country’s most basic function was always to maintain national interests.” Following this logic of nation state and national interests being twins, they also conclude that “dynastic interests are one form of national interests.” Moreover, by following the logic that a country and national interest are twins, they even reached the conclusion that a dynasty’s interest is the same as the national interest. However, history is not like that. Before nation states were formed, the core of various country governmental systems was family control. Rulers controlled the entire country so there was no national interest beyond that of the ruler’s family. Under a system of primogeniture royal interests are considered the highest value for the society. The primary purpose of such a state's foreign policy is to maintain the dynasty. But royal interests are not necessarily national interests. For instance, when the Great Wall was built during the Qin dynasty the purpose was not to insure the population's security but to protect the land under the royal family’s control from being robbed and to protect its sphere of political influence from being violated. Under such a system a nation's foreign policies are totally based on a king or monarch's whim. The monarch’s word is considered a sufficient reason for the people to serve the monarch by going to war, for foreign alliances, or for annexing a small country. In China, there was a traditional principle of so-called “ruler is the principle of subjects (jun wei chen gang)”. Therefore, officials only considered the interests of the ruler’s family; they do not think about national interest. The Boxers in the late Qing dynasty were an armed group who aimed at “supporting Qing dynasty interests and eliminating foreigners”, by resisting invasion by imperialists. However, when the Qing government decided to sue for peace in order to protect the dynasty, it “ordered military leaders to suppress bandits and destroy the source of the chaos.”

27 Ibid. p. 309.
Moreover the Qing government asked the foreign coalition force of eight countries to "assist in suppressing the Boxer bandits".\(^{30}\) Obviously, to the Qing dynasty, the interests of the dynasty were more important. In Europe in the Middle Ages the principle of natural law maintained that monarchical power was God-given. The word of the monarch was final.\(^{31}\) The foreign policy of pre-nation states served the royal family's interest, by amassing family wealth, establishing family alliances, and eliminating family foes. Marriage became an important component of diplomacy. In China, there were the well-known episodes of Wang Zhaojun and Princess Wen-cheng who married Sonzanganbu. European countries in the Middle Ages used marriage diplomacy extensively. Engels said: "For knights or barons, marriage was a kind of political behavior, a kind of opportunity by which one's forces were expanded. It was the family's interest not the individual's will that played the decisive role."\(^{32}\)

The transition from dynastic interest to national interest was a long and gradual process. In different countries and regions this historical change occurred at different times. There is no single historic incident that can be regarded as the watershed of the transition. After nation states were established, the ruler's individual will and the dynasty's interests still dominated the foreign policy of most countries. A separate and distinct process was still needed to establish the principle of national interest. For instance, the establishment of the Republic of China in 1912 transformed China from an empire to a nation state. However, from the time Yuan Shikai took the office of the Presidency to the time of Chiang Kaishek’s retreat to Taiwan in 1949, dynastic interests did not completely give way to national interests. Dynastic interests still played a dominant role in foreign policymaking. Charles A. Beard believed that in Europe, diplomacy on behalf of dynastic interests began to end in the late nineteenth century, after evolving for over a century. It did not completely disappear until the end of WW I.\(^{33}\) In 1848, Engels severely criticized the diplomacy of German states that only maintained dynastic interests rather than national interests. He said that rulers and their diplomats, up until now, had all been devious and their purposes can be summed up in one point, namely to prolong the dictatorship... Germans, for the purpose of getting gold from England, sent their mercenary army to help the British suppress the people in North America who were striving for independence. In order to prevent Germany from violating its only interest, from shedding blood and wasting money in suppressing other people, we should strive for the establishment of a true people's government.\(^{34}\)

3. The emergence of the concept of national interest

It took a long time before a national interest was recognized and became the basic starting point in foreign policy making. During the Renaissance, Nicolo Machiavelli in Italy, Jean Bodin in France, Hugo Grotius of Holland and Thomas Hobbes in England raised the concept of national interest. They all believed that a state's political behavior should be subject to concerns of national interest. Moreover, they elaborated on the rationale for taking the national interest into account in the development of foreign policy. But none of them denied God, or "divine right," as a factor. They could not completely break away from the idea that a monarch's power was derived from God. They still believed that individual monarchs represented the nation’s interest and that the

\(^{30}\) Ibid.
\(^{31}\) Beard, p. 8.
\(^{33}\) Beard, pp. 10-13.
monarch was the locus of the most fundamental interest of a country -- sovereignty. During the French Enlightenment movement in the eighteenth century, Jean-Jacques Rousseau, raised the theory of 'people's sovereignty' in his book *The Social Contract*. This was great progress from the notion that national interests belonged to the individual monarch. Rousseau believed a country was a political body that consisted of all the people and was based upon a social contract. The people were the collection of the individual components. Therefore, the people were the custodians of sovereignty. Sovereignty was the most fundamental national interest and was based upon the will of the total populace. Rousseau's theory made it clear that the main focus of the national interest was not the ruler or the ruling class, but the people. In the late nineteenth century, an American theorist on *Sea Power*, Alfred T. Mahan, pointed out that national interest is the first consideration of foreign policy. He made clear the relationship between national interest and foreign policy. He said that a nation’s self interest is both the legal and the fundamental basis of national policy. It does not need to be dressed up, but when it is exercised, it needs to be properly explained. But as a principle it does not need any serious explanation to prove its rationality. George Washington once offered what can be considered an eternal truth even though some of his words are not as correct now as they were when he spoke them. He said that we should not expect a government to take action on any other basis but the national interest. After World War I, theories on national interest were being perfected and American scholars took the lead. Studies in this field were strengthened in scholarly circles in the Soviet Union from the 1970s and the issue was not raised in China’s academic circles until the 1980s.

National interest became the fundamental basis for a nation’s foreign policy for international and domestic reasons. But the principal causes were domestic political and economic changes. The most direct cause was the development of the bourgeoisie. The development of a market economy greatly increased the bourgeoisie’s material wealth and which in turn strengthened the bourgeoisie’s control over the economy and society. Economic control gradually gave the bourgeoisie political power that could contend with the feudal aristocrat or the royal family. One of the issues between the two sides' was the debate over the purpose of a country's foreign policy. Both sides carried the national interest banner to defend their self-interest by disguising self-interest as national interest. They used foreign policy to promote their own self-interest. This political strategy denied, using legal terms, that royal interests were the basis for foreign policy. The struggle usually resulted in compromise reflecting the power of the respective sides. The state's foreign policy contributed to the interests of both the monarchy and the bourgeoisie. Thus the dominant position of dynastic interest in foreign policy making was undermined. At the same time the growth of the bourgeoisie further promoted development of the market economy and which contributed to the development of industrialization. Industrialization in turn strengthened the proletarian classes. The development of the proletarian classes added a new political power in domestic politics. The pluralization of political power then forced the government's foreign policy to concurrently take care of the interests of an increasing number of strata and interest groups. The national interest goals of foreign policy constantly expanded and finally submerged the monarch’s interest in the aggregate interest of the society. National interests took the lead position in the conduct of foreign policy.

III. Formation and Classification of National Interest

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1. The formation of national interest

The objective nature of the national interest is determined by the objective existence of what constitutes the substance of the national interest. In actual political life politicians recognize the national interest abstractly, but often deny its concrete content. They pursue their personal interests in the name of the national interest and that makes it difficult to understand the substance.

The national interest is concrete and realistic. One can understand its importance only in specific real life matters. The national interest is misunderstood by people as a vague concept, as something intangible and invisible, and as an excuse for politicians in defending their foreign policies. The cause of this kind of misunderstanding is the lack of knowledge of how to differentiate visible or tangible matters from invisible or intangible ones. Visible or tangible matters such as trees, animals, books, war, etc., are easy to observe. But in real life there are many other matters such as love, life, knowledge, conflict, etc., and these are not matters with shape. One can still feel and comprehend these matters by observing and experiencing concrete matters. For instance, one can understand the existence of life by observing the life and death of animals and plants. In reading a book, one can appreciate the meaning of knowledge. By participating in war one can begin to understand serious conflicts among people. The national interest is an objective matter that exists without a shape. We can understand its existence in dealing with border conflicts, market competition, and the debate on human rights, national alignment and severing diplomatic relations. After the Chinese government persuaded the Clinton Administration to resume Sino-U.S. summit meetings at the 1993 APEC meeting, Chinese entrepreneurs stopped worrying about the economic damage they would suffer if the U.S. canceled China’s MFN status. Consequently, employees also became less nervous about lay-offs or decreased bonuses. They might therefore realize that the national interests exist just as objectively as individual ones.

The national interest is not an abstract concept. It combines the concrete interests of every single citizen. In the realm of domestic politics the national interest is opposite to the individual’s interest; therefore most people mistakenly see individual interest and national interest as two different matters. As a matter of fact, the national interest in international politics is based upon the individual interests of the citizens of the country. A country is formed by a group of individuals; each citizen’s interest is a part of the national interest. For example, when the overseas enterprise of a certain country’s citizen loses money in competition, this is, in fact, an economic loss for the whole country. If a citizen were murdered outside of his home country it means the country’s security is threatened. Rousseau once pointed out that as soon as this multitude is so united in one body, it is impossible to offend any one of the members without attacking the body, and still more to offend the body without the members resenting it.36

The national interest then is a collection of individual interests. But this does not mean that all interests of each individual are part of the national interest. Some individual interests, such as selling national secrets to make money, are illegal or contrary to the national interest. Some are legal, but not related to foreign countries, or have nothing to do with the interests of the whole population. Some individual interests such as their marriage and education abroad are not related to interests between two countries.

Collective or group interests are also a major component part of the national interest. A collective interest may include an entire social class or only the people of a certain district; it can be as small as a factory or even the staff of a store. If this kind of collective interest is harmed by a foreign power, it would harm the national interest. For example, in the 1980s, China was debating whether or not to enter GATT. One of the major concerns was how to protect the domestic

automobile industry. If, for example, the domestic Tianjin's Xiali Car Corporation could not compete with the Japanese Nissan car imports because of a combination of price and quality, it would lose market share. Further, its inventory would grow and its capital would not circulate. Thus, the Tianjin Xiali Car Corporation would be responsible for a national economic loss. On the surface it would appear as though only the interests of the employee’s of the enterprise would be harmed and not other economic interests. Moreover, consumers might even gain from this kind of competition because they could buy high quality import cars at a lower price. In fact, the economic problems of this factory would not only reduce the income and benefits of its employees, it would also affect the normal development of China's domestic automobile industry by hindering its modernization and expansion. It would also make it more difficult to catch up with developed countries. Therefore, damage to this enterprise from international competition would be damage to China’s overall national interest.

Although collective interests contribute to national interests, they cannot be simply equated to national interests. Like individual interests, collective interests are not national interests when they are not influenced by international politics, when their realization is not in the national interest, or when they have no impact on the nation’s interest. In actual political life, the most visible interest groups often flaunt their notion of collective interest as national interest, demanding that the government adjust its foreign policy in order to protect their interest. Each country includes many interest groups, such as the military or different services within the military, various industries, agricultural sectors, etc. Each interest group has its own interests. Not all of their interests coincide with the national interest.

The combined or universal interests of the entire populace are the third and most important part of national interest. Universal interests have broad content, such as territorial security, international status, success in the international economy, a good ecological environment, political stability, cultural influence, etc. But the public interest of the entire populace normally is not regarded as part of the national interest in the international context. This is because the term public interest has a narrowly accepted meaning. It includes such programs as social welfare, construction of public facilities, environmental hygiene and so on. Only those universal interests that are affected by international relations can be considered as a component part of the national interest.

Individual interests, collective interests and universal interests are all component parts of the national interest, but this does not mean there are no conflicts between the three. Such conflicts are a normal phenomenon. This is like the natural tension between economic interests, political interests, security interests and cultural interests in any country. When conflict between different national interests emerges, the country must distinguish primary interests from secondary ones. When contradictions arise among individual interests, collective interests and universal interests often emerge, and any country should obviously consider the interests of the whole populace as the first priority and collective interests as the second. Individual interests must be the third priority. (See chapter 2, section 4, *The arrangement of the national interest*).

2. Classification of national interest

National interests vary. They can be classified into various types according to different standards. Based on content national interests can be classified into political interests, security interests, economic interests, and cultural interests. Under each of these general categories interests can be subdivided into even more concrete interests. Political interests can be divided into political independence, state sovereignty, and international status, etc. Security interests can be divided into military superiority, territorial security, maritime interests and so on. Economic interests can be
divided into the export/import trade, the attraction of international financing, overseas investment, import/export of technology, etc. Cultural interests may include national culture propagation, protection from foreign decadent ideas, etc. A nation’s political interests are the concentrated expression of all national interests, with the core being state sovereignty. Security interests are the foundation of the national interest. Only when security interests are met to a certain degree can other national interests be realized. Economic interests are the most constant national interests. When a country’s survival is reasonably secured, its foreign policy pursues economic interest as the most important interest. Therefore, economic interests may also be called a fundamental interest or ultimate interest. Cultural interests are the spiritual aspect of the national interest, one that is relatively difficult to realize.

Based on the time span for attaining an interest, national interests can be divided into constant interests and variable interests. The former are perpetual; the latter can be further divided into long-term, middle-term and short-term interests. Perpetual interests are the most stable. They will not disappear until the nation state itself disappears. If a nation state wants to exist, it cannot give up this kind of interest. Examples include territorial integrity, national independence, state sovereignty, and the ability to pursue economic development. Long-term interests are relatively stable national interests. They are pursued by a nation state over a long period of time and include interests like the ecological balance, military nuclear force and industrial modernization. These interests arise when human society develops to a certain level. Among these interests, some may end with the demise of nation-states. But most interests will disappear before the disappearance of the nation state as an entity, depending in part on the progress of science and technology. During WWI and WWII, copper was the only material used in shells and therefore was an important strategic material. With the development of the plastics industry and the invention of new materials, the strategic use of copper was drastically decreased. Since the second half of the 1960s, the price of copper has dropped dramatically. Today, the need for copper is no longer an important national economic interest for most countries.

Mid-term interests are national interests over a fixed period of time. They usually last a few years or several decades. Examples include importing certain types of advanced military or scientific technology, striving for a certain kind of economic aid and so on. Short-term interests are the most unstable of all interests. They change with almost any other change in the international environment. They are temporal interests that most countries pursue. Examples include striving for commercial loans, adjusting tariffs and lobbying for a price change in a particular commodity.

Based on importance, national interests can be divided into vital interests, extremely important interests, just important interests and less important interests. Vital interests are related to people's life and security as well as to the long-term stability of a country's political system and economic life, territorial integrity, political independence, economic independence and the continuation of the political system. The difference between extremely important and vital interests is that the former are under less of a threat than the latter. Extremely important interests include a favorable international strategic balance, the maintenance of national prestige, the ability to choose one’s model for development, and the guarantee of important economic interests, etc. Just important interests are interests pursued when there is not an obvious threat, such as expansion of the export market, maintenance of technological superiority, attracting international investment, maintaining international political stability, improving friendly bilateral relations and so on. Less important interests are interests that do not seriously affect national security or strategic economic interests. Examples would be a company or an individual's security and economic interest.
Based on the scope of an interest, national interests can be divided into universal interests, partial interests and individual interests. Universal interests are those interests pursued by every sovereign state, such as state sovereignty, international status, the security of the population and so on. Partial interests are those pursued only by some countries. They would include the international order and leadership position pursued by superpowers; dominating roles in regional affairs and regional cooperation pursued by countries in a defined area, mutual security and alliances pursued by militarily allied countries and so forth. Individual interests include those of a single country that are different from the interests of other countries. For example, after the Cold War, China accelerated its economic development and pursued modernization to catch up with developed countries; Russia is striving for political stability, seeking to avoid further national splintering; and the US wants to maintain American dominance, establishing a new world order under its leadership.

National interests can also be classified into common versus conflicting interests, according to the nature of the interest; unified or supplemental interests, based on the relationship between interests; general and special interests, as determined by the function of the interest; physical and spiritual interests, based on the attributes of the interest; developed countries’ and developing countries’ interests, as determined by the level of development; and, finally, socialist countries’ versus capitalist countries’ interests, based on the political systems involved. The classification of national interests then depends on the problems in international relations that we deal with. In order to clarify the nature and content of various problems we must classify national interests scientifically and reasonably.

**IV. National Interests and International Interests**

1. Unifying patriotism and internationalism

Chinese communist leaders have always tried to integrate patriotism with internationalism. As early as the time of the War of Resistance against Japan, Mao Zedong pointed out: “The Chinese Communists must combine patriotism with internationalism. We are both internationalist and patriotic. Our slogan is to fight for our motherland and against the invaders.” After the establishment of the People’s Republic of China in October 1949, the Chinese Communist Party changed from an outsider revolutionary party into a ruling party. In the 1950s, faced with the prevailing communist movement and difficult domestic nation-building tasks, China needed a clear guiding principle for its foreign policy: to take as the interest of world revolution as primary, or to make national self interest the top priority.

From the beginning of negotiations between China and the Soviet Union on the Sino-Soviet Friendship and Mutual Assistance Treaty in February 1950, Chinese leaders recognized that national interests and international interests could not coincide completely and that it would be an extremely difficult task to unify the two. The Chinese government was not satisfied with the provisions regarding the status of Zhongchang Lu (Changchun Railway), Lu Shun and Dalian ports (Port Arthur). In a Foreign Ministry cadre meeting on March 2, Prime Minister Zhou Enlai reviewed the treaty and told Chinese diplomats that: “our foreign affairs personnel must be confident and carry on revolutionary patriotism. This is very important to our foreign affairs

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work.” The CCP Vice President Liu Shaoqi, in meeting with Soviet leaders in October 1956 unequivocally pointed out that (during negotiations) China made concessions on several issues for the purpose of cooperating on anti-imperialist efforts with its communist allies. As the ruling party, the Chinese Communist Party leaders had to consider their national interest; therefore Zhou Enlai mentioned a principle that “internationalism is based on patriotism, and that patriotism is under the leadership of internationalism.”

In 1957, Zhou Enlai visited 11 countries in Europe and Asia, including the Soviet Union. After he returned to China, he reiterated in his report to the Chinese People’s Political Consultative Conference that “socialist countries are linked by their common communist ideals and goals, therefore the relations between them must be based on the principle of proletarian internationalism. Each socialist country is an independent sovereign country so their relations are based on the Marxist-Leninist principle of national equality.” In 1958, China developed conflict with its Soviet counterpart over the joint construction of a long-wave radio station and submarine fleet in China. In April, the Soviet side stated that it wanted to establish a long-wave radio station on Chinese territory under the joint management of China and the Soviet Union. In June, the Soviets said they wanted to establish a joint submarine fleet along the coastline of China. China disagreed on joint management; instead, it suggested that the Soviet side provide funding and technical support while China would construct and administer the site. On July 21, the Soviet Ambassador, (P.F.) Yudin, requested a meeting with Mao Zedong. Mao believed this was an issue of sovereignty. He disagreed with the Soviet side's suggestion and exclaimed to Yudin: “On political [grounds], even half an inch is out of the question. … You can say that I am a nationalist. … If you say so, I will have to say that you have expanded Russian nationalism to the Chinese seacoast.”

The Chinese government indicated its stance of “patriotism and anti-globalism” in 1952. In the 1950s, the Chinese government considered the Soviet Union's foreign affairs theory concerning the interests of mankind as “internationalism”, while referring to the US policy as “globalism.” Since America was China's number one enemy, China firmly and clearly opposed the idea of the globalism. Zhou Enlai said: “We oppose the globalism that diminishes a nation's confidence. American notions of 'globalism' and 'leadership of major powers' actually aim at having small countries follow the US and be subjected to its exploitation forever.”

China never completely accepted the Soviet Union's view of internationalism. China maintained that internationalism was based on the principles of independence and equality. In other words, international interests could not be given a higher value than the national interest. In the meantime, while criticizing America's idea of globalism, Zhou Enlai distinguished China’s viewpoint as different from that of the Soviet Union. He said: “Our idea of internationalism means independence and equality for every country. In order to combine effectively patriotism and internationalism, the socialist version of patriotism is not a parochial nationalism but one that strengthens national self-confidence under the guidance of internationalism.”

The explanation by China’s leaders of national interests and international interests articulated the government's

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40 Han Nianlong, p 30-31.
45 Ibid.
clear stance on issues of national and international interests. On the other hand, the discussion also indicated that there is a strong relationship between the two interests and they greatly affect a country's foreign policy making. Then how do we understand the relationship between national interest and international interest?

2. The relationship between national interest and international interest

Earlier we discussed the substance of the national interest. Next we must make sure we understand the concept of international interest before we can discuss the relationship between national and international interests. There are two ways to understand international interests. International interests are interests that are common to all countries or the common interest of mankind. These can also be called world interests or global international interests.

In a broad sense, international interests refer to the common interests of countries. They may include the common interests of all countries or only those of certain countries. The latter can be called collective international interests. In the 1950s, the Soviet Union described international interests as limited to those common interests within the socialist block. The American view of world interests included only the common interests of western capitalist countries. Both the Soviet Union and the U.S. pursued collective international interests rather than global international interests. Since the end of the Cold War, political and military confrontation between the East and the West blocks has ended completely. Now the importance of global international interests is increasing day by day. This was mentioned by President Jiang Zemin at an informal session of the APEC summit. He said: “Many of the challenges faced by mankind cross national boundaries. Economic relations, trading, technological development, environmental protection, population control, fighting natural disasters, the elimination of drugs, protection from criminals, nuclear non-proliferation and the fight against AIDS are all global issues.”

However, collective international interests are still paramount for the governments of some countries. Regionalism and its development after the cold war in particular have increased the importance of regional international interests for every country.

In America, many realist scholars and statesmen have set national interests against international interests. Morgenthau believes that “once the spirit of nationalism appears in a nation state, complete loyalty is to the country and is exclusive. There is little room for globalism or humanism.” He did not believe that there could be true globalism in the 20th century. If there was, it would be a nationalized globalism, and this kind of globalism is nothing but one that insists a nation’s right to impose its own values and principles on all others. In American political science circles there was a serious debate in the 1960s on the role of national and international interests in foreign policy making. Arnold Wolfers observed that “today...people worry that policymakers may improperly concern ‘all mankind’s’ interest. People have seen that they are sacrificing the smaller national society for the purpose of a larger world society in their ideal dream.”

There are still many people in America who believe that pursuing international interests damages national interests. Henry Kissinger believes that America’s foreign policy gives too much precedence to international obligations. He said that “other countries benefit while we have responsibility; other countries are concerned with the balance of power while we focus on a

46 “President Jiang Zemin’s Address at the Informal Session of the APEC,” People's Daily, Nov. 16, 1994.
47 Morgenthau. p. 315.
peaceful legal environment. This has been part of what the common people are talking about. We have such a tendency – to express our unselfishness, and use it as credit for ourselves.”50 He believes that this type of “unselfish” foreign policy is not reliable. Therefore he suggests America should keep the goal of establishing a new world order in consistent with its national interests.51

National interests and international interests are conflicting political categories. However the two interests are not diametrically opposed. Like the relationship between collective interests and individual interests, they can be considered as a unity of opposites.

First, international interests are part of national interests. When we discuss international interests from the viewpoint of the common welfare of all mankind, these global international interests benefit people all around the world. Examples are world peace, a good ecological environment, a stable international financial order, equal international political systems, etc. When global international interests are realized, all countries can be beneficiaries. In other words, every country’s national interest can be satisfied to a certain level. Therefore global international interests coincide with some national interests in every country. If we observe international interests from the viewpoint of the collective welfare of certain countries we can see that, although it is not necessarily in the national interest of all, they still coincide with national interests of some. To certain countries, their collective international interests are their collective national interests.

Second, some reasonable national interests can be opposed to collective international interests but still coincide with global international interests. For instance, after the Cold War establishing a stable world order was one of the most important international interests. A peaceful environment is helpful for every country’s economic development and it promotes further merging of the world economy. But the American path to a new world order is an international order with America as the core, and led by the western countries. The establishment of this type of new order will not benefit the interests of developing countries. The western vision of a new world order is only in the international interest of western countries, it is not truly a global international interest. If a country’s national interest is opposite to the common interest of all mankind, then it must be unreasonable. For example, Iraq annexed Kuwait with military force in 1989. In order to maintain the principle of respect for sovereign territorial integrity, which is generally accepted in the international community, the international community imposed military sanctions against Iraq. Iraq believed its national interest was severely damaged, so international interests were in direct conflict with Iraq’s national interest. However, on August 2 and 6, 1990, the United Nations Security Council unanimously passed resolution 660 which required Iraq to withdraw from Kuwait without condition; and resolution 661 on comprehensive sanctions against Iraq. These two resolutions protect international interests that are supported by people throughout the world. This means Iraq’s territorial demands on Kuwait are illegitimate and not acceptable to the international community.

Third, conflicts between national interests and international interests are usually representative of contradictions among a country’s national interests. National interests vary. The realization of one type of interest may hinder another or even occur at the expense of another. For example, Sino-U.S. relations deteriorated after the Cold War. America placed pressure on China in the economic and military fields. Economically, America threatened to cancel the MFN status of China; militarily, several years after the establishment of Sino-U.S. diplomatic relations, the U.S. violated the promise it made in the August 17, 1982 China-U.S. joint communiqué (also

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called the 8.17 communiqué) by selling weapons to Taiwan that in function and quantity exceed the promised capability levels. The U.S. sold 150 F-16 fighters to Taiwan in 1992.\(^5^2\) In order to effectively stop America’s arms sales to Taiwan, China must take strong countermeasures to protect its security interests. If China wants to persuade America not to make trouble concerning the MFN issue, it has to improve overall bilateral relations to protect its trade interests. When these two kinds of interests conflicted with each other, China chose the latter. Since there are inherent contradictions between national interests, incongruence between one particular national interest, compatible with international interests, and another national interest can easily be mistaken as a conflict between national and international interests. In 1993, the U.S. Congress, in the name of the national interest, demanded that the Clinton administration withdraw from Somalia and be less concerned with international interests. Actually, these Congressmen were asking the Clinton administration to spend more money for protecting national economic interests and less for the political interest of promoting world order.

Fourth, neither national interests nor international interests are absolutely superior. Realist theorists of international relations believe that the national interest is the highest priority interest of the country. If international interests and national interests conflict a country must protect its national interest by sacrificing international interests. However, the idealist school of thought believes that international interests are the common interest of all mankind. They believe the foreign policy of any government should not violate international interests. Should the two become incompatible, international interest takes precedence over national interest, according to this school. The Chairman of the American Institute of World Order Studies, Robert C. Johnson, calls for overcoming the narrow sense of national interest by giving priority to global interests.\(^5^3\) The key point of this debate is which interest a country should consider as the priority in foreign policy. It is not which interest is objectively more important. When national and international interests are compatible it would be difficult to judge which interest is considered more important by a country. But when a concrete national interest conflicts with an international interest, we can see that a country cannot use the single national interest as the standard to determine priorities in its foreign policy. Instead, what is regarded as more important depends on particular circumstances. For instance, industrial development is a national interest. Environmental protection is an international interest. In most countries these two interests often conflict. Historically, countries protected their industrial development at the cost of environmental pollution. However, by the late 20th Century the world environment worsened to an extremely dangerous degree, so every government has begun to review the relationship between the two contradictory interests. In order to reduce grave harm to people and to prolong longevity, many governments decided to reallocate certain amounts of industrial capital to environmental protection projects. From June 3 to 14, 1992, the representatives of more than 170 countries and regions participated in a global environmental conference in Brazil’s capital Rio de Janeiro. Among them were top government leaders from 118 countries. The Rio Declaration on Environment and Development was reached during the conference and the developed countries agreed to increase environmental aid to developing countries.\(^5^4\)

National interests may turn into international interests under certain conditions. There are three ways this can happen. First, non-conflicting national interests directly become common international interests. The interest relationships between different countries are not necessarily

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\(^5^3\) Jin Yingzhong, p. 135.

zero sum relations. Asking for respect for a national flag, another national symbol or for diplomatic immunity are examples. Second, national interests between different countries are often complementary and common international interests emerge from them. An illustration is the establishment of a common economic community to promote economic cooperation. Third, common international interests result from attempts to avoid conflict between national interests. Agreeing on a nuclear non-proliferation treaty or efforts to prevent nuclear war are examples.

V. Changes in National Interests

1. The life span of national interests

Are national interests perpetual? The answer depends on how one estimates the future of the nation state. So far the nation state is the most important level in the political hierarchy. It has developed the international legal system under the principle of equal sovereignty, enabling interstate relationships to extricate themselves gradually from the law of the jungle, and leading further to the establishment of civilized international society. The emergence of the nation state has also promoted the development of the modern economy. In turn, the development of modern economies has increased the interdependency or integration of economic interests of all countries. The distinction of interests between nations becomes blurred. However, when a nation state wants to join the world economic system on its own, primarily to promote its own economic interests, the process of alienation starts. This is, in fact, a process of state formation, its development and eventually its demise. As early as 1896, W.W. Willoughby pointed out the potential for nation states to die out. He said: “Ethnic, linguistic, and even political unity will thus exercise comparatively less and less influence as nations find themselves drawn into a higher and more intellectual union. At the same time, also, economic interests will tend more and more to cross national and political boundaries, and thus unite with increasing closeness the material interests of different peoples. It may thus be entirely possible that the spirit of nationality, at present so active in politics, will prove to be a phase of civilization rather than a permanent product; and that while the realization of a true World-State may never be possible, we may yet look forward to a growth of internationalism that will largely deprive the feeling of nationality of its present force.”

“National interests will gradually disappear after nation states die out. In the post WW II era, it appeared that regional cooperation in international politics had been reinforced and that regional economic cooperation in particular developed rapidly. Regional economic cooperation soon led to political cooperation within the regions and the integration and developments of economics and politics was promoted. In this respect, The European Community is an excellent example of rapid development. The European Coal and Steel Community was established in April 1951, the European Economic Community and the European Atomic Energy Community were set up in March 1957; the three were integrated into the European Community in 1967. Since the establishment of the EC, the integration of economies and politics has continued.

In 1993, twelve member states of the EC unanimously ratified the Treaty of European Union (the Maastricht Treaty). The treaty went into effect on November 1, 1993. The EC member countries have established unified markets and agreed on making and implementing a common foreign and security policy. They also reached agreement to eventually implement a mutual defense policy. The treaty expanded the authority of the EC by adding responsibilities in the environmental, science, industry, social policy, transportation and other areas. Also, the European

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Parliament’s power has been enlarged.\textsuperscript{56} Regional cooperation developed even more after the end of the Cold War. In addition to the increased pace of unification in Europe, the U.S., Canada and Mexico established NAFTA in North America in 1993. Asian countries began discussions on the establishment of organizations for regional economic cooperation and collective security cooperation in Northeast Asia. Some Latin American Countries want to join NAFTA, others have suggested the establishment of a continent-wide economic cooperation body for themselves.

The trend toward regionalism suggests a possibility for the development of an international community. That is, the international community may replace the nation state as the main actor in international politics in the distant future. If the nation state dies out, national interests will lose their rationale and therefore will gradually disappear. This is like the dynastic interests that gradually disappeared as the power of dynasties declined. Neither dynasty-ruled empires nor nation states became the dominant international actors until they had experienced hundreds of years of development. The process of regionalization will also be slow. It might take two to three centuries for a regional community to develop into a principal actor in international politics. Moreover, during this period of time, it is possible that a more vigorous actor in international relations will emerge.

2. Various changes in national interests

The substance of national interests is not the same at different periods in time. Since national interests generally last for a long period from beginning to end, it is natural that the quality and quantity, and substance and form, of national interests will change over time. In terms of the substance, for instance, in the early years of nation states, the main reason for a country to conduct war was to acquire land and establish a hegemonic position. Later, with industrialization, overseas economic interests became the principal reason for a country to go to war. Competition for overseas markets and resources reached its peak in the late 19\textsuperscript{th} and early 20\textsuperscript{th} centuries. In terms of significance, the establishment of a strong military force has always been assumed to be one of the fundamental national interests of a nation state. After the end of the Cold War, most countries developed new ideas about the limited nature of military power. The significance of military interests declined among national interests; instead, economic interests have become the primary national interest.

Each country's concrete national interests also change according to changes in the international environment. In the 1950s, America implemented an economic and military containment policy against China, in order to prevent the spread of communism. As a result China's security interest focused primarily on protection against military invasion by America and against the KMT's return with American support. In the 1960s, Sino-Soviet relations deteriorated; the Soviet Union's expansionism severely jeopardized the security of northern China. Accordingly China's security interest focused on protection against a Soviet military attack. In the 1990s, with the end of the Cold War, China’s security environment greatly improved. China's security interest has begun to focus on avoiding involvement in military clashes, protecting against a national split and promoting economic security.

The objective change of national interests is affected by both domestic and international factors. In other words, this evolution is affected by changes in the international environment and domestic conditions. External changes have many aspects, such as the collapse or establishment of a new international order, the initiation or conclusion of international conflicts, the rise or fall of international market prices, the change in international currency trends and so forth. Taking the

change of international order as an example, when China confronted the Soviet Union in the 1970s, China’s security interest of northern China was principally protection from a Soviet military attack. After the collapse of the Soviet Union the direct military threat to China has essentially disappeared. So the main security interests in northern China changed to protection against smuggling, drug trafficking and other destructive criminal activities. This indicates that China’s security interest in northern China has changed from the security of sovereign territory or military security to economic and social security. Domestic changes also affect national interests in many ways. National disintegration, political turmoil, economic recession and so forth are examples. An illustration of national disintegration is the Soviet Union’s split into 15 countries when Gorbachev failed in his political reforms. The Soviet Union's position as a superpower ended as a result of this split. Its interest in fighting against America for dominant power over international affairs also ended. Russia inherited the Soviet Union's state responsibility but it no longer had the power to pursue the interest of a world leader. Russia's primary national interest is to strive for material support from the international community for its political reforms and economic development.

The scope of national interests is not limited by national boundaries. There is a misperception regarding the acknowledgement of national interests existing abroad as an idea of invaders or hegemonists. Some see national interests beyond boundaries as an invasion of territorial sovereignty. They insist, “for China, the scope of national interests should be only China. It should never be stretched to other countries or regions.”\(^{57}\) This idea reflects a lack of knowledge about the international nature of national interests. National interests have domestic aspects, such as territorial security, national unification, sovereignty and so forth. However, the most important aspects of national interests in international politics are all outside a country’s territory. Stability of the international order, maintaining fare relations, establishing a peaceful environment, expanding export markets, importing overseas resources, establishing transnational forms of cooperation, protecting international air transportation security, etc. are all examples. In the suggestions submitted to the American government concerning the future of America-China relations, the American statesmen Henry Kissinger and Cyrus Vance made it clear that “America’s interest is in China moving toward a more democratic, more market-oriented system... China’s stability, its modernization, reform awareness, cohesive force, security, vision, conforming to international human rights standards and implementation of constructive foreign policy and security policy are consistent with America’s national interests.”\(^{58}\)

In fact, not only is America’s national interest not limited by its national boundaries, but China’s national interest does not end at its border. China sent troops to Korea to resist America and assist Korea in the 1950s and it supported Vietnam’s resistance of America in the 1960s. Both of these actions related to the issue of protecting China’s security interests. America’s invasion of Korea and Vietnam posed a great threat to China’s security. It would obviously violate China’s security interests. In the 1960s, China’s political prestige in Africa was an extremely important political interest of China. With this kind of political prestige, China gained support from African countries to break the imperialist isolation of China in the international arena. African countries played a significant role in supporting China’s return to the United Nations in 1971.

In the 1950s, China had economic relations with only 40 or so countries. China’s overseas economic interests were therefore limited to trade with these countries. By the beginning of the

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1980s, China had established economic and trade relations with 178 countries and regions; obviously, the scope of its economic interest had expanded. Along with the continuous implementation of the open door policy, the scope of China’s overseas national interest will naturally expand even further. After the disintegration of the Soviet Union, Russia’s domestic politics became chaotic. China believes that Russia’s domestic political stability is important to China’s interests. Therefore, China developed policies to support Yeltsin in stabilizing domestic politics. After the Sino-Russian Foreign Ministers Talks in 1992, Foreign Minister Qian Qichen addressed journalists. He said: “Central Asian countries have close ties with Russia in every aspect and at the same time are members of the Commonwealth of Independent States. China and Russia share a common interest in keeping Central Asia stable and economically prosperous.”

In chapter 1 we clarified a few basic national interest concepts. Some believe that it is possible to differentiate and judge national interests once these concepts are understood. For an ordinary citizen this may be correct because an ordinary citizen's purpose in understanding national interests is only to abide by the law and strengthen patriotic morality. Our constitution states, "the citizens of the People’s Republic of China are obligated to maintain our country's security, honor and interests, and not to behave in such a way as to jeopardize our country’s security, honor and interests." A citizen, who understands the key concept of national interest, can control his/her behavior to avoid damaging national interests that are obvious. However, as far as researchers and foreign policy decision makers are concerned, it is not possible to fulfill the requirements of their respective jobs armed only with the knowledge of elementary concepts. They must often make or adjust policy in matters of national interest based upon judgments. If they only understood the concepts of national interest but did not understand the criteria for judging national interests, it would be impossible to make policy that would benefit our national interests. The consequences of erroneous policies would affect the interests of the entire nation. A series of erroneous policies could lead to disaster. Therefore, in this chapter, we will discuss scientific methods and basic criteria for judging national interests.

I. Difficulties in Judging National Interests

1. Are there appropriate criteria for judging national interests?

Chinese academic circles concerned with international relations have researched national interest topics for more than 10 years. But the discussions have been limited to national interest concepts. The primary purpose of these studies has been to expound and advance the notion that national interests should replace ideology as the goal of foreign policy. Few people have studied scientific methods that might be used in judging national interests in general or our country's national interests in particular. One reason for this neglect in our academic circles is the assumption that we have an instinct for judging interests, i.e. that we can do so without learning. Many persons believe that because individuals are able to judge their own interests, judgment of national interests should be left to the leaders who govern the country. But in reality people’s ability to judge their own interests is often flawed and such ability varies among people. People misjudge their own interests and the frequency of misjudgment differs among people. Wise persons generally judge the relative importance of different interests more accurately and are more perceptive about long-term interests than average persons who may only care about small immediate interests and fail to consider long-term consequences. Based on an accurate weighing of interests the wise person decides to acquire a major interest at the price of a minor one, but the short-term judgment of the average person leads him to protect small interests at the cost of a future major interest. Thus it is not easy for people to judge their own interests, let alone judge national interests. Policy makers must be able to judge national interests properly as a prerequisite to formulating correct policies. A true statesman must know the difficulty of judging national interests.

The history of international relations abounds with occasions when foreign policy makers misjudged the national interest. For example, on March 31, 1867, the Russian government sold the barren "ice land", now called Alaska, to America for the price of 7.2 million dollars. Congressmen

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jeered U.S. Secretary of State Seward because of the purchase. Seward’s policy was called "Seward’s folly". However, a few decades later, history showed that Russia had lost an important strategic territory because it had given greater weight to short-term economic interests. But America gained this important strategic position accidentally. Few American or Russian statesmen could see this point in the middle of the 19th century.

In the 1870s, maintaining a strategic balance in continental Europe was an important security interest for England. However, the British did not support France in its war against Prussia because England calculated that a weakening of French power might strengthen Britain in its rivalry with France in India. Prussia won the war and unified Germany into a country with 22 states and 3 free cities. England’s failure to assist France helped create a strong Germany. In turn the rise of a strong Germany sign significantly increased the threat to England’s security and sowed the seeds of World War I.

Statesmen sometimes repeat their predecessor’s mistakes because of inaccurate judgments about national interest. Shortly before World War II, England and France implemented an appeasement policy toward the expansionist policies of the Fascist Germany. They signed the Munich Agreement with Germany, attempting to guide the direction of Germany’s aggression by sacrificing Czechoslovakia, and thereby hoping to save themselves. As a result, Hitler’s expansionist ambitions were encouraged, the outbreak of the European War was accelerated, and England and France suffered hugely in the war.

2. Why is it so hard to judge national interests?

The judgment of national interest has two aspects. One is to define them; the other is to determine which national interests are most important. The first judgment is not easy to make and the second one is even more difficult. What makes it so difficult for statesmen to accurately evaluate national interests?

First, it is not easy to identify all the factors that cause national interests to change. Elements that effect changes in national interests have so many aspects that it is hard for policy makers to consider the entire spectrum of relevant factors. Moreover, different factors have different degrees of impact, which makes it difficult to calculate their influence. Additionally, the basic factors themselves change from situation to situation. If one does not understand the changing roles of these factors, one will fail to predict how they affect national interests and be unable to foresee future interests. Unless one is able to anticipate them, current interests cannot be weighed against future interests.

In the 1960s, scientists warned that environmental deterioration would threaten human life. However statesmen at that time did not recognize how fast the environment was deteriorating nor could they comprehend the severe consequences. The decision-makers of developed countries, relying on their economic power, adopted a policy to reduce pollution in their own countries by transferring high pollution industries to developing countries. In the mean-time, the developing countries accepted high pollution industries as a means to expedite modernization. Not until the 1990s, when the greenhouse effect and acid rain brought about visible damage to all countries around the world, did the statesmen of developed countries recognize the fact that their policies had polluted areas and increased the rate of pollution throughout the world. When Japan

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63 Ibid., pp. 90-93.
64 Ibid., pp. 475-480.
encountered acid rain, it realized that polluted air and seawater do not have boundaries. Accordingly Japan decided to cooperate with China on environmental issues. In March 1996, when the Japanese Prime Minister Hosokawa visited China, he conveyed the Japanese government's concern and initiated the 4th major loan to China. One of the main elements of the loan was to provide aid and technology for controlling acid rain and other environmental projects that directly affected Japan.\(^{65}\)

Second, national interests sometimes conflict with each other. In the previous chapter we introduced various types of national interests (See Part 3, Chapter 1, The Structure and Classification of National Interests). Although national interests are generally compatible, under certain conditions they conflict. There are two aspects to the contradiction: not all national interests can be met during a given time period and some interests can only be realized by sacrificing others. The dilemma between economic interests and security interests is a challenge to the policymakers of most countries. To statesmen, it is usually difficult to establish priorities between defense budgets and expenditures for economic construction. It is also a troublesome matter to balance defense interests and commercial interests. One example of the conflict between security and economic interests is the dilemma American decision-makers face between the export of dual-use technologies and weapons proliferation. Supporters of such exports would say that many countries need these technologies and that limiting U.S. exports would lose key international markets and be detrimental to employment. A report by the American Chemical Manufactures Association states that chemical corporations lose 30 billion dollars annually in export-related business because of government export controls. The U.S. also loses as much as nine billion dollars in annual income because of its restrictions of computer software exports.\(^{66}\) However, those who oppose unrestricted exports believe that exporting dual-use technology definitely increases the ability of criminals, terrorists and potential adversary countries to threaten America’s security. Paul Warnke, the former administrator of the U.S. Arms Control and Disarmament Agency and the former main U.S. representative for the U.S.-Soviet Union talks on limiting strategic weapons, believes that national security necessitates “very, very strict” limitations of such exports.\(^{67}\)

Third, it is difficult for policymakers to obtain complete information for judging national interests. Even with highly developed modern technologies, it remains impossible for policymakers to get every piece of information. Moreover, government departments filter information supplied to the policymakers so that what gets through is biased by each department’s parochial interests. A department’s judgment of national interests is based upon what is directly related to its work. Decision-makers have to rely on biased information, so that it is difficult for them to judge national interests correctly.

In the early 1990s, the French arms industry debated for a long time with other French industries about exporting weapons to Taiwan. Arms manufacturers and the French military believed that Taiwan had 80 billion dollars in foreign exchange reserves, which made selling weapons to Taiwan a significant interest. But other manufacturers believed that the China Mainland market had a huge potential and they should not lose the broader market because of a relatively small one. The French government eventually accepted the analysis of the military side without understanding China’s firm stance opposing the export of weapons to Taiwan.


\(^{67}\) Same as the above.
November 1992, the French government approved the sale to Taiwan of 60 HY 2000-5 Mirage jet fighters and 1000 missiles by Dessault and other companies. The transaction was worth 3.8 billion dollars.\footnote{Nicholas D. Kristof: "China shuts Down A French Consulate Over Taiwan Deal", \textit{International Herald Tribune}, December 4, 1992.} It resulted in the closure of the French Consulate General in Guangzhou, China, and in 1993, France lost approximately the same amount of commercial contracts in China. The French government soon recognized the erroneous evaluation of its own national interests and expressed its willingness to normalize diplomatic relations with China. On January 12, 1994, a China-France Joint Communiqué was published in which the French side, in order to resume development of its China market, promised to “no longer approve any French company taking part in activities equipping Taiwan with arms”.\footnote{“Ties with France Return to Normal”, \textit{Beijing Review}, January 24-30 1994. p 4.}

Fourth, policymakers find it difficult to reach agreement even on concrete national interests. In general, foreign policymaking does not depend on a single leader’s judgment about national interests, but on a group judgment. Even simple foreign policymaking is preceded by the national interest judgments of two groups: policy planners and decision makers. These judgments may not be the same and in some cases may even conflict because of differences in personal experiences, perspectives and understanding. The only procedure for reaching a final judgment is to adopt one of two methods: decision by a simple majority or by a senior leader. There is no common standard to make sure the best judgment is reached. The two procedures can bridge the political differences, but do not lead to scientific judgments of the national interest. Therefore, final judgments are still blind.

\section*{II. Bases for the Evaluation of National Interests}

In judging national interests people often reason from different frames of reference. This results in different judgments about national interests. It is impossible to judge national interests based on a complete set of criteria. Even if it were possible, it would not be helpful in establishing useful criteria for making judgments. However, if the bases for judgment were classified into different categories, key criteria for evaluating national interests can be established. The bases for judgment can be classified into four categories that apply to every nation in every period of history: the international environment, national power, the level of science and technology, and the level of knowledge. Among these four criteria, the first three are objective and the last one is subjective.

\subsection*{1. The international environment}

The prime criterion for judging national interests is the international environment. The international environment is a broad political category that includes many criteria but its core is the international order and a nation’s position in it. In the Cold War era, the configuration of the international order was characterized by military confrontation between the West and the East blocs. Every country’s national interest was inevitably influenced by this structure. The Cold War international configuration made it necessary for every country to consider national security as the most important national interest. This obviously is different from the post-Cold War era when many countries place economic development at the top of their national interests. Moreover, in the Cold War era, almost every country had to choose one side, the East or the West, in order to assure national security. Even non-aligned countries often could not adopt a truly neutral stance. Some non-aligned countries provided military bases for the superpowers. For instance, Somalia,
Kenya, the Philippines, Panama and others supplied military bases for the U.S., while Vietnam, Ethiopia, Cuba and others did the same for the Soviet Union. Even a relatively stronger country like China could implement anti-U.S. and anti-Soviet policies simultaneously for only a very short period in the 1960s when the two big blocs confronted each other. From the establishment of the People’s Republic of China to the end of the 1950s, China implemented a 'leaning to one side' policy, aligning itself with the Soviet Union. In 1969, China clashed with the Soviet Union over Zhenbao Island in the Ussuri River. After that China began to develop strategic cooperation with the United States. After the Cold War, the bipolar configuration collapsed and that made it possible for China to maintain a relatively equidistant policy between the United States and Russia. This case illustrates that the international environment has a very powerful effect on every country's judgment of its national interests.

The international environment affects a country's national interest in three respects: The first is the seriousness of the military threat to the nation. The end of the Cold War has obviously decreased the danger of world war. Most countries' security has been strengthened while some countries face an even more serious threat of war. During the period of the Cold War, bilateral confrontation suppressed national separatism. Yugoslavia was able to enjoy peace while the two military blocs were confronting each other. After the Cold War, national separatism emerged because of the disappearance of this military confrontation. Yugoslavia was split into five countries: Yugoslav Federation, Slovenia, Macedonia, Croatia and Bosnia-Herzegovina. Thus war in this area has never stopped.

The second aspect of the international environment is the extent of political support that a nation can get from the international community. The collapse of the Soviet Union made the US and its western allies lose their common military threat, which reduced their common interests and increased conflicts between them. Thus support for the United States by other Western countries began to decrease. For instance, the western allies still unanimously supported America during the Gulf War in 1990, but when America undertook a peacekeeping mission in Somalia in 1992, some western countries were not willing to follow. On December 12th, 1992, UN Resolution No. 794 was passed by the Security Council. An American led multi-national military force -- including Italy, France, Germany, Belgium and Canada-- was formed and went to Somalia to keep peace. But soon major disagreements on peacekeeping issues arose between Italy, France and America. Italy took the lead in withdrawing from Mogadishu, the capital of Somalia. After that other western countries withdrew one by one. At last the US had to withdraw its troops from Somalia in March 1994 in part because other western countries had withdrawn their support.

The third aspect is the degree to which a country’s economic relations are constrained by the international environment. China was facing a Western economic containment policy in the 1950s, so its foreign trade was limited to the Soviet Bloc. Seventy to eighty percent of its exports and imports were with the Soviet Union and other East European countries. After the triangular structure between China, America and the Soviet Union was formed in the 1970s, China's main trading partners became Japan, America and Europe.

In addition, national interests in a stable international configuration will not change as drastically as they do during a transitional period from one configuration to another. This is another indication of the effect that the international environment has on national interests.

72 Ibid., p397-398.
2. National strength

A country’s overall national strength, also called comprehensive national power, is one of the four criteria for judging national interests. The concept of strength does not mean absolute strength, but should be taken as relative strength. In other words, the point is not how strong a nation is but how much stronger or weaker it is than other countries. A country’s strength consists of six basic components: population, economic power, military power, political stability, historic culture and natural resources. After the cold war it became clear that a nation’s strength does not simply equal its military power, but is a combination of several components. Therefore, the concept of ‘comprehensive national strength’ rather than ‘strength’ is now used more widely than before. Comprehensive national strength has a strategic effect on a country’s national interest. A country with strong comprehensive national power has far more extensive national interests than one whose comprehensive strength is weak.

In terms of security, superpowers benefit far more from global stability than other countries, while major regional powers benefit more than lesser powers in the region. This principle explains why superpowers attach greater importance to a stable world order than major regional powers and major regional powers are more concerned with regional peace than small countries in the region.

It is the same in the economic realm. Since the end of WW II, America has had the largest amount of foreign trade in the world and American trade benefits most from international stability. For example, in 1991 the U.S. and China’s exports were 12% and 2% of the total amount of the world exports, respectively.\(^3\) If international peace equally affected every country’s exports, then the benefits received by U.S. exports from international peace were six times that of China. This is similar to the fact that a large transportation company benefits more from good traffic conditions than a small one.

While comprehensive strength is regarded as a strategic criterion for judging national interests, it is also important to take into account the varying effects of different types of national strength on national interests. Economic power is a key factor in understanding the scope and content of a country’s overseas economic interests. A nation with a strong economy will have more overseas’ economic interests than a country which lags economically. Military power is the main factor contributing to national security. A strong military power has greater security needs than a weaker power. Political stability contributes to the energy and confidence of a nation in maintaining its overseas’ interests. A highly integrated country has higher national interest goals than a poorly integrated one.

History and culture contribute to the significance of a country’s cultural interests. A country with a long history easily has more cultural conflicts with others than a young country and has more cultural interests to protect. For instance, in 1993 and 1994, China and India, respectively, required a Hong Kong satellite television news company to cancel programs broadcast by the BBC for the sake of protecting their traditional cultures.\(^4\)

Natural resources and population formerly were the most important components of a country’s power. Their influence decreased as components of comprehensive strength such as science and technology progressed. But their influence is still important. The abundance or scarcity of a country’s natural resources determines its dependence on foreign resources. This dependence is one basis for judging national economic interests and security interests to a certain degree. Generally, a large population can strengthen the ability of a country to maintain its interests.

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However, too large a population can be an economic burden. A nation that balances its population size with its economic development has a greater potential for achieving its national interests than a country with an asymmetric relation between population and economic development.

The structure of national strength is also a necessary basis for judging national interests. Structures of national strength vary from country to country. If we compare the national strength of China and Japan, we would find that Japanese economic power is stronger than China’s. But China’s strength is greater than Japan’s in terms of population size, natural resources, military strength and political influence. A comparison of China and Russia shows that Russia's military and natural resources are stronger than China's, but China's economy, political impact and population are stronger than Russia's. These differences in power patterns are very important in judging national interests. If we supposed that the comprehensive national powers of China, Japan and Russia were roughly equal in the post-Cold War era, based on different power structures, we would find that Japan has the most extensive overseas economic interests among the three countries. Japan’s interests in trade, overseas investment and resource imports are much larger than those of China or Russia. But China's overseas political interests are more extensive than those of Japan or Russia. China is the only socialist country among the big five powers (the U.S., Japan, Russia, China and Germany). China is the only developing country that is a permanent member of the UN Security Council. Russia's foreign military interests are greater than those of China and Japan. Russia needs not only to protect its own territorial security and but also to maintain stability in the former Soviet republics and Eastern Europe. At the same time, it has to maintain the global nuclear balance.

3. Science and technology

Before we discuss how the development of science and technology affects the judgment of national interests, we need to explain why the level of science and technology does not belong to the category of international environment. First, the level of science and technology has both domestic and international aspects, while the international environment does not include domestic considerations. The international environment is an external objective reality that each country faces. The "level" of science and technology refers to the current state of a country’s science and technology and that of the world. Second, changes of the international environment are random and enable history to repeat itself, while the development of science and technology is linear and it only goes forward without turning back. The overall international environment circulates in a cycle between war and peace. The international configuration changes randomly among unipolarity, bipolarity, multipolarity and non-polarity. In contrast, science and technology develop step by step from low and simple levels to advanced and complex stages. Mankind has experienced great revolutions of technology twice: the agricultural revolution and the industrial revolution. Currently the world is in the midst of the information revolution.

Because of the differences between the international environment and the various stages of scientific and technological evolution, they have different impacts on changes in national interests. The international environment contrasts with the general level of science and technology as a basis for judging national interests. Changes in the former can become a basis for a country’s choice of rival or ally. But changes in the level of science and technology do not have such a function. When global science and technology reaches a new stage, nations pursue new technologies to replace old ones in order to improve productivity and defense capability. Changes in the international environment, on the other hand, will not produce such an effect. In general, the progress of science
and technology only affects some national interests, while changes in the international environment have a comprehensive influence on all national interests.

The level of science and technology is usually a good basis for judging the concrete content of a given national interest. Two factors help us do that. The first is that the progress of science and technology adds new content to national interests. For example, after the invention of the computer, protecting software from illegal copying became an important economic interest in developed countries. Efforts to protect this interest led to a major disagreement between the United States and China over intellectual property rights issues. After difficult negotiations, both sides signed a memorandum of understanding in January 1992. China accepted the guidelines of the "Agreement on Intellectual Property Related to Trade" of GATT, that computer software should be protected for 50 years as a written product. Our country’s "Regulations on Protecting Computer Software" originally protected software for only 25 years with the possibility of an extension for another 25 years.\(^7\)

Another illustration resulted from the development of nuclear technology that spawned a new energy source. As a consequence, a formerly useless material, uranium, which had been in the earth for millions of years, became an important strategic resource.

The second factor is the effect of technological progress in terms of superseding a few traditional or old national interests. Weapons technology usually develops along with the evolution of science and technology; pursuing certain types of weapons technology then becomes a concrete national interest. Old weapons technologies that were part of the national interest become obsolete so that they are no longer in the national interest.

Because of the fast development of science and technology, the content of national interests also changes rapidly. The speedy change of national interests requires changes in our understanding of national interests and constant adjustment of policies designed to achieve national interests. For instance, on February 24, 1994, the Clinton administration submitted a draft bill to the Congress, asking for an amendment to the 1979 export control bill. The President asked Congress to do away with wartime U.S. controls on sensitive technology exports in an effort to strengthen America in the international competition over high technology sales. The draft of the bill permitted exports of computers with a speed up to 1 GHz (500 MHz for countries engaged in nuclear proliferation and 260 MHz for countries subject to U.S. trade sanctions).\(^8\)

The level of science and technology may also lead people to reevaluate the strategic interests of their country. For instance, after the invention of nuclear weapons, global superpowers no longer considered winning a war between such powers as a major interest. Instead, preventing a war among the big powers became the fundamental strategic interest.

4. Subjective views

Judgments of national interest depend not merely on external objective matters, but are also deeply affected by subjective views. Views of new situations are based on prior opinions. If one’s subjective views are close to the objective reality, one can make a relatively correct judgment about the national interest, otherwise, serious mistakes may well be made. Three subjective views have a special bearing on the judgment of national interests.

First, opinions regarding historical trends affect the judgment of decision-makers. For instance, in the early years of the PRC, our leaders believed that the historic trend toward

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communism was accelerating and the gaps between socialist countries were getting smaller. Therefore, in China the interest of the international communist movement was taken as the prime foreign policy goal for a long time. The pursuit of national interests was considered politically proper only when it was consistent with the interests of the international communist movement. On April 30, 1952, at a conference of Chinese diplomats, Zhou Enlai talked about the guidelines for our country’s foreign policy. He said, “Our stance must be a firm one. Our thinking must be very clear. Advocating internationalism and opposing narrow nationalism. … We must get rid of the thoughts of narrow nationalism and stabilize the internationalist thoughts.”

Second, opinions regarding the characteristics of the times affects the judgment of decision-makers about the nature and significance of different national interests. For instance, before 1982, China believed that the major contradiction in the world was over the issue of war and peace. China made military defense its primary national interest. In the 1980s, China still regarded anti-hegemonism as the top interest over the other two major national tasks, those of national unification and economic modernization. China changed this view after 1982. At the 12th national conference of the Chinese Communist Party, Deng Xiaoping emphasized that “among the three major tasks, the core is economic development. This is the basis for resolving international and domestic problems.” In March 1985, when meeting with a Japanese commercial delegation he said: “[F]or many years we emphasized the danger of war. Recently, however, there have been some changes in our views. We now think that although there is still danger of war, the forces that can deter it are growing….the two really great issues confronting the world today, issues of global strategic significance, are: first, peace, and second, economic development” New views about the characteristics of the time made China place economic interests in a more important position, even more important than security interests.

Third, views of the external environment affect decision-makers’ judgments concerning the prospects for realizing their own national interests. For instance, in the later years of the Cold War, Soviet President Gorbachev relaxed the confrontational relationship between the U.S. and the Soviet Union. America believed that with the detente between the US and the Soviet Union, Sino-U.S. common strategic interests disappeared. The international environment had become favorable to the U.S., but not to China. So America pressed China to conduct political reforms according to American values. This was regarded as America’s interest in China.

After the political disturbance in June 1989, the U.S. implemented a tough policy toward China. Economically, it imposed sanctions against China and politically it sought to isolate China. However, after 1993, the U.S. realized that the end of the Cold War was beneficial not only to itself, but also to China and other countries. Because of the peaceful international environment after the end of the Cold War, China put more energy into its domestic economic development. China’s GDP rapidly rose from 1.5993 trillion yuan in 1989 to 3.1380 trillion yuan in 1993; in the same period of time, its total foreign trade increased from 111.6 billion U.S. dollars to 195.8 billion U.S. dollars, an increase of 75%. The amount of imports increased from 59.1 billion U.S. dollars to 104 billion U.S. dollars, an increase of 76%. As China’s power increased, the U.S. recognized that implementing a policy of weakening China would not succeed. Therefore, President Clinton

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77 Zhou Enlai’s Selected Works on Foreign Affairs, CCP documentary press, 1990, p 54-55.
79 Ibid. p372.
took the opportunity at the APEC informal summit in Seattle in November 1993 to invite Chinese President Jiang Zemin to the first China-US summit since 1989. It re-opened the door to normalization of the Sino-American relations.

**III. Basis for the Evaluation of National Interests after the Cold War**

In this section, we will further analyze the content of the four criteria for judging national interests according to the classifications we made in the previous sections.

1. **The post-Cold War international configuration**

   The world order configuration has changed greatly since the end of the Cold War. These changes have become the primary basis for reevaluating the national interests of every country. After the Cold War, the bipolar confrontational structure collapsed. A multi-center world structure that consists mainly of America, Japan, China, Russia and Germany is gradually forming. The comprehensive national power of each of these five major countries and their roles in world affairs are not equal. This can be described as a configuration of one superpower plus several major powers. As far as economic and military power is concerned, there is no country that can compete with the U.S., although its function of the sole superpower is facing growing challenge. The rank based on economic power is: America, Japan, Germany, China and Russia. Calculated at their prevailing exchange rate, these five countries’ GNP in 1992 was 59.058 trillion, 35.078 trillion, 4.423 trillion, 18.460 trillion and 3.97 trillion U.S. dollars respectively. If calculated on the basis of purchasing power parity (PPP), China’s GNP in 1992 was approximately 17 trillion dollars. China’s GNP increased 13.4% in 1993 and reached 31.380 trillion RMB. It was approximately 22 trillion U.S. dollars, calculated in terms of purchasing power parity. The ranking by military power is: America, Russia, China, Japan, and Germany. America leads in military expenditures, nuclear weapons and aerospace technology, and it will keep its leading position in the early period of the next century. Russia will keep its nuclear and conventional weapons superiority over China, Japan and Germany. Compared with Japan and Germany, China’s nuclear superiority can be sustained for an extensive period, because Japan and Germany are non-nuclear countries.

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82 The World Bank: *Collection of the World Economic Maps 1994*
83 There are two numbers for the calculations of China’s GNP by purchasing: The one from the IMF is 1.66 trillion U.S. dollars, the other from the World Bank is 2.35 trillion U.S. dollars. The former is calculated by the exchange rate of the U.S. dollar and the RMB 1: 14. The latter applied the exchange rate of 1: 1. The author believes that the former is closer to the reality, compared with the latter. However, if the calculation method for purchasing power is reasonable or not, the views in economists circles still vary.
The rank in terms of political power is: America, China, Russia, Japan, and Germany. America is the only global nation; it exerts major influence on political affairs throughout the world. The other four are only regional major powers. They have decisive political roles within the region but not outside. China and Japan’s political influence is mainly in Asia, and Japan is largely limited to East Asia. China has major influence in East Asia, central Asia and south Asia. Russia and Germany’s political influence is primarily in Europe. Russia has more influence than Germany in European affairs, but Germany’s influence in Western Europe is greater than that of Russia.

Compared to the bipolarity of the Cold War, the multi-center configuration after the Cold War changed not only the international structure but also the nature of relationships. The new international order configuration has specific characteristics. Its major characteristic is that the poles were replaced by centers. The nature of poles is a stable and durable confrontation, while the nature of centers is that the dominant role of a central power is conditioned by the nature of the issues. A country may occupy the leading position on some issues, but it may be in a weaker position on others. Moreover, the relatively stable relationship between countries gradually disappears and common interests on each issue determine international cooperation between countries. Countries cooperating on one issue may simultaneously be in confrontation in other matters. However, generally speaking, there is more cooperation than confrontation.

The distinctive nature of the new configuration has brought four basic characteristics to post-Cold War international relations. First, relations have become more complicated. In a multi-center structure, relations are complex among several triangular relations among the five major powers, and the distinction between enemies and friends is not clear. The direction of policy changes in every country has become more uncertain. Second, alliances have become looser. Relationships within political and military alliances have become looser. Each nation has increased the independence of its foreign policy; relationships between allied countries are gradually becoming similar to relationships between non-aligned countries. Third, diplomacy has become increasingly multilateral. Multilateral institutions and organizations have become more important.

Bilateral relations are increasingly constrained by multilateral relationships and activities. Most countries have changed the priority of their foreign policy from emphasizing bilateral relations to giving the same emphasis to bilateral and multilateral relations and activities. Fourth, regional cooperation prevails. Regionalization has become a driving force in today's new geopolitics. Concepts of regional identity and cultural identity have gradually replaced the function
of ideological identity. Economic and security cooperation in regions or sub-regions has become a critical element in foreign cooperation. Most major countries in the world have begun to re-evaluate their national interests according to the nature of the new world configuration.

A rising East Asia is a special feature of post-Cold War geopolitics. The world's major powers all believe their strategic interests in East Asia have increased and they need to pay more attention to that region. America promotes a more rigorous “two ocean strategy”, as it becomes increasingly involved in Asian-Pacific economic and security affairs, while solidifying its interests in North America and in Europe. Japan has developed a policy of re-Asianization. While maintaining the Japan-U.S. military alliance, Japan tends to rejoin Asia economically and politically. Russia stresses that the meaning of its national symbol, the double-headed eagle, implies that its interests in the East and West are equally important. It wants to speed up the pace of economic and security cooperation in Northeast Asia. Germany has posted a slogan: don’t miss the train to Asia.

2. Post-Cold War power comparison

One way of evaluating national interests after the Cold War is in the light of asymmetric power growth. Among European and American political science scholars several theories deal with the effects of asymmetric power growth on national interests. The balance of power theory and Lenin’s imperialism theory explain changes in national interests and the rationale for going to war as the result of unbalanced power development. In the early post-Cold War period, asymmetric power growth was as follows: China, Japan and Germany’s comprehensive national power became relatively stronger, while the power of America, Russia, England and France underwent a relative decline. The increase of China’s national power stands out and highlights the power changes. From 1990 to 1992, China, Japan and Germany’s annual average increase of GDP was 8.4%, 3.7% and 3.5% respectively. America’s and France’s were 0.6% and 1.8%. Russia and England had a decrease. In the second half of the 1990s, if China maintains its annual average increase of 8%, by the end of 1999, its GNP will reach 7.8517 trillion RMB, or 5600 billion US dollars (calculated in terms of PPP). But if the U.S. annual average increases at a rate of 3%, then by the end of the century, its GNP will be 7500 billion dollars. China’s GNP will be 54% of America’s. But if calculated according to the 1995 exchange rate, China’s GNP would be just 12.6% of America’s.

Post Cold War asymmetric power growth has two characteristics. The first is that countries with an oriental culture have shown a huge potentiality of economic growth and the increase of their national coherence. But western countries are commonly facing serious domestic economic and social problems. Postindustrial social contradiction is getting more serious every day. The East Asian economic development model has been acknowledged by the international community. It has also turned into a form of political power. The second characteristic is that military power has been replaced by economic power as the most important element in comprehensive national power. The growth rate of military power is slower than that of economic development. America and Russia have reduced their military forces by a large amount. The two countries reached the START II agreement in 1992. By 2003, they will decrease their nuclear warheads from 10,000 + to 3,000 - 3,500. In the same year, Russia passed its National Defense Law. Russia’s military force will not be allowed to exceed 1% of its population and it will maintain its total military force at 1.5

85 China Statistics Yearbook 1993, p 889. Amongst the statistics of Germany is its GNP.
million. America also planned to cut the number of its active service from 2.1 million to 1.4 million by 1995.

No matter whether a country is increasing or decreasing in power, every country must once again reexamine the scope and content of its own national interests according to the power situation. A country with increasing power will naturally feel a growth in the scope and content of its national interests. It will elevate its goals and participate more actively in international affairs. With the increase in its national power, China believes it must take a firmer stance to maintain its dignity and national interests. In his article “1993: The World Re-learns About China,” Qian Qichen described China's foreign policies in 1993 as follows:

"A peaceful, stable, prosperous and developing China is emerging in the East. This has attracted the attention of more and more countries. People look at China with new eyes, re-evaluating its importance. People are talking about what kind of role China might possibly play in the future... China is needed for world peace and development. It is both impossible and unwise to isolate China. One can only damage one's own interest if one tries to isolate China... Mutual respect and equal dialogue are the correct ways to increase mutual understanding, to narrow disagreements, and to promote international cooperation... China is willing to communicate with every country in the world, to promote equality, mutual benefit and cooperation, together with other countries in the world to make a bigger contribution to human civilization and development."

Japan and Germany aim to become major global states as their national power grows. They view these objectives as important current national interests. Both countries had announced their goal of becoming a member of the permanent committee of the UN Security Council by the time of the 50th anniversary of the UN in 1995. However, they did not realize this goal.

The national powers of America, France and England are in relative decline. As a result they are forced to emphasize domestic issues as their principal national interests and to consider reducing international intervention. Russia's national power is also declining. It believes that its fundamental national interest is within the country. Russia's external national interests are concentrated mostly in the former Soviet republics. Therefore, Russia is trying its best to decrease its involvement in the affairs of other countries outside the former Soviet Union and Eastern Europe.

3. The coming information era

Information technology will be one of the bases for judging national interests in the post-Cold War era. As early as the mid 1980s, Observers commented on the approaching information age. The Third Wave, by Alvin Toffler, divided technological progress into three phases: the agricultural, industrial and information revolutions. Whether or not the effects of the information revolution will produce as much historical change as the agricultural and industrial revolutions, there is no doubt that we are in an information revolution. During this period, information is a

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basic prerequisite for success. It is also a very valuable commodity. People spend huge sums of money to buy information and information becomes wealth. Ollen Heimond, director of Center for Media Research of the New York Law Institute, believes that in the past people were divided into "haves" and "have-nots" according to economic ability, but in the future, there will be the "knows" and the "know-nots". Scientific research and technological development in every country will be driven by the need to obtain the most and the highest quality of information in the shortest time.

The arrival of the information era affects every country in the world in many ways, especially the national interests of developed countries. Information itself becomes a component of national interests. The amount of information becomes an important reference for weighing national interest. Developing, controlling and using information become critical elements for judging national interest. Obtaining information may become as important a national interest as pursuing capital or technology. Since the development and the use of information depends on expertise, competition for experts will increase as the information market becomes a principal source of national income. Competition for the information market will also be as intense as rivalry for weapons, raw materials, textile, or aviation markets. The development of information technology will expand the content of national interests and at the same time it will displace other older national interests. For instance, some countries have had to loosen their control of technology and news; otherwise they could not obtain them from other countries. This is similar to market protection barriers often seen today. If one does not open one's own market, one cannot get into other markets. Countries must open their own markets in order to gain access to other markets. Currently developed countries emphasize technology-intensive industries rather than labor-intensive industries. The early arrivals in the information society will shift the economic focus to information business from capital-intensive and high pollution technology-intensive industries. The arrival of the information era is also likely to affect national interests in ways that we cannot imagine at the moment.

Information has a decisive effect on national development; therefore, countries with strong economies have accelerated theoretical research of information trends as well as their pace toward establishing an information society. America and Japan have started to prepare for the establishment of an information super highway. The information super highway is now based on fiber-optic networks that combine several technologies. It can transfer words, sounds, images or a combination of all three. The material for the establishment of the information super highway is called fiber-optics and is the fastest conductor developed until now. It can transfer a whole set of encyclopedias in one second. With one fiber-optic line, telephone, fax, cable and regular TV, newspaper, books and other word files can be transferred to a multi-functional computer in every home.

Computer information is different from the current broadcasting media such as newspaper, TV and magazines because it is a two-way communication. Individuals can select the information according to their needs, rather than merely receive the information passively. People living in a remote area can read domestic or foreign written or image files on their own computers; they can even download the files and make copies. Throughout the United States, interactive media markets have begun. The Japanese Association of New Age Communication Network has officially decided that more than 30 companies can participate in a communication network experiment. The Association also decided on the content of the experiment. The Japanese Post Ministry and Japanese Telecommunication Corp. developed guidelines for sound, voice, image and digital

multi-media communication frequencies. The American computer information service network started with a market value of 800 million dollars with a great potentiality. The market increased at a 25% annual rate. According to U.S. Today, the global capital for the computer information industry has surpassed 10 billion dollars.  

A Japanese newspaper *Nippon Kogyo Shim bun* presumed that by the year of 2010, the size of the Japanese information market would exceed 12 trillion Yen and would create 2.4 million jobs.

4. Changing understanding in the post-Cold War world

After the Cold War, a new understanding of the nature of international relations became a basis for re-evaluating national interests. For a time, the law of the jungle was seen as the code of conduct for the international community. It was widely believed that the law of jungle was an unchangeable rule for international conflicts. Under the domination of this conventional wisdom, nation states seldom cared if their policies could harm the national interests of others’. When conflicts took place between nations, military force was applied in one’s self-interest. In the 1970s, a few scholars of political science saw the limits of military force in international conflict. Robert Keohane and Joseph Nye, two American students of international politics, noted in 1977 that military power cannot transmute into economic power, and therefore cannot solve economic problems.

In the 1980s, a few statesmen noticed the significance of the balance between military and economic power. In 1984, Deng Xiao-ping addressed the Chinese Communist Party Central Advisory Commission and said: “We have learned that the Soviet Union allocates 20 per cent of its gross national product to national defense. With such a heavy burden on its back, the country is bowed down.”

The collapse of the Soviet Union after the Cold War has further sharpened our knowledge about the limits of military power and the significance of economic development. Many political leaders have recognized that military force is not the most effective method to achieve national interests: strengthening the military and developing the economy must be kept in good balance. They note that economic development and speeding up the evolution of science and technology are more effective ways to attain national interests. Moreover, to a great degree, the concept that pursuit of national interests results in zero-sum relations has also changed. There is a growing view that national interests can be reconciled, that many national interests are common to all human beings and that cooperation can achieve national interests more effectively than confrontation.

The prevailing change of view by the international community indicates the progress of civilized human society. One of the important indicators of such progress is the degree to which humanity can limit war. As civilization develops, the ability to limit war improves. In other words, we are now more capable of reducing the frequency, the duration and the scope of wars. This kind of civilized behavior started in the conduct of domestic affairs, and has developed to a relatively mature stage in many countries. These nations have avoided civil war for more than 100 years through democracy and the rule of law. They have essentially eliminated the threat of civil war. Their members resolve conflicts of interest by election, adjudication and contract. Even though we can not say with certainty that developed countries have eliminated the possibility of military

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coup or civil war, we can at least say that these possibilities have dropped to a low degree of probability. However, in international society, this kind of civilization is still in an embryonic stage. The democratic system has not yet been established in the international community and nations still often resolve their conflicts by using military force. In modern history humanity has experienced two world wars. The scope and duration of WWII were greater than those of WW I. After WW II, democratic forms of civilized behavior began to sprout in international society. Some nations renounced the use of military force as a means of resolving conflicts of national interests. The Scandinavian countries especially have never even threatened to use military force since the end of WW II. Moreover, West European countries have established and developed the European Union, which caused their boundaries to fade, their common interests to increase and their conflicts to decrease.

After the Cold War, such civilized conduct has developed even further in the international sphere. All the major world powers have recognized that peace is in the interest of every country. Protecting individual security by strengthening military power cannot be sustained in the long run. For the purpose of long lasting and effective security it is necessary to build collective security systems.

The idea of building collective security systems became a criterion for judging national interests in many countries after the Cold War. The idea of collective security systems is not new but was not broadly accepted until the end of the Cold War. During the Cold War, the security policy of many countries relied primarily on bilateral military agreements. After the Cold War, nations increasingly called for the establishment of regional and sub-regional collective security mechanisms.

Among countries in the Asia Pacific region there is a major disagreement on how to establish a collective security mechanism and what form it should take. But they all agree that it is important and urgent to establish such a mechanism. For example, eighteen nations established a Regional Security Forum based on an enlarged ASEAN Foreign Minister conference. This forum includes the six ASEAN countries -- Indonesia, Malaysia, Singapore, Thailand, Philippine and Brunei -- and all major countries in the region such as America, Japan, China, Russia, Korea, Canada, Australia, New Zealand, Vietnam, Laos, Cambodia and a delegation from the European Community as well. China did not agree on establishing an Asian collective security system during the Cold War but gradually changed its position after the Cold War. In 1993, China sent a delegation to Kathmandu to participate in a conference on establishing regional security and confidence among countries in the Asian Pacific region. China put forward five suggestions.95

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95 The establishment of security mechanism should comply with the Five Principles of Peaceful Co-existence, Xinhua News Agency Daily Telegram, February 3, 1993.

The Five suggestions: 1. In international affairs, oppose hegemonism, opposing hegemonistic acts such as bigger nations bullying small ones, strong nations insulting weaker ones, rich nations keeping poor nations under them. No Asian or pacific nation should seek hegemony in the region or other regions. Do not set up military bases or station military troops in a foreign country. Do not participate in military groups or political alliances that aim at other countries. 2. Peacefully settle international disputes, historical issues, and other problems that might occur in the future. A few complicated issues regarding territory or border disputes may be shelved until the condition for negotiation is mature. Before disputes are settled, concerned nations should establish Confidence Building Measures while maintaining normal international relations and economic cooperation. 3. All Asian & pacific nations should keep their armament levels only for legitimate defense. When reducing nuclear and conventional weapons, the U.S. and Russia should dismantle these weapons, and they should not transfer them to the Asian Pacific region. Besides, America and Russia should also decrease their huge naval forces in the Asian Pacific region. 4. All nuclear countries promise not to use or threaten to use nuclear weapons first against non-nuclear countries or regions and should guarantee their support in establishing Nuclear Free Zones and Peace Zones. 5. Each country should keep
Following this conference China advocated five principles and standards for Asian-Pacific security cooperation at the first session of the ASEAN Regional Forum in 1994.\textsuperscript{96} In order to promote the early establishment of a collective security mechanism, China proposed a principle of "shelving disputes and exploiting jointly," for solving territorial conflicts.\textsuperscript{97} This principle indicates that China has changed its concept of territorial sovereignty to a certain degree. This is to say that on certain issues, disputes over sovereignty can give way to international cooperation.

\textbf{IV. Layers of National Interests}

1. Measuring national interests

When we talk about the difficulties of judging national interests, we already know that the purpose of judging is to answer two questions: What is a national interest and what national interests are more important? Clarifying the bases for of the evaluation of national interests helps us answer the first question, but the second one remains. In other words, even if we know the basis for judgment, we are still not able to differentiate the relationships or priorities between different national interests. When we previously discussed the classification of national interests, we noted that the substance of national interests is very complicated. National interests can be categorized by different types according to different criteria. Moreover, some national interests conflict with others. Foreign policy makers need to identify national interests as well as define the relationships between them. This is necessary because in most cases a given policy has both positive and negative effects. The decision-maker can make policies that benefit major interests at the price of minor interests only after comparing their various utilities. For example, after the Clinton administration came into office in 1992, it faced the issue of American interests in China. On the one hand, America needed to develop economic and trade relations with China in order to enlarge its share of the Chinese market. One the other hand, America wanted to force China to implement political reforms based on America’s human rights standards; and the U.S. wanted to promote American ideology in China by not extending the most-favored-nation (MFN) status to China. When China decided to firmly oppose U.S. interference at the cost of MFN status, the American government had to compare and recalculate which of the two interests was more important; ideology or markets.

Without abstract and fixed units of measurement we cannot measure the utility of various interests. In our day-to-day life we have to use abstract units of measurement to weigh or compare

\begin{itemize}
  \item promoting economic cooperation, as well as science and technology cooperation. Supporting regional economic organization such as the APEC ministers’ session, Asian Pacific Economic and Social Council and other organizations. The developed countries in this region should help non-developed countries.
\end{itemize}

\textsuperscript{96} Qian Qichen's speech on China's policy toward Asian Pacific security issues, \textit{People's Daily} (overseas edition), July 26, 1994

Five principles and measurements:

1. Based upon the UN Charter and The Five Principles of Peaceful Coexistence, establishing a new type of international relations of mutual respect and friendship.
2. Under the goal of economic mutual development, establish economic relations of mutual benefit and cooperation.
3. Using equal discussion and peaceful settlement as a principle, take care of disputes among Asian Pacific countries, gradually eliminating regional unstable factors.
4. For the purpose of promoting local peace and security, adhere to the principle that armaments are used only for defense. Do not conduct any type of arms race. Do not conduct nuclear proliferation. Nuclear nations should promise not to take the initiative to use or threaten to use nuclear weapons against non-nuclear nations or nuclear free zones. Support the establishment of nuclear free zones or peace zones.
5. For the purpose of increasing understanding and confidence, promote various types of bilateral or multi-lateral security talks or discussions.

things. For example, we use "amp" to measure the flow of electricity; we use "Yuan" (“dollar”) to calculate GDP; we use ‘ton’ to indicate weight; we use "decibel" to indicate the volume of sound, and so forth. For interests, we may use “utility” as a unit of measurement. Like the use value of commodities, the satisfaction of interests is non-comparable. For instance, economic interests meet people’s material needs, while security interests meet their survival needs. There is no way to judge which one is larger, just as one cannot measure whether furniture or stationary is more useful. However, like the exchange value of commodities, the utility of interests is comparable. No matter what kind of need is met, if an interest’s utility is smaller than that of another, it is less important than the other. This is analogous to commodity prices: when the price of one is lower than another’s, we know the former has less value than the latter. Human beings have many interests. This book is about national interests; therefore, here we will discuss only how to ascertain the utilities of national interests.

2. The importance and urgency of national interests

The utility of national interests is decided by their importance and urgency. Before we analyze how the importance and urgency determine the utility of national interests, we must discuss respectively what factors condition the importance and the urgency of national interests.

Two factors determine the importance of national interests: priority and volume. The basic order of priority of national interests is: national survival, political recognition, economic welfare, leadership position, and world contribution. These five interests are arranged in a descending order of importance.

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| national survival | political recognition | economic welfare | leadership position | world contribution |
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**Figure 2-2 – National Interest Priorities**

From figure 2-2 we can see that the national interests on the left are preconditions for the ones on the right. In other words, a country will not pursue the interests on the right in figure 2-2 until its interests on left are essentially satisfied or realized.

For example, China faced a critical issue of national survival during WW II. What China needed at that time was to obtain international support for expelling an invading army and maintaining the nation’s existence. China at that time had no other ambition in the international arena. After the PRC was founded, national survival was basically guaranteed even though China still faced some security threats. Hence China began to seek political recognition in the international community. Due to western efforts to isolate China at that time, China could not expect economic cooperation with the western nations that dominated the world economy. In 1971, when China successfully resumed its seat in the United Nations, international political recognition of China was largely assured. However, China-U.S. relations had not yet been normalized, therefore international recognition was not complete. After eight more years of effort, on December 16, 1978 China and America issued *The People’s Republic Of China And The United States Joint Communiqué on Establishment of Diplomatic Relations*. They agreed on mutual recognition and the establishment of diplomatic relations on January 1, 1979. Since then international recognition of China, which the PRC had pursued as a national interest, was guaranteed. In consequence, China started to focus on pursuing its international economic interest.
From the changes in the volume of China’s foreign trade we can see clearly how quickly the country started to pursue overseas economic interests after the problem of political recognition was solved. In the 22 years between 1950 and 1972, China’s foreign trade volume fluctuated between 1.1 to 6.3 billion dollars. China’s foreign trade dramatically increased to 11 billion dollars in 1973 after gaining its seat in the UN. After the establishment of China-U.S. diplomatic relations, China’s foreign trade developed further. In 1978 and 1979, its total import and export volume increased by 39% and 42% respectively, and reached 29.3 billion dollars.\(^{98}\) By 1993, import and export total volume had reached 195.8 billion dollars.\(^{99}\) In the 20 years between 1973 and 1993, China’s foreign trade increased 17.8 times. This compares to the 22 years between 1950 and 1972, when China’s trade only increased 5.7 times.

The relationship between a position of international leadership and economic welfare cannot be proved by recent Chinese history. But we can see this relationship from the changes in American and Japanese foreign policies. After WW II, America became the world economic leader. Then it began to pursue and maintain its superpower position by dominating international affairs on every issue. After the Cold War, America’s leading economic position faced a challenge from Japan and its desire to control all international affairs declined to some extent. The U.S. intended to share leadership with the United Nations on international matters. In the meantime Japan developed a need to become a major political player in the world because of its huge share of the global economy. In 1992, Japan’s GNP was about 60% of that of America’s, ranking second in the world.\(^{100}\) In 1993, Japan’s exports reached 339.9 billion dollars and constituted 9.3% of all world exports.\(^{101}\) In the same year its foreign exchange reserves increased to 98.5 billion dollars, ranking first in the world.\(^{102}\) After the Kaifu Toshiki government signed the Joint Cooperation Act in October 1990, Japan planned to send its Self Defense Force to the Persian Gulf. The Japanese government clearly reiterated that Japan wanted to play the role of a major political power in the international community.

There still is no clear example to illustrate the thesis that a country may take its contribution to the entire world as its major national interest. Nevertheless, Marx conjectured that when people attained their material and spiritual interests, working itself would become the purpose work. According to this tenet, we can theoretically surmise that when a country’s other interests are basically satisfied, it would see all human welfare as its main national interest. Currently we can see a few unclear signs. For instance, the developed countries have a higher degree of concern for protecting the global environment and endangered wildlife than developing countries.

The strength of an interest is the second factor that affects its importance. For instance, national security interests may be related to dozens of lives or to the survival of several hundred millions of people. Political interests vary from winning a few gold medals in international sports to gaining a seat in the UN Security Council. A nation’s economic interest may range from a waste of several hundred dollars to a loss of several hundred million dollars.

Here we can see that national interests of the same nature may also have a big difference in importance because of their different strengths. Therefore, we cannot avoid consideration of interest strength when we evaluate national interests. Under given conditions, we can distinguish

\(^{100}\) The World Bank: Collection of World Economic Maps 1994.
primary interests from secondary interests with relative accuracy according to the function order of national interests and the strength of each concrete interest.

For example, China and Japan have a dispute over Diao Yu (Senkaku) Island in the East China Sea. However, this island is a minor territorial interest for China and maintaining normal relations between the two countries is related to China’s major political, economic and strategic interests. Because of this huge gap in interest strength, China has downplayed its desire to recover the island, and since 1972 when diplomatic relations were restored between the two countries, has agreed to shelve the issue.103

The urgency of interests, compared to their importance, is easier to understand and judge. There is only one factor that determines the urgency of an interest – time, i.e., the time span for realizing a national interest. The time required to achieve a national interest has two aspects: subjective expectations and objective requirements. The former refers to the time within which a country hopes to achieve a given interest; the latter means that it will objectively take a certain period of time to achieve it. If we compare the urgency of protecting the environment with the urgency of economic development, we can see that for the majority of countries, especially developing nations, protecting the environment is a much less urgent interest than economic development. One reason for that is that deteriorating environmental conditions in a country will not seriously threaten most people’s lives immediately, but serious economic setbacks may lead to great unemployment. At the same time, investment in environmental protection will not pay off in a short period of time, but investment in economic development may get immediate results. Thus we can judge the urgency of national interests based upon the length of time needed to realize them.

3. Measuring the utility of national interests

Once we have bases for judging the importance and the urgency of national interests, we can then combine the two to analyze the utility of national interests. When we compare given national interests, we may divide them into primary and secondary interests according to their importance. We may also divide national interests into current and future national interests according to their urgency.

If we use 1 to indicate the critical point that differentiates the utility of national interests, then the utility of a primary national interest or a current national interest would be larger than 1, while the utility of a secondary or a future national interest would be smaller than 1. (As an index of interest utility, $>1$ or $<1$ is limited within the span of two ordinal numbers. Thus the index of the utility of primary or current national interests fluctuates between 1 and 2 and the utility of secondary or future national interests fluctuates between 1 and 0. If the utility index of an interest is smaller than 0, then that interest cannot be real.) By comprehensive measurement of the importance and the urgency of national interests, we can categorize various national interests into four types under any given conditions: current primary interests (interest A), current secondary interests (interest B), future primary interests (interest C) and future secondary interests (interest D). Their utilities can be illustrated as follows:

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103 Deng Xiaoping's Selective Works, (vol. 3), p 87.
If we take the medians of the above four interest utility indexes, then we can get interest A = 3, interest B = 2, interest C = 2, and interest D = 1. The difference between the utility indexes for A and D is obvious, so decision makers can readily determine the proper policy direction and make decisions to achieve interest A. However, the utility indexes for interests B and C are similar and this makes the choice of policies difficult, a phenomenon that is very common in real life. Decision-makers are often unable to differentiate the utilities of interests. Therefore policy orientation is not clear. The evaluation of the utilities depends primarily on the decision-maker’s perception of the particular interest. Decision-makers will normally evaluate future interests as secondary. Hence future interests are often undervalued. This is similar to the perspective principle. In human vision, an object that is far away appears smaller in size than the same object closer to the observer. When the objective utilities of Interests B and C are similar, the utility of Interest B will appear greater to policy-makers than that of Interest C. Decision-makers would regard Interest C greater than Interest B only under two circumstances. One is when the utility of interest C is obviously much greater than that of Interest B. From figure 2-3 we notice that the utilities of the four interests, A, B, C, D, all fluctuate between two ordinal numbers. This makes it a relatively big gap between the utilities of Interests B and C possible in a given situation. When the utility of Interest C is obviously greater than that of Interest B, decision-makers can make the right judgment. The other circumstance is when decision-makers observe Interests B and C from an angle of the future. Then they can also form a correct judgment.

Additionally, there is a psychological factor that affects judgment of the utilities of interests, namely the difficulty of achieving the interest. People are inclined to believe that the utility of a hard-to-obtain interest is greater than that of an interest that is easy to achieve. In other words, rare things are expensive or as Mark Twain, the famous American writer, said: “…(i)n order to make a man or a boy covet a thing, it is only necessary to make the thing difficult to attain.” For people the value of an interest often depends on how difficult it is to attain. Unrealized interests are more highly valued than those in hand. For example, air is the precondition for life and probably the single most important interest for human beings. But air is available everywhere and therefore it is not considered to be a valuable interest. Only after industrialization polluted the air and fresh air became rarer in cities, did the utility of fresh air emerge. For nations also, national interests often become important because they are difficult to achieve. When a country is invaded, the utility of national security interests increases and overwhelms other national interests. When a country is not in danger of invasion, the utility of security interests declines and their importance gives way to other interests. By comparing our country’s security interests in the 1950s and the 1990s, we can see that their importance was much lower in the 1990s than that in the 1950s.

When we analyze China’s concrete interests in the following chapters, we will differentiate the relationships between various interests according to the approach of judging interest utility that
we developed in this chapter. We will try to measure and analyze the utility of future national interests from the perspective of the future.

**V. Criteria for Evaluating the Realization of National Interests**

Judging the utilities of national interests is an essential step for all who make foreign policy. When a policy has been implemented, decision-makers also need to examine the degree to which the interests involved were realized. How can we judge the realization of national interests? From the previous discussion we know that national interests change from time to time. If there is no limit for a given interest there is no way to know the degree of realization of that interest. We may analogize the realization of a national interest to filling a container with water. If the volume of water in the container constantly changes, we cannot determine how full the container is. Thus to judge whether or not a national interest has been realized we must first determine its finite limit. How can we determine the limits of a national interest? Since the national interest is a goal of foreign policy, we can take the policy goal as the limit for given national interests. If the policy goal is realized, we may assume that the national interest has been realized.

However in actual political life, there is little chance for a policy goal to be fully realized, but it is often partially realized. By the same logic, national interests, in most of cases, cannot be completely realized either. In chapter one, we defined national interests as the needs of a nation state. So the realization of the national interest is meeting the nation’s needs. Therefore we can use the degree of satisfaction to indicate the degree of the realization of national interest. But how do we judge the satisfaction levels of national interests? The simplest method is to observe the gap between policy goals and realizations of the interests. The narrower the gap, the higher the degree of realization, or vice versa.

The degree of national interest realization is not a concept of absolute volume, but a proportional one. Accordingly, the standard for judging the attainment of national interests is not in terms of absolute volume, but a ratio. For instance, in 1993 China’s total export volume was 91.8 billion US dollars. Compared to 85 billion dollars in 1992, it increased 8%. However, this does not mean that the realization level for China’s export interest was higher in 1993 than in 1992, because exports in 1992 increased 18.2% over 1991. The pace of export growth declined in 1993 compared to 1992. The comparison of the pace of export growth does not fit the relationship between the goal and the realization of national interests as defined above. In order to effectively compare the degrees of realization of China’s exports in 1993 and 1992, we must take into consideration the relevant policy goals. China’s economic goal in 1992 was to increase exports by 6% where the goal in 1993 was somewhere between 8 and 9%. Comparing policy goals and growth rates, we can see that the realization level for China’s exports in 1992 was much higher than in 1993.

Another illustration is the Korean War of the 1950s. America as the top military power had the policy goal of winning the war. But China’s policy goal was only to stop the Americans from occupying North Korea and preventing the American military from advancing to the Yalu River.

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The war was ended by a cease fire agreement. All sides agreed, after negotiations, to use the 38th parallel as the military dividing line. By comparing this outcome with China’s and America’s policy goals, we can consider that China’s security interest in Korea was essentially attained, but the realization level of America’s strategic interests in Korean Peninsula was relatively low.

In addition to the consideration of policy goals, cost-benefit comparison must also be taken into account when judging realization levels of national interests. Without consideration of cost it would be superficial to say that a national interest has been realized. The cost might be so high that the national interest is, in fact, damaged. Even achieving a nation’s fundamental interest, survival in war, involves the issue of the cost. Taking the Korean War as an example again, although China’s policy goal was basically realized, the cost was also very high. The PRC was founded in 1949, when the country had just finished suffering a civil war and many tasks needed to be undertaken. In terms of manpower, physical strength and financial resources, it was very difficult to support an international war. The cost of the war could have been used for economic construction and the lives of thousands of the volunteer soldiers could have been saved. Thus, by considering the cost, we cannot conclude that China’s security interest was completely realized. If the interest actually achieved was equal to the cost, then the realization level of the interest equals zero. But if the cost of realizing the interest was greater than the interest actually gained, then the realization level of the interest is negative. That is, the realization of the national interest is false. In real life, people clearly understand this point. For instance, the nuclear countries are all very cautious about using nuclear weapons, because the danger of conducting a nuclear war is that they themselves will suffer a nuclear attack in return. Modern nuclear weapons have such tremendous destructive power that when a country is attacked by nuclear weapons, the death toll is enormously high. If a country wins a war with a death toll cost of 80% of its population, the victory is meaningless; such a victory does not achieve a national interest. People know this; therefore most of them believe there is no winner in a nuclear war. Based on this belief, China pronounced on October 16, 1964, after successfully conducting its first nuclear test, that China will not use nuclear weapons first at any time, under any circumstances.109 Since that time China has adhered to the no-first-use nuclear policy, even under conditions when other nuclear countries do not give up their pre-emptive nuclear strategy.

Chapter Three – Criteria for Analyzing China’s National Interests

In Chapter 2 we discussed the general criteria for judging national interests in the post-Cold War period. In this chapter we will narrow the discussion to China’s specific situation. In order to have a clearer basis for the analysis of China’s specific national interests and its foreign policy, this chapter will evaluate the external environment as perceived by China after the Cold War, China’s power structure, its level of science and technology, and the gap between China and the developed countries. We will evaluate changes of principles of foreign policy as well as analyze different layers of China’s national interests and how they fit into the international arena.

I. China’s External Environment after the Cold War

After the Tiananmen events of 1989, China's position in the international arena suddenly worsened. Western countries implemented policies to isolate China in political, economic, military and cultural matters. Soon after this incident the Cold War between the East and West blocs ended. Experts in and outside of China believed that China would face a long-term dangerous international environment. However, by 1993, many analysts recognized that such an assumption was wrong. Accordingly, many analysts moved toward the other extreme. They looked at China’s external environment too optimistically. Actually, the end of the Cold War brought both advantages and disadvantages to every country in the world and we merely compare them. In analyzing national interests, we need to do so not merely according to the advantage and disadvantage of external environment but also the substance of the environment. Therefore, I will analyze China’s external environment after the Cold War in aspects of security, politics, economy and culture.

1. The positive aspects of the international environment

Strategically, after the Soviet Union collapsed, the military threat to China was removed. Our country’s security was dramatically improved. This created the necessary conditions for our country to concentrate on economic development. In comparing our country’s military power with that of others, it was clear that America and Russia were the only two countries that had the ability to threaten China militarily. However, neither America nor Russia was likely to have the motivation to invade China militarily during the next few years. In December 1992, Russian President Yeltsin visited China. China and Russia signed a joint statement, “seeing each other as friendly countries.” Both sides had substantially reduced their troop levels in the Sino-Russian boundary areas. They had also initiated new forms of communication and cooperation, particularly in the field of military technology. In 1994, Russian Foreign Minister Kozyrev visited China. Both sides issued a joint statement, agreeing not to use nuclear weapons against each other.

In 1994, although the normalization of China-U.S. political relations had not yet been completed and the U.S. President had not yet visited China, America still wanted to improve the bilateral relationship for three reasons: to benefit economically from the expanding Chinese market, to obtain China’s cooperation in establishing a Korean Peninsula nuclear free zone, and to cooperate generally in international affairs. In May 1994, U.S. President Clinton spoke to some journalists saying that he was looking for a balanced way for the two countries (China and

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America) not only to assume some type of partnership but also to develop a real friendship. It should be noted that China's post-Cold War security at that time was especially good. It was the best it had been in modern Chinese history since the Opium War of 1840. After the Cold War, military confrontation gave way to economic competition. This fact is likely to characterize China’s security considerations for a relatively long period of time.

Politically, more countries increasingly needed China’s political support. First, the asymmetric development was in China’s favor in the new world order configuration. China’s role in the new structure was expanding, so the four major powers, America, Japan, Russia and Germany, gradually resumed or increased their political apprehensions about China. After America and Russia decreased or stopped their military and economic assistance to third world countries, these countries turned increasingly toward China for a better relationship. Their purposes were to seek China’s general support and to learn from its experience about economic reform. Second, the groupings in the new multi-polar structure became looser and former members of the Western or Eastern blocs could no longer deal with China by using their alliances as they had previously done. Beginning with the Twelfth Plenum of the Chinese Communist Party in 1982, China implemented a non-aligned independent foreign policy. As a result the trend of looser international relationships after the Cold War did not affect China negatively. Instead it benefited China while many major world powers, accustomed to using the combined power of alliance, now had to adjust. Third, after the Cold War, as East Asia increased in importance it became a center of a changing geopolitical world. This made China’s position as a major world power even more important. The major countries all regarded cooperation with nations in East Asia as an important element of their foreign policy. On March 31, 1994, the COCOM organization ended and that weakened the American ability to control the export of weapons and technology by developed countries to China and strengthened their foreign policy independence and flexibility in cooperating with China.

The new international economic environment favors China in three ways. First, developed countries generally believe that China will maintain its strong economic momentum for a relatively long period and that its huge potential consumer market (1.3 billion people) will continue to expand. Therefore, they make China the main focus for cooperation in East Asia. Because China’s economic boom is appreciated, the amount of foreign capital as well as the level of imported technology continues to increase. In 1994, foreign direct investment in China was 33.8 billion U.S. dollars, second only to foreign investment in the U.S. Second, after military confrontation gave way to economic competition; economic competition among developed countries became more severe. This provided China with more opportunities to import advanced technology. For the purpose of gaining a larger share of the Chinese market, America, Japan and Europe have loosened their restrictions on technology exports and have increased the pace of investment. They hope to increase their exports to China by emphasizing hi-tech products. Third, regionalization in East Asia created a better condition for China to expand its exports and diversify its foreign markets. East Asian countries have had to increase trade among themselves as Western nations repeatedly tightened regulation of Asian imports. China’s trade with East Asian countries increased more than with other countries or regions. This will continue to expand China’s total export volume and lower

its dependence on European and American markets. In 1992, China’s trade volume with Asian countries already constituted 2/3 of its total trade and this ratio continues to increase.\textsuperscript{114}

After the Cold War, the development of a global culture appears to be in China’s favor. First, China’s successful economic reforms have greatly changed the attitudes of other countries toward the Chinese development model and Chinese culture. Many economists formerly believed that China’s path of gradual economic reform was not as effective as the development plans of Russia or Eastern Europe. Many political scientists also believed at one time that China’s Confucian culture attached too much importance to officials and disparaged businessmen. That thereby restrained China’s economic development. However, in the first half of the 1990s, China’s economic achievements were viewed in sharp contrast with the economic crises in Russia and Eastern Europe. The international media began to evaluate and praise China’s development model. Second, China’s vigorous economic rise stimulated the enthusiasm of overseas Chinese. Fifty-five million Chinese live outside of China. They have huge wealth -- approximately 2 trillion U.S. dollars of circulating capital, which can produce 500 billion dollars of GNP.\textsuperscript{115} This was close to China’s total GNP in 1993. As more overseas Chinese began to identify with China their investment in China steadily increased. According to one estimate, 80\% of foreign capital in China is from overseas Chinese.\textsuperscript{116} A further benefit from such investment is that overseas Chinese investors often reinvest their profits in China, rather than taking all of them out of the country. They are also more likely to invest in non-profit social causes such as schools, libraries and so on. Third, after the Cold War, oriental culture received wide acceptance throughout the world. At a time when western countries were facing serious postindustrial social problems, ideas that disparaged oriental culture began to be reevaluated. Western observers noted that the collectivism of oriental culture could be helpful in maintaining social morality and that in turn contributes to social stability and the strengthening of national unity. The core of oriental culture is a Confucianism that is still a major part of Chinese culture. The recognition of the positive side of Chinese culture brought about a new drive to learn Chinese culture. In 1994, the American College Board decided to add Chinese to the list of languages for which college entry credit is given. That year, there were 3,200 high school students who took the first examination.\textsuperscript{117} In the same year, the number of students choosing to study Chinese at UCLA increased from 200 to 600.

The positive reevaluation of oriental culture illustrates the notion of decreasing cultural conflicts. In 1993, Samuel P. Huntington published a shocking paper in \textit{Foreign Affairs}. He said that after the Cold War, interest conflicts between nations would give way to cultural conflicts. Countries with similar cultures would form alliances and confront groups of nations with different cultural characteristics.\textsuperscript{118} However, looking at the broad trends in human history, confrontation between differing cultures has not increased but has become weaker. Early human civilization originated in different regions. Communication between those different civilizations was limited because science and technology had not yet overcome basic communication problems. Because of the lack of mutual understanding, when confrontations between different cultures occurred, it often led to war. The scope, frequency and seriousness of religious wars in ancient times continue to terrify people even today. But the development of science and technology has made communication between different cultures increasingly frequent. In consequence, people

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\textsuperscript{115} Shiotsuki Shuyichi, “\textit{China and the Chinese},” \textit{Management Consultant} (Japan), January 1994.
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increasingly imitate and learn from one another; ultimately they become more similar. This kind of cultural familiarity has greatly decreased people's aversion to other cultures and increased their ability to accept them. In modern history religious wars are decreasing rapidly. A trend that minimizes cultural animosities is extremely beneficial to China because Chinese culture, like a sponge, readily absorbs aspects of other cultures. This trend will enable China to learn from other cultures and at the same time to influence them.

2. Disadvantageous aspects of the international environment

After the Cold War Sino-U.S. relations became estranged. This has become the most unfavorable aspect of the international environment for China. As the only superpower after the Cold War, America occupies a leading role in international affairs and holds a central position in several sets of triangular relations. Among triangular relations in which China plays a part, the Sino-U.S. relation is not usually the most important part of the triangle. In the U.S., China, Japan triangle, China's position is not central. Japanese-U.S. relations are obviously closer than Sino-U.S. relations. Nor are Sino-Japanese relations as close as Japanese-U.S. relations. This kind of situation will not change in the short run. The relations between the U.S., China and Russia form an approximate equilateral triangle. But in this triangle, Sino-U.S. relations are a bit stronger than U.S.-Russian relations. The U.S. and Russia share common interests on human rights and non-proliferation issues whereas China and Russia need each other for economic and military reasons.

![Figure 3-1 -- Major World Relationships after the Cold War](image)

In the China, U.S., Germany triangle, the Sino-U.S. side is not at all as close as the German-U.S. side. America and Germany are military and political allies. But China and Germany only share economic relations. As long as other major powers do not pose military threats to America, the Sino-U.S. political relationship is unlikely to improve to a degree similar to relations between America and other major countries.

The international environment is not ideal for China's defense modernization effort. Because of China's development as a world power, western countries as well as Asian countries have serious reservations about China's military modernization. The so-called "China threat theory" has had excessive influence and resulted in international pressure damaging to China's national defense modernization process. Additionally, since China is the largest post-Cold War socialist country, some western countries have cooperated with China's neighboring countries in dealing with China. This places constant pressure on China in terms of weapons proliferation, nuclear testing, military purchasing, defense budget increases, arms transparency, etc. After the
end of COCOM, America and the European countries invited Russia to participate in the new non-proliferation regime that was to be established in October 1994. But they have been hypocritical in dealing with China. They do not officially oppose China joining the new organization, but impose requirements that China cannot meet. For example, they demand that China join the MTCR, the Australia Group and the Nuclear Suppliers Group at the same time. They also insist that China make laws of military export and publicize related regulations. In fact, America and Europe invited China to join the new organizations after their establishment so China would not be considered a founder of the new organizations. Therefore China could not influence the standards and regulations of the organizations. Another purpose was to take away from China the convenience of importing military technologies allowed to the founders of the new organization, in order to delay China’s national defense modernization.

The post-Cold War international environment also negatively influences the Mainland - Taiwan unification issue. After Sino-U.S. relations soured in 1989, America increased its military exports to Taiwan. It first sold 150 F-16 fighters to Taiwan in violation of the joint communiqué that was published by China and America on August 17, 1992. In May 1994, the U.S. Congress passed Public Law 103-236, the Foreign Relations Authorization Act for FY 1994-95. This act gave the third section of the Taiwan Relations Act a priority over other government statements including communiqués, regulations, orders and related policies. This created a basis for America to provide Taiwan with advanced weapons in the long-term.

Additionally, the major international peace trend after the end of the Cold War added to the media pressure on China to abandon the use of force to unite the country. Western countries such as America, France, Germany, Canada, Australia and Japan misjudged China’s reaction on the Taiwan issue. They revoked restrictions on official visits with Taiwan and conducted them at the ministerial level. In 1994, government heads of the ASEAN countries of Indonesia, Thailand, and the Philippines received Lee Teng-hui’s so-called private visits. The international community strengthened its support for Taiwanese Independence. This gave those who promoted Taiwanese Independence an opportunity to agitate politically for “two Chinas” or “one China, one Taiwan”. The Taiwan administration, headed by Lee Teng-hui, publicly promulgated its current China policy of Two Chinas. It also manipulated Latin American countries, such as Costa Rica, to regularly appeal to the United Nations for Taiwan to resume its seat in the UN. Countries that participated in the proposal for Taiwan’s admission to the UN increased from 7 in 1993 to 12 in 1994. Taiwan has also joined the Asian Development Bank, the Asian Economic Cooperation Forum and other international organizations. Moreover, it will join the WTO together with China. Thus, the Taiwan secessionists became more aggressive than before.

The international environment also hinders China’s economic development. First, the development of protectionism makes it harder for China to increase its exports. America and European countries adopted protectionist trade policies after the Cold War because of the steady increase in East Asian exports. The unification of the European Community and the establishment of NAFTA have consolidated import standards and quotas among member countries. Since 1993, China’s exports have increasingly become targets of taxation and anti-dumping regulations. In

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120 Countries that proposed Taiwan’s return to legal seat in the 48th UN General Assembly in 1993 are: El Salvador, Guatemala, Nicaragua, Costa Rica, Honduras, Panama and Belize. And Nicaragua, Solomon Islands, Dominica, Grenada, St. Christopher, St. Vincent, Burkina-Faso, Central Africa, St. Lucia, Swaziland, Niger and Dominica in the 49th UN General Assembly in 1994.
1993, the EC decided to raise its standards on toys, foods, and medicines from developing countries. This action was primarily aimed at China. In September of the same year, the EC began to impose anti-dumping taxes on bicycles and photo albums in the amount of 30.6% and 19.4%, respectively. In March 1994, the EC announced that it would establish limitations on the amount of toys, shoes, gloves, ceramic products, glass, household utensils, 7 types of car radios and limited 24 types and prohibited 10 types of jute products that could be imported from China.

Trade friction between America and China was even worse. The U.S. consistently made difficulties for China on several issues: most favored nation treatment, conditions for joining WTO, Intellectual Property Rights, textile quotas, illegal trade transfer and anti-dumping taxes on single commodities. In all likelihood, trade friction between China and European countries and America will become even more intense in the future.

Second, China is gradually losing its status as a developing country. It cannot continue to receive the benefits the international community provides to developing countries. America initially disagreed with China joining the WTO because it considered China a developed country. Instead, it required China to lower its customs tariff levels to those of developed countries and to implement free exchange rates like the developed countries. It insisted that China could not join the WTO until it implemented a policy of national treatment to foreign investors. With the PPP system, the World Bank and the International Monetary Fund measured China’s economy as the third largest in the world. As a result, international financial agencies considered whether China was still qualified for soft loans. In short, the beneficial treatment that China receives as a developing country will decrease.

II. Assessment of China's Comprehensive National Power

1. Important elements of comprehensive national power

There is a major debate within and outside of China about how to assess China's comprehensive national power. The results of these assessments vary significantly. Even the rationales vary. However, the basic reason for the differences is the use of different criteria. First, there are different views of what constitutes the most important elements of comprehensive national power. For instance, Mahan, an American scholar advocating sea power, believes that there are six elements of national power: geographic position, territorial structure, land area, population, national character and system of government. Hans Morgenthau thinks that the elements are geography, natural resources, industrial strength, military strength, population, national characteristics, morale, nature of diplomacy, and nature of government. The French historian Raymond Aron reduces total national power to three factors: the space and resources owned by the political unit, and the ability for collective action. According to William Fox, a German physicist, there are five elements of total national power: land, population, the volume of iron and steel production per capita, per capita energy production, and the GNP per capita. The former Soviet Union examined manpower resources, the productivity of every section of the national economy, strategic materials and reserves, resources of mobilization and fiscal resources. The Japanese Ministry of Economic Planning views comprehensive national power in terms of 17 elements divided into three categories: ability of international contribution with six elements,
survival ability with seven and the military ability with four.\textsuperscript{122} A few experts on China's total national power insist that seven elements be calculated for total national power: political power, economic power, and the strengths of science and technology, national defense, education, diplomacy and resources.\textsuperscript{123}

Second, results vary because of different methods of calculation. These methods include the index method, the expert's grading method, an ambiguity assessment method, gray system analysis and so on.

As for China, if one takes the population or the land as a key factor, China is a country with great national power. But if the GNP per capita is used as the standard, China is a poor country. Anyone who uses military strength as a basis may believe that China is a strong country. Thus, different standards cause different results. If one additionally applies different statistical methods to measure China's economic and military strength, then assessment variations will be even greater. I will analyze the characteristics of China's comprehensive national power by taking six elements: population, land area, economy, politics, military, and historic culture as the basic criteria. I will then quantify the assessment with a simple average index.

2. Three basic characteristics of China's national power

The first characteristic of China’s national power is that it is weak but has great potential. Focusing on quantity makes China’s power appear very strong at first blush. China’s population was 1.15 billion in 1992, occupying first place in the world. That was 4.6 times the size of America’s population and 9.6 times that of Japan.\textsuperscript{124} China’s land area is 9.6 million square kilometers. It also has more than 3 million square kilometers of ocean territory. It is smaller in land mass than Russia and Canada, but is similar to the U.S.

In 1986, China’s military force was reduced by 1 million men. The total number of all military personnel was 3.199 million in 1990 and was the largest military force in the world.\textsuperscript{125} It had more troops than America by 1.349 million. (In 1993, U.S. conventional forces had 1.73 million members.)\textsuperscript{126} China has a complete military system of services including navy, army, air force and strategic missile forces.

Comparing economies, China’s GNP in 1995 was 695.6 billion U.S. dollars, ranking ninth in the world. If this were calculated in terms of purchasing power, it would rank third in the world after the U.S. and Japan (See Chapter 2 and 3). In the same year, foreign trade ranked 11th in the world, imports and exports, respectively, were 2.9% and 3.1% of all world trade.\textsuperscript{127}

Politically, our country is the largest socialist country in the world and is one of five permanent member states of the UN Security Council. China’s political system of co-operation between the communist party and other parties makes China one of the few countries that can implement the government will promptly.

China is one of the cradles of world civilizations. Its 5,000 years of culture and history gave the Chinese people their national identity. Zhuang Yanlin, chairman of national association for overseas Chinese affairs, estimates that there are approximately 50 million overseas Chinese

\textsuperscript{123} Ibid., p. 48-49.
\textsuperscript{125} “Arms Control and Disarmament in China,” People’s Daily, Nov. 17, 1995.
\textsuperscript{127} International Business News, March 1, 1995.
throughout the world.\textsuperscript{128} They have become an important link between China and other countries, and a channel for popularizing Chinese culture. They are also an important source of investment for China.

By reviewing the achievements since the Third Plenum of the 11th Chinese Communist National Party Congress that approved the open-door policy in December 1978, we can see that China has great potential to strengthen its comprehensive national power. China is a newly industrialized country that is somewhere between developed and developing countries. In the first 20 years in the next century, China may become the world's second strongest country, after the U.S.

From 1979 to 1992, China's average annual population increase was 1.4%. At the same time its average annual GNP increase was 9\%.\textsuperscript{129} If China maintains this rate it will overcome its current population problems. In the second half of the 1990s, western countries maintained an economic growth rate of 2-3\%. During the same period, China's average annual economic growth reached 8\%. By the year 2000, China's GNP total volume would be about 7.8517 trillion yuan. This is close to the 1993 level of developed countries, other than the U.S., Japan and Germany, based on 1995 exchange rates. In the first 20 years of the next century, if China maintains its 8 \% growth rate, its GNP will quadruple. By 2020, its GNP will equal that of 1993 Japan. If we take purchasing power into account, the size of the Chinese economy may be twice that of 1993 America. According to a World Bank assessment, China's economy will be even larger at that time (2020).

From 1979 to 1993, the average annual increase rate of China’s foreign trade was 16.8\%.\textsuperscript{130} At this pace, by the year 2001 China's foreign trade volume should reach 678.1 billion U.S. dollars, which will be close to Japanese foreign trade in 1993. By the year 2005, it will surpass that of 1993 America. China's economic development will strongly stimulate modernization of the defense establishment. The military gap between China and developed countries will also narrow. China's economic development will promote China's political reform.

In the past 15 years under the open door policy, the People's Congress played an increasingly important role in the establishment of the rule of law. The role of the Communist Party Political Consultative Conference is becoming stronger. If the current political reforms continue, democracy and stability in social politics will constantly improve. China's reform achievements have drawn the attention of other nations who examine its political and economic models. These countries have begun to learn from China's experience. The rapid development of China's economy will also prompt other countries’ interest in Chinese culture, and therefore promote its spread.

A second characteristic of China's comprehensive national power is that on a per capita basis resources for foreign policy development are small. Although the gross figures of most factors affecting our country’s national power rank among the top in the world, China's huge population dilutes them. China's population is 6 to 10 times that of other major powers. Therefore, its per capita national power is much lower than that of other major countries. In some respects China’s per capita power is even lower than that of newly industrialized countries and in other ways it is lower than the average world level. As far as resources are concerned, China's per capita

\textsuperscript{129} China Statistic Yearbook 1993, p.21.
arable land is 1.39 mu, whereas the world average is 4.7; China's per capita grassland is 5.3 mu, whereas the world average is 11.4. China's per capita water resources are 2,700 cubic meters, whereas the world average is 11,000 cubic meters. China's per capita forest area is 1.7 mu, whereas the world average is 15 mu. China's per capita lumber reserve is 9.8 cubic meters, whereas America's per capita lumber reserve is 100 cubic meters.\(^{131}\) China's per capita GNP in 1993 was 435 US dollars.\(^{132}\) This is only 1/55th of American GNP or 1/80th of Japanese. Even if calculated in terms of purchasing power, China's per capita GNP is only 1,750 to 2,000 US dollars. This is only at the level of a few developing countries such as Thailand, Turkey and Fiji.

A very large portion of China's economic resources is used for basic consumption, and could not effectively be invested in economic development. In the fiscal year 1994, price adjustment subsidies alone constituted 9.5% of the national budget.\(^{133}\) On a per capita basis, China's military expenditures are much lower than those of other countries. They were U.S. $2,000 per soldier in 1993 – 1/68th of the comparable U.S. expenditure and 1/55th of the Japanese.\(^{134}\) It is only 6 dollars if calculated on a nationwide per capita basis. A very large portion of national defense expenditures is used to improve the living conditions of service personnel. This severely limits spending on improved military equipment and modernization. In 1994, equipment expenditures constituted only 31.69% of the national defense budget.\(^{135}\)

The low volume of per capita comprehensive national power and the high volume of domestic consumption, limit the financial and physical resources available for foreign policy. For instance, the economic aid that China can provide to third world countries is limited. China's foreign exchange reserve level is not high. It was 51.6 billion US dollars in 1994 and approximately 60 billion US dollars by June 1995.\(^{136}\) That was only 46 US dollars per capita. As a result it is difficult for China to provide third world countries with monetary aid. Taiwan's foreign exchange reserve per capita, on the other hand, is close to 500 US dollars. The Taiwan administration is able to conduct its “dollar diplomacy,” relying on its 100 billion US dollars of foreign exchange reserves, so mainland China finds it difficult to stop Taiwan from implementing a “two Chinas” policy. Due to heavy foreign debt, the mainland lacks the ability to make large loans to other countries. At the same time, its overseas investment ability is also limited. China’s limited financial power keeps it from playing a greater role in international affairs. When it comes to such matters as international peacekeeping, international search and rescue operations or international development, China's ability to contribute funds is limited.

The third characteristic of China's comprehensive national power is its weakness and low efficiency. In terms of strength, there is a gap of approximately 15 to 20 years between China and America, Japan and Germany. In other words, not until 2015 to 2020 will China's comprehensive national power be equal to current levels of the major powers. The gap between China and the developed countries is represented by the following four factors.

First is a lower level of education and technology. In 1991, China had 2.04 million on-campus college students. America had 13.97 million in 1990, the former Soviet Union had 5.25 million in 1990, Japan has 2.68 million in 1989, and West Germany had 2.15 million in 1989.

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\(^{132}\) *Asiaweek*, April 17, 1994, p. 10.


constituting 0.18%, 5.5%, 1.8%, 2.2% and 2.7% of the respective populations. For every 10,000 people, China had 150 scientists or engineers in 1992, whereas America had 200 in 1988, Japan had over 700 in 1987, Germany had over 400 in 1987, and the former Soviet Union had over 500 in 1987.

The second comparison includes backward production facilities and outdated military equipment. China's industrial and agricultural technology level is equal to that of the late 1970s level of developed countries. Among China's export commodities examined in 1992 and 1993, 47.9% and 41% respectively of the products were considered substandard. Fake and low quality products detracted from China's international reputation and damaged China's international competitiveness. Moreover, such products have become a major social problem within China. This problem is unlikely to be solved until the tradition of diligent work returns.

China's military modernization is far behind that of the developed countries. China's military equipment is still defensive. Among the five nuclear countries, China's strategic nuclear weapons are relatively weak. The most advanced fighter planes of China's air force are products of the former Soviet Union in the 1980s. The Navy lacks any capability for fighting a war in a distant sea. This limits China's military power, so that, in effect, China's military can only be used for the security of its land border regions and the adjacent sea. It cannot guarantee security interests in distant waters. On the issue of Taiwan's unification with the mainland, China's military power can only act as a deterrent to Taiwan's separatist activity, and cannot effectively persuade the Taiwan administration to accept the principle of “One country two systems,” in negotiations on unification. On the issue of the Nan Sha (Spratly) Islands, China's military force still cannot remove the countries that are illegally occupying some of the islands.

The third comparison includes a backward basic infrastructure. The top three bottleneck problems in China's economic development are energy, transportation and communication. Among them, transportation and communications seriously weaken the efficiency in all trades and professions. In China, one out of every 76 persons owns a telephone, whereas in the developed countries it is one in two persons. Approximately 87.8% of China's phones have a long distance capability, but in some urban areas 50.7% are for local calling only. China's transportation relies primarily on railroads. However railroad transportation capacity does not come close to meeting social needs. In 1992, the rail system only met a little over 60% of the needs. In 1991, China's loading and unloading capabilities equaled 27% and 19% respectively of America's. In 1990, the amount of China's airline passenger transport was 37.5% of that of Japan, 53% of that of France, and 54.6% of that of Germany. The volume of China's goods transport was 19.8% of that of France and Germany.

The fourth factor consists of swollen administrative agencies. This has limited the effectiveness of China's comprehensive national power. The administration wastes vast amounts of financial resources and physical effort simply to maintain its own existence. This results in a heavy burden on national finance, and in addition creates many unnecessary obstacles for those who do the work, thereby reducing government effectiveness in implementing policy. In the 1994 fiscal year budget for national construction, the administration management fee was 61.359 billion

137 China Statistic Yearbook 1993, pp. 883, 926.
138 China Statistic Yearbook 1993, pp. 883, 928.
141 Ibid, p. 82.
143 Ibid., p. 907.
yuan, which is 9.319 billion Yuan more than the foreign budget.\textsuperscript{144} In 1992, China's national agencies, party agencies and social groups were employed 11.48 million people, constituting 2\% of all national workers.\textsuperscript{145}

According to the above analysis of China's comprehensive national power, we can conclude that China is already a major world power when all relevant factors are considered. But is China also a strong regional nation even when compared to the post Cold War five major powers? If we regard America as the standard, and measure comprehensive national power elements of the five nations, then the simple index average of comprehensive national power of America, Japan, China, Russia and Germany are 1, 0.44, 0.53, 0.6, 0.35 respectively. If we classify national power in this manner, America is the only global super power. The index gap between America and the other four countries of China, Russia, Japan and Germany is very large. These countries are all considered strong regional nations. Their influence in global affairs is limited to their regions. Russia's national power is declining while China’s, Japan’s and Germany's are rising. America's national power also appears to be decreasing.

<table>
<thead>
<tr>
<th></th>
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<th>Japan</th>
<th>China</th>
<th>Russia</th>
<th>Germany</th>
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<td>0.3*</td>
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<tr>
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<td>0.1</td>
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<tr>
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<td>0.3</td>
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<td>Total</td>
<td>1</td>
<td>0.44</td>
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</tr>
</tbody>
</table>

Figure 3-1 -- Simple Average Value Of Major Countries’ Comprehensive National Power

*It is generally believed that a 200 million population is ideal for a big country. China is over-populated, and the over-population has negatively affected the development of its national power. In addition, China's total educational level is lower than the other four countries. Therefore the index is smaller than that of the U.S., Japan or Russia.

** The economic index is based on the GNP in 1993. The indexes for China and Russia are the average values of the calculation with the par price of exchange rates and purchasing power.

\textbf{III. The Technology Gap between China and the Developed World}

When I mentioned the characteristics of current technology in Chapter 2, I pointed out that the world is entering the information age. The developed countries that have basically finished the entire process of industrialization and are entering a post-industrial society already have technologies for the information age. Some countries find it easy to step into the information age. However, for China, this entry lies 20-30 years ahead.


1. The economic gap

In the developed countries industrialization led to four types of industries: labor intensive industries, capital intensive industries, technology intensive industries and knowledge (or information) intensive industries. Currently major industries in the developed countries are technology intensive, but they are becoming increasingly information intensive. The classification of industries is made according to the proportion of the elements of production rather than the technology used for production. For instance, shoe manufacturing is a typical labor-intensive industry. But the equipment may be the products of the newest technological developments in computer science or biochemistry. Nevertheless, shoe manufacturing and computer production require different amounts of technology. Products based on extensive knowledge have a much greater chance to be profitable than products requiring less information. Thus the process of industrial development has been one of steady movement from low information level industries to high information levels.

China's industry has completed the development of labor-intensive industries. This has taken a long time because of the late start of industrialization and the interruption of the “Cultural Revolution.” Until 1985, 50.6% of China's exports were raw materials. Manufactured products constituted only 49.5%. Since 1986, the export share of primary products decreased and that of industrial products increased. In the early 1990s China completed the transition from exporting mainly raw materials to exporting mostly manufactured products. By 1993, the proportion of China's industrial products in exports had risen to over 81%. This indicates that China's industry has developed from a labor-intensive type to a higher level, and that China's capital-intensive industry has begun to expand.

China's industry is now in transition from labor-intensive to capital intensive and technology-intensive. But it is still not yet equipped with the conditions for a complete transition to knowledge- or information-intensive industries. Currently China's major export products are textiles. Next to that are mechanical or electrical products. There are not many high-tech products for export. In 1992, China had nine export items that earned over one billion US dollars. Among them, four were textile products, and two were mechanical and electrical products. The remaining three were petroleum, corn and steel. The four textile products were clothes, fabrics, cotton textiles and down products. Export volume was 12.3 billion US dollars, constituting 14.5% of the total amount of exports. The two mechanical and electrical products were electric information equipment and domestic appliances. The export value of these two items was 3.5 billion US dollars, constituting 4% of total exports. Our technology exports were very small as a proportion of foreign trade. Neither the number of contracts nor the volume of trade was large. In 1992, China had 294 contracts for technology exports; the contract value was only 1.51 billion US dollars.

In the "International Symposium on China's Foreign Economic and Trading Strategies in the 1990s,” Wu Yi, Minister of Foreign Economics and Trade mentioned the direction of China's export development. She said: "We are striving for the transition of the structure of export

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146 China Foreign Economic Trade Yearbook 1993, pp. 442-443.
149 Ibid., p. 58.
commodities from textile products to mechanical, electric, heavy chemical and hi-tech technology products; from crude and low profit products to sophisticated and high profit products.”

The gap between China's industrial technology and that of the developed countries is not a gap in quantity but in quality. There may be some persons who believe that because China has begun the transition to more technology-intensive industry, and the developed countries are in a transition from technology-intensive to knowledge intensive industries, the gap is only between stages of development. It is not hard to reach such a conclusion if one focuses only on the two types of technology-intensive and knowledge-intensive industries.

But if one looks at the historical development of technology, it is possible to recognize a critical point in the progress of science and technology and that is the connection between technology-intensive industry and knowledge-intensive industry. The industrial revolution that originated in England in the 18th Century was a major leap of science and technology after ironware. The invention of the steam engine made the dream of mechanical power replacing physical power come true. That era was called the age of the steam engine. In the 1870s, electricity and magnetism were also widely applied in industry. This era, symbolized by the technology of motors and radios, was known as the age of electricity.

The invention of the computer in the 1950s presaged the information age. The discovery of semiconductors in the 1960s, led to great improvements in the calculating speed of computers. Mankind tried to do the brain work with computers. The core of technology in the information era has been the improvement and refinement of the technology that can replace the human brain. This is an intelligence revolution. Computers can perform some relatively simple brain work such as calculating and reasoning and can also help our ability to develop new concepts. This is similar to mechanical power replacing physical power and electric equipment replacing human auditory and visual senses. The transition from technology-intensive to knowledge-intensive industry is an equally large advance in human progress.

2. The military gap

The backwardness of technology-intensive industries in China has led to a relatively large gap between China's military technology and that of the Western developed countries. After the Gulf War, all countries in the world had a common view. That is, the world has entered an era of high-tech warfare. There are many differences between high-tech war and traditional war. The two major ones are that, victory depends more on the technological level of military equipment than on the skills of military personnel; and the duration of the war is shorter. The amount of resources used in a short period of time is extremely large. High levels of technology are required to improve military equipment and the capability to use it. In terms of effective high-tech warfare, China is still behind the advanced countries, both in terms of weapons technology and logistical support.

As far as strategic weapons are concerned, although China already has long range, intermediate and short-range missiles, its anti-ballistic missile technology is still immature. This is like having a spear without shield: defense capability is lacking.

As far as the Navy is concerned, China is able to build aircraft carriers with its technology. But it is still not able to build a modern aircraft carrier. The key problem is backward electronic technology. Electronic technology is the core of high-tech war. The more advanced the weapons, the higher the requirement for electronic technology. When it comes to electronic technology,

China is considerably behind the world’s advanced countries. The most important element of electronic technology is the IC (integrated circuit) board.

Some experts believe that 65% of the increase of a country's GNP has some relationship with the IC board. Every 100 to 300 yuan of increase of a country's GNP requires 1 yuan in IC production. These figures warn political scientists and economists that a country will always be at the mercy of others economically, militarily and even politically without a solid IC industry. According to the assessment of The Ministry of Electronics Industry, China's IC technology is 15 years behind the developed world. If one looks at quantity, China made 170 million IC boards in 1993. This is only equal to 0.4% of the total world product. If in the future China additionally invests 345 million US dollars for IC production, then by the year 2000, it will still only make 1 billion IC boards at the most. However, China's need for IC boards by then will be 2 to 3 billion units.\textsuperscript{151} Moreover, in terms of quality, the accuracy of China's IC boards only equals that of Japan’s in the 1980s.

3. The technology gap

China's financial capability for high-tech development is also far behind the developed countries. In terms of national defense, modern war requires high-tech weapons, which are very costly and in turn necessitate a high level of investment. China's financial resources for such high-tech development are still not even close to those of the developed countries. The gap in research and development spending between China and developed countries is very large. In 1993, China's expense for national science and technology was 56.3 billion yuan (or approximately 10 billion US dollars), equal to 1.79% of the GDP. From that amount of money, only 19.6 billion yuan or 0.62% of the GDP was used for research and development.\textsuperscript{152} In contrast, America's investment in science and technology in 1993 constituted 1.9% of its GDP (approximately 100 billion dollars), Japan's was 3% (approximately 100 billion dollars), and Germany’s was 2.5% (approximately 45 billion dollars).\textsuperscript{153}

Although some of China's high-tech industry has already reached an advanced level, it takes a relatively long time to develop applications because of capital shortages. In addition, research and development are also hampered by limited capital. As a result, the areas of sophisticated technology in China are relatively narrow.

IV. Basic Principles for Foreign Policy

The underlying principles of our country's foreign policy are also important in order to understand our country's concrete interests. Just as evaluating personal interest requires principle, so does the judgment of national interest. A determination without principle inevitably results in disaster. For instance, if one judges one’s interest only by the standard of the amount of money one can get, then burglary, robbery and even murder for financial gain become possible actions. Such a person will probably end up in jail; he destroys others as well as himself. In the beginning of the Cultural Revolution era, the extreme impact of leftist ideas on China's foreign policy principles made it very hard to realize national interests. One result was that the British liaison

\textsuperscript{151} Pei Jianfeng, “China Races to Catch up in Hi-tech Circuit Production”, \textit{China Daily}, May 17, 1994.
office was burned down under the revolutionary slogans of anti-imperialism and China's international reputation was seriously damaged.

In reviewing the period of the Cultural Revolution, three basic foreign policy principles emerged after the Twelfth National Communist Party Congress in 1982. They would regulate China's diplomatic behavior for an extended period.

1. **Striving for peace and development**

   This principle has four aspects. The first is to make sure that we live in a time of peace and development. Meeting with Japanese friends in March 1985, Deng Xiao-ping mentioned that peace and development are currently global strategic issues. The point was reiterated in the report to the 14th National Communist Party Congress that "peace and development are still the two most important principles today." The significance of emphasizing peace and development as the symbols of our time lies in the fact that our old ideas have changed. We formerly believed that we were in a period characterized by imperialism and proletarian revolution. We ultimately recognized the difference between modern international relations and international relations in WW I, WW II and the Cold War era. We therefore could no longer take anti-imperialism and worldwide proletarian revolution as primary bases for foreign policy. Only this realization enabled us to adopt peace and development as the most important principles.

   The second aspect of this principle is the relationship between peace and development; we have to promote peace to accelerate development. It was pointed out in the report to the 14th Party Congress that "development needs peace, and peace cannot be separated from development." Following this principle, Chinese leaders believed the main task of foreign affairs had to be "to strive for a favorable environment for our country's modernization." The primary component of a favorable environment is security and the elimination of the danger of war.

   The third aspect is the recognition that world war is avoidable even though regional turbulence still exists. Since the founding of the People's Republic of China in 1949, the Chinese government had been preparing for a new world war. During the Cultural Revolution era, Mao Zedong put into effect a defense policy of "digging deep tunnels and storing plenty of grain," based on the idea that world war could occur at anytime. After the 12th Party Congress, Chinese leaders changed their views on the danger of war. They did not believe there was a high risk of world war. Deng Xiaoping addressed a few CCP Central Committee cadres in 1983 saying; "major war will not occur. Don't worry. There is no risk. We have always worried about fighting a major war. I think we have worried too much. I believe that at least in the next ten years a major war will not take place." After the Cold War, his idea was reaffirmed in the 14th Party Congress. That is, "for a relatively long period of time in the future, it will be possible to strive for a peaceful international environment and avoid a new world war." At the same time, it was also mentioned that "the current international situation is still turbulent. Some contradictions in the world are becoming increasingly serious. National contradictions, territorial disputes and religious conflicts in many countries and regions are emerging. Some of them have already resulted in bloody conflict

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156 Ibid.
157 Ibid.
and regional war."\textsuperscript{159} Because of the notion that there was a low risk of world war, the central government made economic development the top priority of our strategic interest. The First Plenum of the 8th National People's Congress stated that realizing regional stability, developing friendly relations with neighboring countries and striving for a peaceful and stable environment would be the most important principles in developing our country's foreign affairs.\textsuperscript{160}

The fourth part of this principle is that the need for a peaceful environment is intensified by international economic competition. Building good relationships with most nations was seen as integral to economic development and became our primary national interest. Scrambling for markets, capital, talent and resources also became more important in a global context. It was believed by the 14th Party Congress, that "international economic competition is becoming more difficult every day, the economic environment for many developing countries is getting worse, and the gap between the South and the North is increasing."\textsuperscript{161}

\section*{2. Continuing self-reliance}

In the 1950s, "self-reliance" was a major slogan of our foreign policy. Its primary meaning was to carry out socialist construction without foreign aid. It also aimed at overcoming the economic containment policies of western nations, as well as the Soviet Union's attempt to control China through financial aid. At the 12th Party Congress, "persisting in self-reliance" was highlighted as a general foreign policy principle. The 14th Party Congress reiterated the principle by pointing out that "China has always persisted in an independent, self-reliant and peaceful foreign policy. Maintaining our country's independence and sovereignty as well as promoting peace and development in the world have been basic goals of Chinese foreign policy. National interest and China’s sovereignty will not yield to any foreign pressure. China is a major force for maintaining world peace. China will not ally itself with any country or group of countries. China will not participate in any military alliance. China will never seek hegemony and will never be expansionist. China opposes hegemonism, power politics and aggressive expansionism in any form. In dealing with international affairs, our country strictly observes the UN Charter and publicly recognized norms for international relations. China persists in the principle of promoting healthy tendencies based on facts."\textsuperscript{162}

This explanation of the principles of independence and self-reliance may be divided into four concrete points. The first is that national interest rather than ideology is the basis for foreign policy. After the 12th Party Congress, China stopped avoiding the use of the phrase "maintaining national interest". The primary role of diplomacy clearly became the maintenance of national interest. Thus, China eliminated ideology as a consideration when judging national interest.

The second point is the non-alliance principle, the principle of not participating in any political and military alliance. After 1949, China maintained its strategic security for a long time by relying on alliance relationships. It allied itself with the Soviet Union in the 1950s to confront the U.S. It made informal strategic alliance with the U.S. in the 1970s to confront the Soviet Union. Since the 1980s China has been guided by a non-alliance principle; this has helped China avoid reliance on a world major military power.


The third point is the principle of anti-hegemonism and maintaining national sovereignty. From the time of the Opium War China suffered humiliation at the hands of the major powers in terms of national sovereignty. The Chinese people therefore have strong feelings about the need for complete sovereignty. The principle of anti-hegemonism indicates that we will attach special importance and pay close attention to sovereignty-related national interests.

The fourth point is the principle of not seeking hegemony -- not being the leader of the third world. China opposes those who seek hegemony and will not strive for hegemony itself. "Do unto others what you would have them do unto you" is also in China's cultural tradition. China does not want to be controlled by others and it does not intend to control others. That is what Deng Xiaoping advised the new generation of the Chinese leaders when he said "a few third world countries hope China will become a world leader, but we must not be the leader. This is a fundamental national policy. We cannot afford to be the leader. We do not have enough strength. There is no benefit to being the leader; you will lose too many opportunities. China will always stand on the side of the third world, but will never seek hegemony and it will never be the leader either."163

3. Promoting equally beneficial international cooperation

This basic principle has two crucial points. The first is continued adherence to the Five Principles of Peaceful Coexistence. The central point of the Five Principles of Peaceful Coexistence is equal and mutual benefit between countries. The Chinese government believes, that "no matter whether a country is big or small, strong or weak, rich or poor, all countries should be the equal members of the international community when participating in international affairs."164 This form of equality means a balance between responsibility and interest. Big countries have more international interests so they must take more responsibility. Obviously all cooperation should benefit each party. If cooperation is only beneficial to one party, then it is not really cooperation.

The second point is that cooperation must prevail over confrontation. In reviewing the experience of the Cold War, China believes that in international affairs, cooperation is more effective than confrontation to achieve national interests. Cooperation benefits both parties but confrontation damages both sides.

After the Cold War, China began to support the establishment of a new international order. Moreover, it believes that under the new international order, "disputes between nations should be resolved by way of talking, complying with the UN Charter, and following the norms of international law. Military force or threat of military force should not be used."165

V. Layers of China's National Interests

Having determined the four principles underlying China's national interests, we can then measure the effectiveness of each level of the national interests outlined in Chapter Two. (See Part Four Chapter Two, The layers of national interests.)

China's national interests can be divided into four areas of major concern: economic interests, security interests, political interests and cultural interests. In the post Cold War environment our economic and political interests are more urgent than our security and cultural

165 Ibid.
interests. After the Cold War, the focus of international competition moved from global strategic scrambling to economic competition. China, as a developing country, is economically behind the developed countries. Our living standards are lower than those of developed countries as well as of the newly industrialized states. Throughout the country 80 million people are still suffering from inadequate food and housing. The average annual salary is only 500 yuan (U.S. $87).

The most fundamental survival problems have not yet been solved. China is not only facing the pressures of competing with developed countries in the international market; it is also faced with problems in competing with East Asian countries for international investment and rapid economic growth. If the outcome of China's economic policies is not as successful as those of other East Asian countries, international capital will flow to other countries or regions whose economies grow faster than China’s.

1. Analysis according to the outside environment

After the end of the Cold War, multi-polar politics became the trend. The West greatly intensified its pressure on China about human rights. Every year the UN Human Rights Committee initiates a discussion of China's human rights situation. At the World Human Rights Conference, China has become a target of attack by delegates from several western countries. With support from the West and Taiwan, overseas political dissidents defile China's political image with allegations. In the international community, there is a widespread popular notion that states under a democratic system are not willing to conduct war. This concept has already been criticized to a degree but it is still very popular. Such western accusations damage China's democratic image. Some people even spread the so-called “China threat theory” which is partially based on China’s lack of political democracy. All this has made it more difficult for China to develop cooperative relations with its neighbors. Dispelling their doubts and building confidence have become a heavy burden on China’s foreign affairs. “Taiwan participation in the UN” has also become an annual agenda in the UN General Assembly.

After the end of the Cold War, the risk of a world war declined. China’s security is not faced with a real and direct threat. The improvement of the security situation has greatly lowered the urgency level of China’s security interest. China’s national defense modernization therefore became a long-term strategic goal. Because of the declining possibility of war, Chinese leaders decided in the middle of the 1980s that military construction must follow economic construction and that military modernization could be postponed.

After the end of the Cold War, the position of oriental culture was elevated. Interest in China’s culture has expanded, so its urgency level is also not great. The economic growth of East Asian nations has been much faster than that of Western countries and this has led to a reevaluation of East Asian culture by the international community. The core of East Asian culture is Confucianism. The Chinese boom in the international community has contributed to the increased interest in studying China’s traditional culture. China does not have to worry about its traditional culture withering away.

2. Analysis in terms of power

According to our national power, we can see that China’s economic and political interests are more urgent than security and cultural interests. China’s economic power is far behind the

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developed countries, occupying a relatively poor position in international competition. Therefore the need to improve its competitive capability causes major pressure on China. Due to limited economic power, China has to deal seriously with problems from time to time in the international economic and political struggle. But China’s current military power can assure territorial security. Its nuclear force in particular can deter any invasion. In the foreseeable future there is no danger of major military invasion. China also has strong cultural power. China is one of the ancient civilizations of the world, having several thousand years of history. Its social sciences have a deep theoretical foundation. Even if social change does not occur rapidly in a short run, the power of China’s cultural tradition will not weaken.

China is a country of great culture. Its cultural heritage is abundant; its cultural strength is solid. Hence there is no strong sense about the importance of cultural interests. In Chapter 2, we discussed the phenomenon that people value the interest they don’t have rather than the ones they already have (see Part 4, Chapter 2: The Layers of National Interests). China’s cultural base is richer than its economic base, so it will not pay as much attention to cultural interests as to economic ones. China believes that economics is the essence of modernization and that power is its foundation. But culture plays a more indirect role. It does not produce a direct effect. Cultural interests are also not as direct as security interests so their importance is relatively low.

3. Analysis in terms of foreign policy principles

The guidelines that emerged from the implementation of reform, as well as the basic principles of foreign policy promulgated after the 12th Party Congress, confirm that China’s economic and security interests are more important than political and cultural ones. The objective of accelerating economic development determined the priority of economic interests. After the implementation of reform a nationwide consensus was reached; economic development was the central societal task. After the end of the Cold War this idea continued to be proven correct. Economics is the essence for any country’s search for wealth and power. Without a solid economic foundation, people cannot become rich nor can the country become strong. This perception has provided an ideological and social basis for considering economic interests the most fundamental ones. The report to 14th Party Congress clearly states that “economic backwardness will cause a passive position and allow a country to be controlled by others. This is indicated by our country’s modern history and by the reality of the world today. Current international competition is virtually a trial of comprehensive strength that is based on economic and technological power.” Therefore, economic development was determined to be the key societal task for the 1990s.

The principle of national unification makes China’s security interests more important than its political and cultural interests. The Chinese people have been in search of national unification for over 2,000 years. However for a long period, they could not attain this goal. Chinese history witnessed several national splits. The People’s Republic of China was founded nearly half of a century ago, but the Chinese people still could not make their dream of national unification come true. After the end of the Cold War, Russia declined politically, economically and militarily because of the collapse of the Soviet Union. Its international position dramatically declined as well. This presents a good lesson for the Chinese people who recognize the danger of national disunity. Thus, the importance of security interests was enhanced by concern over potential national disunity.

Abandoning ideological disputes and developing friendly and cooperative relations with all countries became a principle that reduced the importance of political interests. After the Cold

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War, the great debate between socialist and capitalist systems has temporarily halted. Chinese leaders have introduced a criterion for assessing this interest. That is -- whether or not political debate will benefit the development of productive forces, or increase comprehensive national power, or raise living standards. In light of this criterion they have stopped the debate about the differences between socialism and capitalism. Thus, they have basically abandoned ideological arguments and will not overemphasize general political interests.

4. Analysis in terms of the level of science and technology

If we consider technology in the information age, we find that the technology gap between China and developed nations contributed to increasing the importance of China’s economic and security interests. In the information age scientific knowledge speeds up the development of productivity and scientific innovation itself becomes wealth. Since information is the key, countries with the most information will become world leaders. The information industry will become the leading economic sector in the next century. This development has also increased the importance of China’s economic interests. Because of the military technology gap between China and developed countries, China’s security interest is obviously important in the long run. Technological progress indirectly affects China’s political and cultural interests. It does not affect them much, but it does have some effect. This can be seen by careful observation. In the information age, scientific innovation has shortened the distance between countries. The world has become a global village and this has made international cooperation easier. Mutual understanding has increased and the basis for political cooperation has been expanded. The intensity of political disagreement has become more relaxed. People to people exchanges throughout the world have increased because of the convenience of transportation and communication. Even cultures have become less different as people tend to develop similar perceptions of customs, clothing, food, sports, entertainment, and so on. As the scope of cultural conflict decreased, the importance of protecting China’s cultural interests also declined.

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<table>
<thead>
<tr>
<th>Type of interest</th>
<th>Priorities</th>
<th>Utility</th>
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<tbody>
<tr>
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<td>Current Priority Interest</td>
<td>3</td>
</tr>
<tr>
<td>Political Interests</td>
<td>Current Secondary Interest</td>
<td>2</td>
</tr>
<tr>
<td>Security Interests</td>
<td>Future Important Interest</td>
<td>2</td>
</tr>
<tr>
<td>Cultural Interests</td>
<td>Future Secondary Interest</td>
<td>1</td>
</tr>
</tbody>
</table>

**Figure 3-3 -- The Effectiveness of China’s National Interest**

According to the above utilities, we can see that after the Cold War, China’s primary national interests have been economic ones, followed by political, security and cultural interests. Due to the limitation of the time span of our observation, we may regard the utility of political interests larger than that of security interests when we compare given security and political interests. This is because most concrete security interests are future interests while most political interests are current ones.

**VI. The International Impact on China’s National Interests**
After the Cold War, international geostrategic politics have changed. The trend has been toward regional cooperation. Nine separate geographic political regions have emerged. They are Europe, North America, Latin America, East Asia, South Asia, Central Asia, Western Asia and Northern Africa, Africa South of the Sahara and Oceania. In addition there are also some trans-regional or sub-regional areas of cooperation such as the Asia-Pacific Region, the Black Sea Region, the Gulf Region, Southeast Asia, Central America, South Africa, and so on. Among these areas, Europe, North America and the Asian-Pacific regions have shown the strongest development trend. In 1993, exports by APEC members constituted 46% of the total value of world exports. Trade between APEC members amounted to 70% of the value of their exports. In 1994, The Announcement of the Common Decision of Economic Leaders of the APEC was issued during an unofficial conference by the leaders of the APEC. It announced that “no later than the year 2020, the goal of free and open trade and investment will be achieved in the Asia-Pacific Region.” It also mentioned that developed countries and developing countries would achieve this goal no later than 2010 and 2020, respectively. The rapid development of regional cooperation results not only from shared economic interest in an enlarging market, but also from increasingly common political, security and cultural interests. The convergence of regional interests has become the reality of post-Cold War international relations. Whether or not this convergence is beneficial, China needs to understand the international impact of its own interests before it participates in the development of modern international relations.

The main focus of China’s national interest is in East Asia. As a world power, China’s national interests have a global impact, but its major interests are still concentrated in East Asia because of its geographic position. In this region, China has every type of interest. In terms of the economy, more than half of its foreign trade and foreign investment are in this region. In terms of security, its major territorial disputes and the danger of separatism take place in this area. Politically, East Asian countries support China when it comes to human rights issues. Culturally China shares the Confucian heritage and Buddhism with other East Asian countries. In addition, China is the only major power in the region which enables it to best realize its interests there. If China’s primary area of interest expands beyond East Asia, the next key region will be the Asia Pacific one. China’s interests in this area are the sum of its interests in East Asia, North American and Oceania. Eighty percent of China’s economic interests are concentrated in this extended area. In addition to trade and capital, China also imports high technology from this area. China’s strategic security is basically dependent on avoiding military confrontation with America and Japan in this area. China’s political interest in this region is not to compete with the U.S. and Japan for domination but to prevent the hegemony of either U.S. or Japan. China’s cultural interests in the Asian Pacific area are extensive, primarily in areas where overseas Chinese are concentrated. America is a super power, so its China policy seriously affects China’s interests. Therefore, China’s interest in North America is huge; it is only smaller than its interest in Northeast Asia.

In Europe China’s economic interest is significant. Its security interest is affected by the changing political situation in Russia. But China does not have many political or cultural interests in this area. Europe is an important trading partner. It is also an important region from which China imports high technology (including military high tech). Except for Russia, European countries are geographically distant from China. Therefore China’s political and cultural interests are not affected directly by the changing situation in Europe. Only Sino-Russian relations directly bear on China’s security interests.

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In Central and South Asia, China’s main interests are security and political interests. Its economic interests are limited, and it has few cultural interests in this area. Relations between China and Central and South Asian countries directly affect political stability and border disputes in Xinjiang and Tibet. If political relations between China and Central and South Asian countries steadily improve, extremist Muslim fundamentalism and Tibetan independence forces can be prevented from entering China and separatist feelings controlled. Improved relations will help also reduce border disputes between China and the Central Asian countries and India. Because the economy in the western part of China is not well developed, economic cooperation between China and the Central and South Asian countries is limited. There is a considerable cultural gap between China and the Central and South Asian countries. However, there is little cultural conflict. In the short run China will not expect significant improvement of its economic and cultural interests in this region.

China’s main interest in the Middle East and in North Africa is its potential need for energy. The development of China’s energy industry cannot meet all the needs of economic development. China will increasingly need oil from the Middle East. However, Central Asia is separate from the Middle East, so any change in that region’s relationships with China will not significantly affect China’s security, political or cultural interests. During the Gulf War, the Chinese people watched the daily battlefield report like watching a sports competition. The Gulf War was taken merely as a topic of conversation, reflecting how little the conflict affected China’s interests.

China’s main interest in Latin-America and Africa is to prevent Taiwan’s administration from creating diplomatic difficulties by using small countries in Latin-America and Africa. Latin America and Africa are the most underdeveloped regions in the world. China has little economic interest in these regions. The countries in these regions are not militarily strong, so they do not affect China’s security. The number of the overseas Chinese in these areas is also small, so China has no cultural interest in the region. These nations become diplomatic targets for Taiwan and China only because of economic conditions that allow Taiwan to conduct “dollar diplomacy.” A few Latin American and African countries support Taiwan’s policy in exchange for certain economic benefits. This places pressure on China’s diplomacy. China cannot neglect its political interests in the two regions.
<table>
<thead>
<tr>
<th>Region</th>
<th>Economic Interests</th>
<th>Political Interests</th>
<th>Security Interests</th>
<th>Cultural Interests</th>
<th>Overall</th>
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<tbody>
<tr>
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<td>****</td>
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<td>****</td>
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<td>****</td>
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<tr>
<td>North America</td>
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<tr>
<td>Europe</td>
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<tr>
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<td>Oceania</td>
<td>**</td>
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</tr>
</tbody>
</table>

Note: ****=very important; ***=important; **=neutral; *=least important

**Figure 3-4 -- Regional Distribution and Significance of China’s National Interests**

In this chapter, we have discussed several bases for analyzing China’s national interests. We have also analyzed the layers of national interests and the impact of geographic areas. In the following chapters, we will use the results from this chapter to analyze China’s concrete economic, security, political and cultural interests.
Chapter Four -- China’s International Economic Interests

From the beginning of the Qing Dynasty in 1644, China maintained a closed-door economic policy. For long periods China had almost no economic connection with the outside world. In the middle of the 19th century, the Western powers opened the door to China’s markets with gunboats. Under the pressure of western colonialists, the Qing government adopted a policy of “using western learning as the form and Chinese learning as the substance” to save the country. Under the guise of this doctrine, the Qing government’s foreign economic policy was not to try to promote China’s international economic interests, but rather to passively minimize corrosive influence of foreign powers on China’s domestic economy. Thus, China’s overseas economic interests have historically been treated as unimportant. During the 1950s, after the establishment of the People’s Republic of China, China’s foreign economic relations were limited to a few socialist countries led by the Soviet Union, because of the West’s economic containment policies. After Sino-Soviet relations deteriorated in the late 1950s, China’s overseas economic activities declined further. During the Cultural Revolution that erupted in 1966, China again implemented a closed-door policy, and its international economic interests began to disappear. The purpose of the domestic economy was to support politics and diplomacy; the principal feature of foreign economic policy was to aid third world countries in order to court their political support. China’s foreign economic relations did not improve until the beginning of the 1970s when Sino-U.S. relations started to be normalized. The current open-door policy was established in 1978 during the Third Plenum of the Eleventh National Party Congress. At that time the government and society finally started to focus on China’s international economic interest. During the next 15 years, along with the implementation of the open-door policy, China’s international economic interests rapidly expanded. These policies became an important part of China’s national interests by the mid-1990s.

I. The Scope and Substance of China’s International Economic Interests

China’s international economic interests are complex. Among the key factors are foreign trade, absorption of foreign capital, technology acquisition, international tourism, international contracting and the export of labor. In addition, overseas investment as well as participation in international stock markets and patenting technology have just begun.

It also became important for China to join the international economic system. By categorizing the flow of capital, commodities, technology and labor, China's international economic activities can be divided into two types: incoming and outgoing. In other words, there are two different types of economic interests. Just as a coin must have two sides, international economic interests also have two aspects -- incoming and outgoing. Commodities export, technology export, labor export and overseas investment are outgoing economic interests; commodities import, absorbing foreign capital, technology import, tourism promotion and hiring experts are incoming economic interests. Joining the international economic system does not seem to be directional, but in reality it has an orientation. The essence of joining the international economic system is to import international economic norms and management and to change the domestic economic system so it will coincide with the international economic system. In other words, the external environment remains unchanged but the domestic economy must change considerably. Thus, in terms of orientation, joining the international economic system is also an inward economic interest, analogous to importing management experience. I will now discuss our country's various economic interests according to their importance.
International trade was first promoted after China's implementation of the open-door policy. It is China's overseas economic interest that developed at the fastest pace. In 1978, the total volume of China's foreign trade was 20.64 billion US dollars and the trade deficit was 1.14 billion dollars. By 1993, the total volume of foreign trade had risen to 195.7 billion dollars, 9.5 times that of 1978. In 1995 the total volume of China's imports and exports reached 280 billion dollars. China's world trade rank rose from 32nd in 1978 to 11th in 1995. From 1980 to 1993, the proportion of China's exports contribution to its GDP increased from 7.4% to 22.2%, indicating the importance of foreign trade to China's national economic development. There are many reasons foreign trade developed faster than other international economic interests. One reason is that China already had considerable trading experience before 1978, in contrast to other international economic interests. Politically, promoting foreign trade enjoyed broad support throughout society. In terms of returning an economic profit, developing international trade could be done more quickly than importing technology or overseas investment. It is easier to train foreign trade experts than experts on the international stock market or the complicated task of patent export.

Commodity imports play an important role in meeting domestic needs and in the manufacture of products. In 1992, China’s import volume was 80.6 billion dollars. Import categories exceeding one billion dollars included equipment, technology, industrial chemicals, steel, chemical fertilizer, oil, airplanes, computers, machinery for light industry, grain, automobile components, electronic equipment, and textile products. The total cost of importing these items was 27.3 billion dollars, constituting 34% of all imports.

Our country's mineral needs increased faster than the world average, because of the fast pace of our economic development. Currently China has considerable need for metals, lumber, rubber, textile fiber, mineral fuel, and animal and plant oil. Relatively inadequate resources have limited China's productivity and stimulated China to emphasize the import of raw materials from overseas. If China were to maintain its economic growth rate at 8-9%, there would be a major gap between domestic productivity and needs for such materials as steel, iron ore, bronze ore, aluminum, lumber and cement. Let us take iron and steel as an example. In 1993, China's pig iron production reached 87.39 million tons. In the same year China's steel production reached 89.56 million tons. Therefore China had to rely on a high level of imported materials to meet its needs.

Another key international economic interest is the attraction of foreign capital. This was promoted only after the implementation of economic reforms and the open-door policy. For a long time after 1949, foreign capital in China had been regarded as an imperialist economic invasion. Therefore, China had not permitted foreign industries to invest or even to open a factory in China. From 1959 to 1978, China had no credit arrangements with any foreign government or international financial agency. In addition, China was proud to have no foreign debt. International loans were narrowly viewed as creating dependence on a foreign country.

These extreme leftist ideological trends were firmly reversed at the Third Plenum of the 11th National Party Congress. After 1979 China began to seek foreign capital again. It received 3.51 billion RMB (or 2 billion US dollars based on the exchange rate at that time) worth of loans.

176 Ibid. P.548.
in 1979.\textsuperscript{177} In 1995 the actual amount of foreign capital used by China was 48.4 billion dollars; including 37.7 billion dollars of direct foreign investment. By the end of 1995, the number of registered foreign businesses (companies) had reached 234,000.\textsuperscript{178} The average annual rate of growth of foreign capital inflow exceeded 20\%, but the overall amount of foreign capital was still at a relatively low level. From 1980 to 1990, the amount of foreign investment was only approximately 2.8\% of the total amount of investment for fixed assets. This rate changed to 4.5\% in 1991.\textsuperscript{179} The proportion of foreign capital in China's domestic economy and the per-capita amount of foreign capital attracted were lower than in other rapidly developing economies such as Thailand and Malaysia. Furthermore, 98\% of all foreign investment projects in China were small projects; medium to large projects only constituted approximately 2\% of the total.\textsuperscript{180} Technology improvement using foreign capital is more important than the foreign capital itself.

The import of technology is gradually becoming the overseas economic interest to which China is paying special attention. It was encouraged and supported from the very beginning of economic reform. The efficiencies and profits brought about by imported technology are obvious. China imported production facilities for color TV sets and refrigerators at the beginning of the 1980s. Ten years later China's productivity for these articles had basically met the needs of its domestic market and China could now also export them. The technology for automobile manufacturing that China imported has built the foundation for more families to own a car. In 1992, 240 contracts for importing technology were approved. The contract amounts averaged 5.6 billion dollars.\textsuperscript{181} However, importing technology requires considerable foreign currency and the economic effects are felt only after a relatively long time. Therefore, the scope and pace of China's imports of technology are still far from being able to meet the needs of economic development. Bottlenecks in the development of transportation, communication and energy resources are primarily due to backward technology.

Employing experts from abroad is another important aspect of importing technology. Advanced equipment is regarded as hardware technology and talent or specialists may be considered to be software technology. Specialists bring not only advanced knowledge of science and technology to China, but also other advanced ideas that help Chinese scientists improve their research capabilities. These experts will have a greater effect on the progress of China's technology when compared with those who only have theoretical knowledge. From 1978 to 1994, China spent more than 3.5 billion yuan to hire foreign experts. In 1978, there were only 625 experts on economic issues in China. By 1994, there were more than 50,000 foreign experts working in China. Among them, nearly 30,000 were experts on economic issues. They came from more than 60 countries and regions. In 1994 more than 700 educational, cultural, and journalistic agencies as well as scientific institutions had hired foreign experts. More than 3,000 enterprises had done so as well.\textsuperscript{182} By 1994, foreign experts were involved in all of China's 151 major national projects. Because of the gap between Chinese wage standards and the world average, the compensation of

\textsuperscript{180} Ibid.
foreign experts was approximately one fourth of the world average, creating difficulties in hiring qualified people.

International tourism was also an overseas economic interest that was developed after reforms and the open-door policy were implemented. Before 1978 China basically had no tourist industry because travel was considered part of the bourgeoisie lifestyle. The reforms and the open-door policy brought a great opportunity for the development of China's tourist industry. From 1978 to 1988, foreign exchange from tourism increased at an annual average rate of 24.7%. In 1980 only 57,025 persons traveled to China. Foreign exchange income from tourism amounted to 617 million dollars. By 1988, the number of travelers to China had increased to 31,694,800 million and foreign exchange income reached 2.247 billion dollars. After the 1989 Tiananmen incident China's tourism suffered a major loss due to the resulting bad international political climate. But before long, China's political stability and rapid economic development had normalized the tourism industry. In 1991 China's annual foreign exchange income from tourism reached 3.95 billion dollars surpassing the 1988 record. In 1993 the number of travelers to China reached 41,530,000 million and tourism foreign exchange income reached 4.68 billion dollars. According to the statistics of a world tourist agency, in 1985 China was ranked 12th among global travel destinations, and by 1993 it had moved up to 8th. In 1993, China's annual tourism income was still very small in comparison with its economic size; it was only 5.1% of total export volume. To bring income from tourism to 10 billion dollars, and to become a major tourist country, China still needs to make greater efforts.

International contracts for labor export have been one of China’s most important sources of income. China started to contract for foreign projects and to export labor comparatively early. During the early years the purpose was not to obtain income, but to provide economic aid. Labor export at that time was not considered in China's international economic interest. The scope and profitability of contract projects and labor export developed and became an integral part of China's international economic interests only after the implementation of economic reforms and the open-door policy. From 1976 to 1978, China signed seven major project contracts for labor with two countries. The contract amount was only two million dollars. After 1979, China's foreign project contracts and labor export expanded rapidly. By 1993, these contracts covered more than 160 countries and regions. Business included construction, metallurgy, harbor and highway construction, electricity, communication, machinery, petroleum, water conservancy, broadcasting, ocean fishing, geological prospecting, forestry, textile manufacturing, light industry, shipbuilding, space flight, nuclear energy, military industry and others. By June 1993, there were 285 enterprises that had been granted the authority for carrying out foreign business contracts and labor export by the Ministry of Foreign Economics and Trade. In 1995 China signed 9.67 billion dollars worth of new contracts, and completed 6.59 billion dollars worth of the business. China’s labor exports

also appeared to be a developing trend and included the export of everything from construction workers to advanced high-tech engineers.

Overseas investment has been another of China's international economic interests that developed after economic reforms and open-door policies began. When overseas investment started, it was small scale and not global. The first overseas investments were delayed until 1982 when China only had 43 overseas enterprises. The investment amount from China's side was only 37 million dollars. By 1992, China had approved 4,117 overseas investment enterprises and the accumulated total volume from China's side reached 1.85 billion dollars. These investments were mainly in manufacturing industries because the principal focus of China's overseas investment program was to supplement scarce domestic resources. Before 1992, non-trade investment constituted 86% of the total volume of China's overseas investment. The proportion of trade-related overseas investment became smaller. This indicates that China's overseas investment was still in an early phase. The purpose of its overseas investment still was not to enlarge overseas commodity markets or to increase profits. Because of limited funds, in the beginning of the 1990s the average investment of China's overseas manufacturing enterprises abroad was only 1.24 million dollars. There were only a few projects in which the investment level went above one hundred million dollars. When investment volume is calculated by average investment per product, the average in developed countries was six million dollars; in developing countries 4.5 million dollars, and in China only 570,000 dollars. China’s investment abroad is very limited and has no say in joint ventures. This means that China's investment abroad, including in joint ventures, is still not as capable as a multinational corporation to organize production and sales throughout the world.

Technology export is another of China's international economic interests that developed after economic reform policies were implemented. Previously our technology development policy had been crippled by an erroneous value judgment that considered manual labor as the only thing that could bring wealth to the society. The tenet that compared to manual labor, mental labor could create much more social wealth in a shorter period of time was finally rejected. China at first did not realize the significance of technology and the export of technology initially received little attention. In 1981 China signed six contracts on technology export. The contract value was only 368,000 dollars. After economic reform the tradition of respecting knowledge was resumed to a certain degree. Mental labor once again was recognized. Much attention was attached to the importance of scientific innovation. China's first patent law was promulgated in April 1985. By the end of 1992, the China Patent Bureau had received 280,000 patent applications, 87% of which came from within the country. However, applications for technological innovation patents from inside the country were not in the majority. These applications only constituted 50% of the total number of applications. Moreover, patents lag behind those in developed countries. In terms of the number of patents for every 100,000 people, Switzerland had 486, Japan had 334, Sweden had

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296, and China had only 5. Before 1992 more than 170 contracts for technology export had been approved in China. The contract value was over 1.4 billion dollars. But this still did not even reach 2% of the commodity export volume. China’s technology exports can be analyzed on three levels: permission to export technology, export of complete sets of equipment, and technical support for exported equipment. Among these, exporting complete sets of equipment constitutes more than 90% of the total volume of the technology exports. By looking at the structure of technology exports, the technology of newly developed industries does not yet occupy a leading position. Exported technology is mainly that of traditional industry such as machinery, electronic, textiles, construction materials, metallurgy, medicine, chemical industry, agriculture shipbuilding, etc.

Integration with the world economy was a special economic interest for China during the time of transition from a planned economy to a market economy. By 1994 China realized that its economic development could not be separated from the global economy. However, because of the incompatibility between China's economic system and the global economic system, China's open-door policy has been severely limited and it's the resulting economic loss had been serious. For instance, in China there was no private land, therefore the price of land was calculated according to rent rather than assessed value when Chinese enterprises negotiated to set up joint ventures with foreign companies. As a result, the loss was serious. Thus if China wanted to continue its economic reform, it needed to build a market economy based on international practices. Being compatible with the international market not only means looser control of prices but also practicing the policies of equal national treatment and fair competition, legal protection of private property, standard market regulation, free exchange rates, and joining international economic organizations such as GATT. In March 1987, the President of the GATT (later to become WTO) board of directors arranged three informal discussions with China. The representatives of major member countries and China discussed the establishment of a working team for reviewing these issues. The representatives who were present reached an agreement and the working team for China issues was officially established. However, later China did not wholeheartedly seek membership in the WTO because within the country there were disagreements on the advantages and disadvantages of doing so. After 1989, Sino-U.S. relations worsened and the U.S. raised the price China would have to pay to join the WTO. China was required by the U.S. to join as a developed country and this was not acceptable to China. As a result of this impasse, China did not become a founding member country when the WTO was established on January 1, 1995.

After economic reform began, China achieved some progress and benefit by working with the international economic system. China tested its foreign trade contracts in 1987 by assigning a few test locations for some enterprises owned by the central government and others owned by local governments. By 1988 contracting under the foreign trade system was allowed on a nationwide basis. In 1991, the contract system was further perfected by gradually canceling government allowances and by implementing four key policies: self-management, assuming sole responsibility for profit and loss, self-development, and self-restraint.

In 1992 the Provisional Regulation on Managing Export Commodities was promulgated and export of commodities based on a government quota or permission decreased by 50%. Tariffs dropped 7.3%. The Chinese government promulgated 47 regulations and abolished 122 regulations. As a result the transparency of foreign economic trading policies was improved. In 1993, the Chinese government granted, for the first time, 100 R&D institutions the authority for the

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196 Ibid.  
197 Ibid.
management of their own business. All of these steps helped make China's high tech products more commercial on international markets. They were also helpful in changing the structure of export commodities and increasing the proportion of technology in commodity exports. Moreover, they were helpful in enlarging and improving the quantity and quality of the technology and labor exported. In the same year, the National People's Congress and the State Council announced more than 500 regulations on foreign related economic issues. China signed investment protection agreements with 51 countries. It also signed an agreement on avoiding double taxation with nearly 30 countries. Since 1985, China has promulgated patent laws, trademark laws, copyright laws and regulations on protecting computer software. It also joined a world organization combating piracy of intellectual property and the Paris Convention for protecting intellectual property rights. China also decided to participate in the international Copyright Convention. By 1993, China had adapted accounting rules that were internationally compatible. After 1988, China established foreign exchange adjustment centers in more than 100 cities. By 1994, China had changed its double exchange rate system into an adjustable single exchange rate system, and prepared for a transition to a free exchange rate system in the year 2000.

II. Regional Factors in China’s International Economic Interests

China’s overseas economic interests are mainly focused on the western developed countries. By 1995 the economic gap between China and the developed countries was gradually shrinking and China was ready for improved economic cooperation with them. As a result China’s economic interests in the developed countries would increase.

1. The emphasis on developed countries of international economic interests

China’s major economic interests in western developed countries concerned export markets, technology equipment, industrial materials and capital. After economic reforms began, approximately 80% of China’s exports (including entrepôt trade via Hong Kong) were aimed at the developed countries. Technology imports and technicians came basically from industrial countries. Major countries that exported technology to China were France, Germany, Japan, America and Italy. Foreign capital, except for Hong Kong, Macao and Taiwan, also came principally from western countries. The total economic productivity gap between China and the western developed countries narrowed. China's ability to export to the West and its ability to purchase technology and industrial materials from the West increased steadily.

The markets and technologies of western countries became increasingly important to China's economic development. China's economic interests will rely on the expansion of imports from developed countries for a long period of time. Part of the reason was that China deliberately adopted a foreign trade policy in 1993 that improved its export market by opening its domestic one. Another reason was that the intermediate to high level consumption segment of the population increased rapidly. The needs of these consumers for imported consumer goods increased very quickly. A third reason was that the size of China's capital construction projects was constantly growing; the annual increase in the rate of fixed asset investment was above 25%. It was as high as 62% in 1993. All of these points explain why China's needs for machinery, motor vehicles, industrial materials and other industrial products continued to increase. The proportion of

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199 Ibid.
industrial imports to total imports increased from 65.2% in 1980 to 83.6% in 1992.²⁰⁰ Because the economic gap is large between China and developed countries, it is impossible for China to narrow its technology gap with developed countries in a short period. The amount of foreign capital that China needs for its economic development can only increase. Therefore, China cannot reduce its need for western markets, technology equipment and capital.

China's needs for western markets and technology have limited disadvantages. Some people have worried that the western countries might gain control of China by creating a dependence on western markets and technology. This seemed logical, but reflects a failure to fully analyze the issue. It is obvious that the more China depends on western markets and technology, the greater is the potential for interference by the West in China's domestic affairs. However, economic needs are a double-edged sword because interdependence is created. Interdependence limits the ability of the western countries to interfere in China's domestic affairs. America is an example. In 1994 China's exports to America constituted more than one-fourth of total Chinese exports. That enabled America to threaten China with suspending its MFN status and closing the U.S. market to China's exports. America attempted to interfere in China's domestic politics because of human rights issues. But its need for less expensive Chinese clothes, toys, shoes and many types of light industrial products had become too large. Without China's export products, the U.S. would have had to import them from other countries because the cost of manufacturing them domestically exceeded the international market price. Imports from other nations would be more expensive than these from China and would, therefore, lead to higher prices and be disadvantageous to American consumers. It might also further increase the US trade deficit. These considerations together with America's need for the Chinese market forced America to be very cautious on the MFN issue. Despite its efforts toward a multi-dimensional market, China could hardly decrease its dependence on western technology and markets. This is primarily because the purchasing power of developing countries over China's products could not grow too rapidly. Increased economic interdependence caused western countries to think of their own interests before deciding whether or not to interfere in China's domestic politics.

After economic reforms began in 1978, China’s international economic interests were mainly focused on America and Japan. America was the most important country. It has been the largest market for China's exports, it has been one of the key investor countries, and has been a key source for technology. Because of the setback in Sino-U.S. political relations after the Cold War, trade between the two countries did not expand as fast as Sino-Japanese trade. Although Japan's invasion of China during WW II long hindered the normal development of Sino-Japanese economic cooperation, the climate of regional economic cooperation during the 1990s caused common economic interests between the two countries to increase much more than common Sino-U.S. interests. Despite ideological differences between China and Japan, common geographic economic interests will drive Sino-Japanese economic cooperation faster than Sino-U.S. economic relations. From 1983 to 1993, the average rate of increase for Sino-Japanese trade was 14.6%. The volume of the two countries’ trade in 1993 surpassed 39 billion dollars. Japan has surpassed the U.S. in becoming China's number one trading partner.²⁰¹

Economic cooperation between China and other developed countries has steadily increased. But the pace has not been as rapid as with Japan and America. Since China implemented its economic reform policy in 1978, it took the initiative in promoting trade relations with Europe,


²⁰¹ “Japan has become China's number one trade partner,” People’s Daily, February 22,1994.
Canada and Australia. China’s economic interests in these countries are still not as strong as those in America and Japan. Among these nations, China has had the most extensive economic dealings with Germany. However, the volume of trade between these two countries in 1993 was only 23.6% that of the Sino-Japanese, and 36% of the Sino-U.S. trade volume.\(^{202}\) The amount of trade between China and European countries, Canada and Australia was limited by those nations’ own economic conditions. Long-term recession limited their consumption and investment. Therefore China could not expect to rapidly enlarge markets or to attract much more capital from those countries. In 1993, the unification of the European markets and the creation of NAFTA made it more difficult for China to promote trade relations with those countries. China’s major interest in those countries has been in obtaining technology. Although European and Canadian technologies are not as advanced as those of America and Japan, they were still much more advanced than China’s and especially useful for China’s economic development in view of the continuing restrictions that the U.S. placed on technology exports to China.

2. The accelerating pace of developing China’s economic interests in neighboring countries

China’s economic interests in neighboring countries are developing more quickly than its interests in other regions. After the end of the Cold War, regional economic cooperation began to boom globally and East Asia was no exception. It was natural that China’s attention to foreign economic cooperation was drawn to its neighboring countries and regions. In addition to Japan, China’s economic interests in neighboring countries have increased rapidly. China’s major economic interests in these countries are capital, markets, tourism and technology export. In 1993, 57.6% of China’s exports were to Asia. Hong Kong, Taiwan and the ASEAN countries rank number two, four and five as China’s largest trading partners. In the same year, Sino-Russian trade reached 7.68 billion dollars which exceeded the historical record for trade between China and the former Soviet Union.\(^{203}\) In 1992, Hong Kong, Japan and Taiwan invested 8.42 billion dollars, 3.18 billion dollars and 1.05 billion dollars, respectively, in China and became the areas with the most investment in China.\(^{204}\) Although foreign investment in China has come from more than a hundred countries and regions, it is concentrated in investments from a few areas.

In 1994, 41.3% of China’s overseas investment was concentrated in Hong Kong and Macao.\(^{205}\) That was followed by Peru, Australia, America, Canada and Thailand. In the same year over 90% of the foreign travelers to China were from Hong Kong, Macao and Taiwan. Since the beginning of the 1990s Asian regions have gradually replaced Europe and America as the major sources of travelers to China. In 1994, except for the U.S. and England, the most tourists came from Korea, Mongolia, Singapore, Malaysia, the Philippines and Thailand. The number of travelers from Malaysia and Korea increased at a double digit pace. In 1995 the number of travelers from those two countries surpassed the European countries.\(^{206}\)

It is strategically significant that China cooperates economically with adjacent areas. The trend toward regional economic cooperation has already attracted the attention of students of international politics. However, China’s participation in regional economic forums needs additional study and further expansion.

\(^{204}\) *China Foreign Economic Trade Yearbook-1993*, P.689.
\(^{205}\) “Marked Success Of China’s Overseas Investment,” *Min Pao* (Hong Kong), February 25, 1993.
In the long run the East Asian area offers China more opportunities for cooperation than Europe or America. American and European economies in their post-development stages are less dynamic. Since the 1980s their rate of growth has been between 2% and 3%. Without a major breakthrough in technological innovation the European and American countries are unlikely to experience higher growth. In the meantime the East Asian countries have received huge amounts of capital investment from Japan and “the Four Little Dragons,” which are also affected by China's rapid economic improvement. The East Asian nations will maintain their higher rate of economic growth for a relatively long period. This will provide China with a larger market for commodities, technology and investment; it will also attract much more foreign capital and exchange for China’s economic development.

Because of the development of regional trade protectionism, China will have more economic conflict with European and American countries than with neighboring states. China needs to establish its own basis for international cooperation. Japan's experience tells us that economic cooperation between countries without a geographic connection or common culture is very fragile and that without a political or strategic rationale, the basis for cooperation disappears. Both the U.S. and the EC adopted policies to limit imports of Japanese goods in order to force Japan to open its markets. Under this pressure Japan's overseas investment and market orientation was forced to turn to Asia. Compared to Japan, China has had even greater difficulties in economic relations with the European countries and America. First, China has had more ideological disagreements with Europe and America than Japan has had. Second, in the modern economic world horizontal cooperation is easier than vertical cooperation. The economic gap between China and Europe or America has made economic cooperation between them more difficult than Japanese cooperation. Despite regional cooperation with its neighboring countries, China's major economic interests abroad are still mainly in the developed countries and this will not change in the short run. However, the development of regional cooperation will help resolve economic conflicts that exist between China and the developed countries. Economic cooperation within the East Asian countries developed more rapidly than economic cooperation between East Asian countries and non-East Asian countries. Among the member countries of the APEC, trade among the East Asian countries increased from 32% of their total trade in 1983 to 43% in 1994. But their trade with non-East Asian countries has declined.207

207 “APEC- The Opening Of Asia,” The Economist, November 12, 1994, P. 22.
3. Limited economic interests in non-Asian developing countries

China’s economic interests in non-Asian developing countries have been very limited. China has maintained friendly political relations with third world countries for a long time, but the development of economic cooperation between China and non-Asian developing countries has been relatively slow because of the lower level of consumption and the lack of foreign exchange in these countries. Trade between these countries and China has declined relative to China’s total foreign trade. Trade between developing countries and China constituted 16.52% of total trade in 1987, and 13.44% in 1990.\textsuperscript{208} In 1993, the value of China’s foreign trade with Africa was 2.53 billion dollars, 3.7 billion dollars with Latin America and 580 million dollars with Oceania (except Australia). All these together were not as much as the value of China-Korea trade in the same year.\textsuperscript{209}

China imports primarily machinery, technology, chemical materials, fertilizer, steel, grain and computers. Most of the developing countries cannot provide these items. Along with the development of new technology and the invention of new materials China’s imports of raw materials from developing countries will be limited. The proportion of raw materials in total Chinese imports has dropped from 34.8% in 1980 to 16.4% in 1992.\textsuperscript{210} If China cannot develop highly productive oil fields, it will also have need for much more Middle East oil. However, oil imports alone will not fundamentally raise the importance of economic relations between China and the non-Asian developing countries.

<table>
<thead>
<tr>
<th>Area</th>
<th>Total Import/export</th>
<th>%</th>
<th>Export Totals</th>
<th>%</th>
<th>Import Totals</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>1,957</td>
<td>100</td>
<td>917</td>
<td>100</td>
<td>1,040</td>
<td>100</td>
</tr>
<tr>
<td>Asia</td>
<td>1,152</td>
<td>59</td>
<td>526</td>
<td>57</td>
<td>626</td>
<td>60</td>
</tr>
</tbody>
</table>

\textsuperscript{208} China Foreign Economic Trade Yearbook-1991, P.330.
\textsuperscript{209} International Trade, 1994, No. 3, P. 50.
\textsuperscript{210} China Foreign Economic Trade Yearbook-1993, P.444.
The developing countries are relatively important markets for China’s construction projects and labor exports. But these markets again are concentrated in Asia. From 1979 to 1991, 62.6% of China’s major foreign construction projects and labor exports were in Asia and 20.8% in Africa. Europe, North America, Latin America and Oceania accounted for 3.4%, 3%, 1.3% and 0.5%, respectively. Hong Kong was a major market for Chinese construction projects and labor exports, constituting approximately 1/5 of China's total business in these fields. China offered labor at a lower cost. Its construction technology was not far behind the developed countries. Thus China is very competitive in the developing countries where technology has been even more backward. From 1979 to 1991 four countries had over four hundred million dollars worth of business with China. These countries were Iraq, Yemen, Kuwait and Pakistan.

Developing countries are the main destinations for China's technology exports. China's technology is specialized. Its price is low and suitable for developing countries, especially Asian ones. In the early 1990s, 70 to 80% of China's technology exports were to developing countries. Although China has exported technology to more than 50 countries including the U.S., its ability to export to developed countries is still low. For instance, in 1991, countries or regions that signed over 50 million dollars worth of technology contracts with China were Pakistan, Syria, Indonesia, the former Soviet Union, Iran, Hong Kong and Germany. Among them the developed countries are in the minority.

### III. The Nature and Function of International Economic Interests

China's international economic interests are varied. Each interest has a unique significance. The differences are based on two factors: (1) the different nature of the interest as determined by the role of that interest in China's economic development; and (2) the different external environment as reflected in the different political, economic and cultural views of China and other countries. International economic interests affect China completely differently than other countries. The nature of China's international economic interests can be divided into basic,
strategic, production, stimulus and supplementary interests. Analyzing the different nature of these various interests can help us understand the specific function of each type of international economic interest as well as the relationships between them. An effective foreign economic policy cannot be established until the relationships between major international economic interests are identified.

1. Expanding exports of products and technology is a basic interest

The ultimate goal of China’s participation in the international economic system is to increase the sales of its products in the international market. China’s share of the total international market is the main standard used to measure the actual economic interest a country realizes by participating in international economic trade. The best way to increase international market share is to increase exports of products and technology while maintaining the growth rate of exports higher than that of world trade. Increasing exports of products is the most important way to achieve a country’s international economic interest. Therefore it is also China's most important economic interest. Expanding export markets is even more important for the following four reasons, especially in light of China's current economic development:

First, exports of products are one of China's most important sources of international income. Calculated by the amount of currency earned, China's major sources of international income are, in order, exports of products, international investment and loans, international tourism, construction projects, labor export, and technology exports. However, China's basic infrastructure is not well developed. It's macro-economic and technological levels are far behind the developed countries. Therefore, exports other than products earn very limited international income. In 1993, the revenue from China's exports of products was 91.4 billion dollars. But other types of exports, except international investment and loans, totaled only ten billion dollars. The total amount of income from these sources equaled only 22% of the revenue from exports. Although international loans and investments earn 30 to 40 billion dollars every year, China does not have complete ownership of the funds. So these sums are largely paper income rather than actual income.

Second, growth of commodity exports will speed China's establishment of a market economy. One of the most important requirements for developing China's market economy is making it compatible with the international market. This means that China must further open its domestic market to create conditions for its own products to enter the international market. In the process of becoming a part of the international market, it is possible that the new international market will be smaller than the domestic market that China loses. This is especially true if China cannot maintain a relatively fast rate of growth. If that were to be the case, there would probably be a negative domestic political reaction pressuring the government by opposing the continued development of a market economy and economic reform.

Third, China can increase its status in world trade and improve its capability on world markets by increasing its exports of products. Capability in international markets is indicated by a country’s share of the markets. The ability to import or export affects the ability to influence the international market. If a country wants to maintain balanced trade under the condition of expanding imports, it has to increase its exports. In 1991, China's exports constituted only 2% of total world exports, ranking 13th in the world, 1/6 of that of America. In the same year, China's exports to America constituted 11% of the total volume of China's exports. However, American

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exports to China constituted only 1.45% of America’s total exports. With its huge export potential, the U.S. seeks to enter the Chinese market. It places pressure on China by using the MFN issue to threaten closing the U.S. market to China’s exports if China does not open its markets to American goods.

After the Cold War, economic competition replaced political conflict and became the essence of international struggle. Scrambling for market share is becoming increasingly severe. Trade protectionism increases in the developed countries day by day. The negotiations in the Uruguay Round lasted six years, but disagreement between Europe and America on agricultural product subsidies still exists. In 1993, friction between Europe and America again developed because America was about to enforce anti-dumping measures to prevent the import of steel products. Severe scrambling for markets has also led Western countries to limit China’s products. Japan is well known for dumping. After the Cold War, Japan designated China as a target immediately after the Japanese government decided to impose anti-dumping taxes for the first time. The Japanese government decided that from February 3, 1993, Japan would impose a 4.5% to 27.2% tariff on China’s exports of silicon, manganese and iron. After the Clinton administration took office, U.S. Customs personnel were increased to enforce the investigation of quota evasion. This step was aimed primarily at textile and clothing exports from China and other Third World countries. If China cannot expand its export market, it will not be able to defend itself against limitations that western nations place on China's exports.

Fourth, under modern conditions, improving China’s ability to influence the international market is an important basis for the implementation of China's foreign policy. After the collapse of the Soviet Union the conflict between East and West is no longer the main international confrontation. However, because of a decrease in the number of socialist countries, the ideological gap between the East and the West is focused on China. There is a major political gap between Western countries and China. Western countries have constantly placed pressure on China over such issues as human rights and military sales, Tibet, Taiwan and so forth. Improving China’s ability to influence the international market can help achieve China’s foreign policy goals. After the Cold War, military force has gradually given way in international struggles to economic power. Therefore, influence over international markets has become an extremely important element of national power. China was able to persuade Germany to abandon plans to sell submarines and escort vessels to Taiwan in 1993, because the German government recognized that China with its rapid economic development and its 1.2 billion people will provide Germany with a huge long-term market that is much bigger than the Taiwanese market. After the German Federal Security Committee decided to prohibit the sale of submarines to Taiwan, the German Space & Aviation Company was quickly offered the opportunity to negotiate a contract to sell six of its A-320 Airbuses to China. It was also given a priority to sell airplanes to three Chinese aviation companies and the company was allowed to sign a contract to export 1.2 billion dollars worth of products to China.

Although currently China's technology exports are not important, from the viewpoint of future technology export trends, it has to become one of China's major sources for international economic income. China has a huge population and it lacks natural resources. In the long run China’s economy cannot depend solely on the export of natural resources. Labor-intensive industries cannot alone raise the standard of China's economy nor achieve the goal of making

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215 Ibid.
China an economic power. Therefore, China must promote technology exports. Technology exports enjoy super profit when they are based on production of knowledge-intensive industries and the information industry. Technology exports are generally more profitable. Along with the improvement of China's industry the country is entering the information age. Technology export will play a role at least as important as the role the exports of products. Expanding technology exports will also become a key factor in increasing China's share of the international market.

2. Technology import is a strategic interest

Theoretically speaking, obtaining advanced technology has contributed to China's strategic economic interests in four ways. First, technology is a strategic factor in any modern economy. Stages of economic development are characterized by different strategic factors. In the age of agriculture, land was the strategic economic factor. In the age of industry, capital replaced land as the key factor in economic development. In the post-industrial era, technology is replacing capital and taking over the lead position in the economy. Today, China is facing a world that is entering the post-industrial society.

Second, in a modern economy technology creates much greater value at a lower cost than capital or labor. In western developed countries, 60 to 80% of the increase in GNP comes from the development of technology. Since technological innovation has become the principal method to create higher profits, an effective way to improve China's economic development is to give priority to advanced technology.

Third, one can effectively expand export markets only after mastering advanced technology. Industrial products constitute 60% of all products traded in the international marketplace. This means China must increase foreign sales of its industrial products. Under the severe competition of the international market, countries must depend on advanced technology to improve quality, lower costs, and increase the export value of industrial products.

Fourth, mastering advanced technology is the fundamental driving force for the establishment of a strong nation. World powers have depended on advanced technology from the time capitalism first appeared in the world. Even before WW II, England and America used technology for military purposes and depended on their military power to expand their overseas markets. After WW II, Japan directly used technology to expand its exports of civilian commodities. Technology will also play a key role in assuring China's economic development. This is similar to the important role played by nuclear weapons in China’s security. Without nuclear forces China would be unlikely to become the third ranked world military power. Without an important position in global technological development, China is unlikely to become a strong economic power.

From the viewpoint of China's domestic situation, obtaining advanced technology is one of China’s major international strategic economic interests for three reasons. First, China has a huge population and its natural resources are relatively poor. China must rely on advanced technology to expand industrial production more effectively.

China's population is not merely bigger than the populations of the world’s major nations, but it is six to ten times larger. Because of this huge gap China cannot rely merely on developing natural resources to meet the enormous consumption needs of its population or to accumulate capital. Because of China’s lack of natural resources for export and funds for technology R&D, economic development as a strategic need requires us to import advanced technology to raise our productivity.
Second, importing technology may reduce the technology gap between China and the developed countries. Under conditions of severe competition in the international economy, if China wants to establish itself in an unassailable position in the world market, it must reduce its technology gap with the developed countries. The Western countries understand this well. They establish controls on technology transfer to China that have more serious repercussions for China than foreign controls on investment and loans. Developed nations are striving to keep about 10-years ahead of China. There are only two ways to reduce the technology gap. One is by developing internal innovation and creativity; the other by learning the advanced technology of others. The former is the foundation for catching up with the advanced countries; the latter is a short cut in reducing the gap. When considering the pace and the cost, the first is wasteful; the latter is less costly and faster. Considering the current 10 to 15 years’ technology gap between China and the developed countries and the limited funds for research and development, China's current main technology development mission is to reduce the gap, without placing an excessive emphasis on catching up with the advanced countries. Obtaining foreign advanced technology and reducing the technology gap has significant strategic impact.

Third, China has sufficient intellectual resources. In importing technology for promoting the development of knowledge-intensive industries, China can give full play to existing intellectual resources. The huge population uses up China's natural resources, but it also provides China with intellectual resources that are unlimited. The evolution from labor-intensive industries to capital-intensive industries and then to knowledge-intensive industries has been a clear trend in building the industrial structure of the developed countries. After 14 years of economic reform, China's labor-intensive industry already occupies a dominant position in the world. However, the majority of the labor-intensive industries and some capital-intensive industries have been declining steadily. If China is to modernize more quickly it cannot simply repeat the modernization process of developed countries. In other words, China cannot wait to develop capital-intensive industries before it develops knowledge-intensive ones. China needs to develop knowledge-intensive industries concurrently with capital-intensive ones or it can even skip the development of capital-intensive industries. Only knowledge-intensive industries can give full play to China's superiority in intellectual resources. Importing advanced technology can help speed up the development of China's intellectual or knowledge-intensive industries. Moreover, China has a great deal of traditional or native technology that when combined with Western technology will create new technologies even more advanced than the technologies of the developed countries.

3. Material imports and investment abroad are interests for ensuring production

All of China's industries are increasingly relying on overseas resources. The total amount of domestic resources is not small. The variety of natural resources is also satisfactory. But China's production will still have to rely on foreign resources for a long time for two reasons.

The first reason is that the volume of domestic resources per capita, especially agricultural resources, is much lower than the world standard because of the huge population. Basic agricultural resources are seriously insufficient; therefore agricultural development is severely limited. Agriculture cannot provide sufficient lumber, food, or industrial raw materials hence China will have to rely on importing agricultural products for the foreseeable future. The second reason is that most mineral recourses are of low quality in China. Most of the mineral deposits are composite and few of them have high contents of useful materials. China has not yet discovered large rich and pure mineral deposits for several types of ore. Moreover, China's mineral deposits are not distributed evenly. These negatives substantially affect the development of China's ore
industry. It is particularly worth mentioning that although China has large reserves of petroleum, their composition is also complex; hence the refining process is very difficult. In 1993, China became an oil importer from oil exporting countries. In order to achieve the goal of becoming a mid-level developed country by mid-21st century, China's economy must maintain its high rate of growth for a relatively long period. In the early 1990s China's GNP rate growth has been about 9% as determined in China's eighth Five-year Plan. Its real rate was probably above 10%. China's mining development, however, has not kept pace with its general economic development. The high speed of economic development leads to greater need for mining products. Hence China can only sustain its high-growth domestic production by importing oil and mined products.

Investment abroad can increase the production capabilities of China's enterprises. Production investment abroad can provide materials for the domestic manufacturing industries. Chinese investments in overseas forestry centers, iron and steel companies, aluminum factories, and mineral deposits can provide domestic industry with lumber, steel, aluminum ingots, and iron ore for a long time. Overseas investment is also one of the basic dynamics by which domestic enterprises develop into multinational corporations. Only by investing in overseas factories can China's large enterprises make China's economy much more competitive in the international market. Additionally, investing in overseas factories is an important way to overcome international trade protectionism that sets up barriers to China's export products.

4. Absorbing foreign capital is an economic interest that can add impetus to China's economy

Compared with importing technology, absorbing foreign capital is only a transitional economic interest. It is not a fundamental strategic interest. In the early stages of China's economic development, absorbing foreign capital was related to the speed of China's modernization. In the early 1990s, transportation, energy and communication had become bottlenecks for China's economic development. Without rapid basic infrastructure construction, long term, high speed economic growth would be impossible. China cannot learn from Western countries how to milk colonies for capital accumulation. This is a historical reality. When there is a shortfall of capital only the importation of foreign capital can speed up infrastructure construction. Such a step reduces the problems arising at the beginning of the modernization process. In 1993, China actually utilized 36.77 billion dollars of foreign capital. This is equal to 17.7% of nationwide investment in fixed assets in the same year.  

Foreign capital also helped start new industries in China. Foreign investors like to invest in industries that are being developed because they have higher profit margins than traditional or existing industries. Foreign investors often provide the initial funds for start-up industries. Since China's service industry is still backward, foreign investment in it will greatly promote its development. China is now in transition from labor-intensive to capital- or knowledge-intensive industries. This requires a great deal of capital investment and makes the absorption of foreign capital important for the transition of China's industries. Foreign investment can also be a driving force to improve both the technology and management of traditional industries. Most foreign enterprises or foreign joint ventures bring in advanced equipment and management methods. To a certain degree, this is helpful for the modernization of China's enterprises, particularly government-run enterprises in the transportation, energy, communication and financial sectors. These enterprises generally lack the ability to survive in a market economy, a weakness that is a

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serious obstacle to China's transition to a strong market economy. After these enterprises were
opened to foreign investors, a new form of competition developed. They have been encouraged to
learn modern management methods that are more effective in a market economy. They have
become more competitive, reducing the difficulties in many of China's economic sectors.

In the long run, China's modernization could not rely on foreign investment. There is an
important difference between capital and technology in terms of their roles in a developing
economy. That is, technology may change a nation into a rich and strong one, whereas capital can
make a country rich but not necessarily strong. Technology can invent things that human beings
have not seen. But capital can only buy things that already exist in the world. Without technological
progress, it is impossible to possess competitive capability in the modern economy as well as to
increase comprehensive national strength. Middle Eastern countries provide the most typical
eamples. Although they have large amounts of oil dollars, the money does not bring them social
progress. They are still heavily dependent on purchasing advanced equipment from developed
countries for their military forces and their economies. Although they are rich, they have not
become strong nations. Taiwan has the most foreign exchange reserves, but it is far behind the
mainland in science and technology. Therefore when comparing the mainland's economy, although
Taiwan is rich, it cannot have as big an influence as the Mainland on the economic development
of East Asia.

5. Tourism and labor export are supplementary interests

Currently China's foreign exchange income from tourism and labor export is an important
supplement for capital accumulation. As long as China’s currency (RMB) cannot be freely
exchanged, foreign earnings from tourism and labor export are especially important for increasing
China's foreign reserves and ability of import. These two sources of foreign exchange income are
still relatively small. In 1993, they constituted only one-tenth of China's total export income. By
the end of the 20th century, it will be difficult for either of the two items to exceed ten billion U.S.
dollars.

China is a large country with 1.2 billion people. Tourism can only be a supplementary part
of foreign exchange income. National economic development cannot rely exclusively on tourism.
Concurrent with China's rising living standard the Chinese people will steadily increase their
travels abroad. In 1993, 3.7 million private Chinese traveled abroad. Presumably the number will
continue to increase by 15% annually. By the year 2000, the number may reach seven to eight
million. The increase in the number of people traveling abroad will drain the nation’s foreign
exchange reserves and this will reduce the income earned from China's tourism.

By looking at long-term development trends we can see serious difficulties for labor
exports and construction projects to become major economic interests. The actual annual income
from labor exports and construction projects was approximately eight billion dollars by the end of
the 20th century. Due to economic difficulties in Western nations, each country is likely to control
and limit the number of foreign laborers that can be imported from China. Not only the developed
countries, but even some poor developing countries place restrictions on labor imports. This will
make China's labor exports increasingly difficult. For instance, some of China's neighboring
countries and a few Eastern European nations that had a no-visa agreement with China have started
to limit the number of Chinese crossing their borders. In 1993, China and Russia signed a new
agreement on visa regulations. The new agreement controlled the border crossing more strictly
and made it more difficult for Chinese enterprises to implement their contracts. The visa system

also seriously affected trade for both sides. In the first half of 1994, Sino-Russian trade dropped 39% to only 2.24 billion dollars. This was lower than the 1992 level. In addition, in the short run, China's construction expertise is not as good as that of the developed countries. So it is not as competitive as developed countries when bidding for construction projects. This contributes to the idea that income from China's export of labor will be limited in the long run.

IV. Obstacles to Expansion of Economic Interests

Although China has begun the process of joining the world economy, it still has many obstacles before it will fully enter the global system. When exporting commodities China faces many excuses based on other countries’ limitations. China’s export of labor is deliberately made difficult by other countries to prevent excessive immigration. There are few Chinese companies with investment abroad. Exports of patents and services are faced with many difficulties. All these obstacles and difficulties have two aspects -- domestic and international. Domestic problems are more basic in preventing success by Chinese enterprises trying to penetrate the international market. The Chinese economy is in transition from a planned economy to a market economy. Its domestic economic system is still not fully compatible with the world economic system so that many domestic problems hinder China's efforts to enter the world market.

1. Domestic problems

The economic market system is not perfect. Some of the protectionist policies of a planned economy hinder enterprises entering the international market. Although reform of China’s foreign trade system has expanded the scope of decision-making by enterprises, the government still monopolizes decision-making in the majority of enterprises dealing with foreign trade. Townships and private enterprises do not have total foreign trade management authority. As a result they have relatively fewer opportunities to participate in international economic activities. State enterprises do have the authority to manage foreign trade, but at the same time they are made less efficient by certain national policies. For example, they only pursue short-term interests without worrying about bankruptcy or unemployment. They do not always consider quality improvement or international competition. The majority of enterprises that have the authority to contract for international projects and to organize labor export are managed by central or local government organizations. Information about international projects and hiring is not open to the public. Therefore, China's potential for exporting skilled laborers is not fully realized. For instance, international organizations have major scientific research projects every year. But individual Chinese scientists and technical personnel cannot get the necessary information, so there is no way for them to bid on the projects. On the other hand, scientists and research personnel in Western countries have channels to obtain the information. Hence international organizations’ research funds basically go to the developed countries.

Excessive government interference has bound the feet and hands of China's enterprises that want to enter the international market. Foreign trade enterprises have powerful bosses that must approve all international efforts. They include organizations such as the Foreign Trade Departments that review contacts for business management or profit potential, Financial Departments, the National Capital Management Bureau that examines capital expenditures, and the Department of Labor that reviews enterprise wage structures. All these can cause inefficient

management, a decline in productivity, and the loss of national property. Because of lack of authority to conduct foreign associated business, many Chinese enterprises are not flexible enough to compete in the international market and are unable to take the initiative. They lack independent authority for signing overseas development contracts and therefore often miss business opportunities that they might normally get.

There are also difficulties in the use of capital because of the lack of authority to allocate funds for overseas use or to control foreign exchange. Therefore opportunities for investment or business expansion are often missed. Another problem lies in the complicated procedures businessmen must go through just to travel overseas. All this says that there is no guarantee that personnel engaged in overseas business are of high caliber or that they can meet deadlines in international business competition.

Unclear property ownership also creates difficulties for scientific management, and consequently raising profit levels becomes harder. Most foreign trade enterprises are run by the state. The senior authorities nominate all supervisors above company manager. A manager's focus is more on the orders of his boss than on the interests of the enterprise. For this reason, methods that are destructive are often adopted in order to pursue short-term profits. This results in enterprises that lack reserves. Most trade system reforms are only effective for from one to three years. When new reform schemes cannot be implemented in time, economic "backsliding" occurs. For instance the reform scheme of 1991 stimulated the economy for less than two years. The government then decided on new rules for the allocation of profits gained by the contracting trading enterprises. Since enterprises could not manage their own profits, they lacked enthusiasm to pursue further profits. What is most important is that company managers do not have complete authority, such as the power to decide salaries or to hire or fire employees. In addition, the concept of property ownership is not clear. Many persons believe that state property belongs to everybody, so employees in some enterprises waste or misuse state property because they consider themselves to be owners of the enterprise.

Low quality is a major problem that weakens China's competitiveness in the international marketplace. Quality is low for commodities, technology, labor and construction projects. This adversely affects China's ability to compete in the world economy. The reasons are complex; major ones fall into five categories. (1) Enterprise supervisors pursue short-term profit, and technology research and development lacks funding. (2) Management of workers in state run enterprises is not effective and village or township enterprises lack technology as well as knowledge of technical requirements. (3) The quality of managers, salespersons and production personnel in general is not high because of the small size of investment in training and education. (4) The price gap between high tech products and labor-intensive products is not large enough. (5) There is no difference between compensation for white-collar and blue-collar work. Obviously these five reasons are connected. In addition, unclear property rights and incomplete market mechanisms affect all of them.

Domestic trade protectionism hinders foreign investment in China. During the process of establishing a market economy, China established experimental units and implemented different policies in different regions. Throughout the entire country, open cities have their own policies that are different from those of normal cities. Coastal cities have policies that differ from those of inland cities. Even among the cities open to foreign investment, policies vary according to the level of the city. Within a city, open districts have policies that are different from policies for normal districts. In order to protect economic profits, local governments have made up various "local policies" to protect their own economy. Thus, the Chinese market appears to have "separatist
regimes”. Because of this, many foreign investors are confused on such issues as worker status, market unity, policy transparency, regulatory consistency and so on. These are problems that have affected foreign investment and have made it more difficult for China to join international economic organizations.

2. External difficulties

The post-Cold War international political and economic environment has both advantageous and disadvantageous influences on the Chinese economy. Compared to the 1980s, it should be said that there are more disadvantages than advantages. One major advantage is the prevalence of peaceful conditions. This enables China to use savings on military expenditures for exports or overseas investment. Another advantage is the rapid economic development of the East Asian region that has provided China with the opportunity to expand its market within the region. In addition, Russia and central Asian countries have increased their requests for Chinese products. This has made it possible for China to diversify by maintaining multiple export destinations. Additionally, western countries and the majority of developing countries are suffering economic recession which has made China’s expanding economy much more attractive to foreign investors. Large amounts of foreign investment will help to improve the quality of China’s export products, increase the proportion of technology in such products and improve China’s competitiveness in the international economy.

On the other hand, peaceful conditions have also intensified international economic competition. The disappearance of the Soviet military threat has intensified the political conflict between China and Western countries. The collapse of the Soviet Union has changed every country’s historic belief that a nation’s power depends on its military power. After the end of the Cold War, political leaders in every country began to believe that whether or not a nation is strong depends more on its economic development. This new idea has given a higher priority to international market competition for every country. China’s foreign trade enterprises are facing a threat of international trade protectionism that increases day by day. Moreover, trade protectionism is linked to international politics. This has created long-term international difficulties for Chinese enterprises as they try to enter the international market.

America adopted the policy of combining politics and economics in its China policies. This made normal development of the Sino-U.S. economic relations more difficult. America is China’s most important export market as well as one of China’s main sources for foreign capital. According to Chinese customs statistics, in 1992, the volume of China’s exports to the U.S. constituted 10.1% of its total exports. According to American statistics, one quarter of China’s exports go to America. However, after the Cold War, the Sino-U.S. strategic relationship was no longer as important as it had been and America began to place various economic pressures on China, demanding that China’s political or foreign policy be more in accord with American terms. The MFN issue was once a key card for America. In 1994, the Clinton administration agreed to separate the MFN issue from human rights issues, but MFN status still needs to be approved every year. In addition, between January 1, 1991 and early 1994, America changed textile trade quotas for China four times for a total of three million dozen pieces. Those quotas were initially agreed upon in a textile products trade agreement between the two countries. America unilaterally announced that if America believed that China is conducting illegal entrepôt trade, it could change its trade quota for China. Since there are long-term disagreements and conflicts between the two countries over

the issues of weapons proliferation, human rights, arms sales to Taiwan and nuclear testing, the economic friction between the two countries will continue to increase. America will continue to hinder China’s exports to America by constantly establishing trade quotas and implementing anti-dumping taxes.

Western trade protectionism has made it more difficult for Chinese enterprises to enlarge their share in the international market. China was unable to join the WTO until the year 2001 and thus could not receive WTO export protection. The unification of the EC and the establishment of NAFTA expanded the degree of free trade between the member countries, but both events have obstructed the trade of non-member nations. For instance, in January 1993, the EC decided to raise the standards for the inspection of food, toys and medicine imported from developing countries. This was very disadvantageous for China because China had not yet signed the WTO agreement. After 1993, there appeared a trend of anti-dumping taxes being more frequently imposed on China's export products. In February of 1993, Japan for the first time decided to impose such taxes, ranging from 16-105%, on China's silicon, manganese and iron. Korea imposed a 40.6 - 54.28% anti-dumping tax on China's phosphoric acid. In April 1993, Mexico decided to impose anti-dumping taxes of 16-105% on 75% of China's export products. In September, the EC decided to impose anti-dumping taxes of 30.6 and 19.4%, respectively, on China's bicycles and photo albums. Western countries also promulgated new and more restrictive immigration laws to limit the number of immigrants. This has made China's labor exports even more difficult.

Different methods of calculating trade statistics have also increased conflict on the trade balance issue. Currently, the gap between China and the developed countries in import/export statistics is increasing. The unbalanced trade relationship almost became an irresolvable problem. In 1992, the U.S. announced its trade deficit with China was 18.3 billion dollars. Japan announced its trade deficit with China was 4.989 billion dollars. However, according to China's statistics, in the same year, China had a trade deficit with Japan of 2 billion dollars and with the US of only 310 million dollars. This problem became more severe in 1993. The statistical gap also grew larger. For instance, according to Japanese customs statistics, from January to June, Japan's trade deficit with China was 945 million dollars. But according to Chinese customs statistics, China had a 2.73 billion dollar trade deficit with Japan. In the same year, America believed that its trade deficit with China rose to more than 25 billion dollars. But according to Chinese statistics, China's trade surplus with the U.S. was 6.3 billion dollars. The reason for the gap was related to processing products via Hong Kong. These products have a very limited margin of profit, but the Western countries calculate the entire amount of the Hong Kong entrepôt exports in the amount of China's exports, according to their principle of “point of origin.” Because of the huge statistical gap, many other countries strive for a trade balance by limiting China's export products.

Non-Asian developing countries are struggling to raise their ability to import. Therefore it is even harder for China to increase export destinations. In the foreseeable future, the economic growth of most of the developing countries in Latin America, Africa, the Middle East and Oceania will hardly reach 5%. Their import growth rate will be at about this level. Because of slow economic development and limited export ability, foreign exchange reserves in these countries will increase very little. Consequently, they will lack the ability to pay for imports. Similarly the export of products is a problem between China and the ASEAN countries. ASEAN countries other

than Singapore will not quickly increase their exports to China. Moreover, due to the similarity of the economic level between China and ASEAN countries, their needs for Chinese technicians or laborers are not large. Additionally, some of these countries have disputes on some islands of the South China Sea with China and they have political suspicion of overseas Chinese. All these cause discriminatory economic policies toward China. Therefore, China will have many difficulties in developing these markets.
Chapter Five -- China’s Security Interests

Since the end of the Cold War China’s security has improved significantly, but this does not mean that China no longer needs to worry. Along with the expanding scope of China’s security interests, many new security problems have emerged. The improved security environment is primarily a short to intermediate term phenomenon. The danger of direct military invasion has generally disappeared. However, when we consider long-term security interests we see that China’s security is still threatened. The possibility of involvement in war still exists. The threat from China's neighboring countries has not yet been completely removed. The hidden danger of separatist activities is increasingly significant. Border disputes have not all been settled. Economic security issues become more pressing every day. In this Chapter, I will analyze the following difficulties and problems from the perspective of long-term security: China's strategic security interests, national unification efforts, economic security problems and current difficulties and problems in maintaining China's general security interests.

I. Strategic Security Interests

1. Avoiding a military clash

China’s most important strategic goal is to become a modern state. One of the important conditions for achieving this goal is that the economy not be destroyed or disturbed by war. Since the founding of the People’s Republic of China it has experienced war or military clashes six times. These include the Korean War (1950-1953), bombing Jinmen and Mazu islands (1958), war on the Sino-India border (1962), military clashes on the Sino-Soviet border (1969), war in the South China Sea (1974) and the Sino-Vietnamese Border War (1979). In the 30-year period from 1949 to 1979, China was involved in an armed conflict every five years. The frequent involvement in military clashes impeded China's economic activities. Development was slowed during these 30 years. But from the 1980s onward, China was no longer involved in military conflict and economic development made major advances. Measured by compatible price of 1952 China's national income index increased only 1.17 times in the 14-year period from 1952 to 1966.224 And in the 26 years between 1952 and 1978, it increased 4.53 times. In the 15 years between 1978 and 1993, it increased 3.74 times.225 Modernization is the basis for China’s dream of becoming a strong nation. Many Chinese activists have been striving to make this dream come true for more than a hundred years. Realizing this ideal requires a peaceful environment over a long period of time. Therefore China must regard avoiding military clashes as a primary national interest.

Currently there are two visible dangers that could lead China toward involvement in a military clash. One is the issue of Taiwan "independence." By the year 2000, Taiwan would not have the capability to achieve independence in terms of economy, military or international support. Accordingly, in the 1990s, the nature of the Taiwan issue is related to the question of whether or not Taiwan’s efforts to split from the motherland would destroy peace and security in the Taiwan Strait. In the future, if the Taiwan issue leads to a war in the Strait, three aspects could seriously damage China's national interests. Politically, once a war breaks out, whether it results in unification or a complete split, China’s policy of peaceful unification that has been in place since economic reforms began could not be considered successful. Economically, once a war breaks out,
economic relations between the two sides would stop. Not only would both sides’ trade and Taiwan’s investment on the mainland stop, but Taiwan’s enterprises on the mainland would be unable to continue operating their businesses. The war would also use funds that could be used for economic development and damage normal economic progress. Internationally, if a war takes place in the Taiwan Strait, it would create a serious “China Problem” and this would worsen relations between China and the U.S., China and Japan, as well as China and Southeast Asian countries. Based on China’s experience after the Tiananmen political incident in 1989, it would take five to six years to normalize foreign relations. If the Taiwan issue leads to war, it would seriously damage the peaceful environment needed for China’s modernization and would definitely cause our development efforts to be postponed.

The Taiwan administration’s misreading of China’s peaceful unification policy may become one of the reasons for a war over the Taiwan issue. At the moment neither China nor the Taiwan administration plans to eventually settle the issues by military force. China has suggested peaceful unification and Taiwan responded with the idea of seeking a win-win solution. Obviously neither side wants to go to war. However, the Taiwan administration may be underestimating the Mainland’s determination to unify. It may also be overestimating the Mainland’s concern over the consequences of a war. This kind of misunderstanding may lead to a war that neither side wants. What makes things worse is that those who promote Taiwan independence do not believe a war will take place and therefore continue down the separation path. The American government allowed Lee Teng-hui’s private visit to the U.S. in June 1995. Since that time, the Taiwan administration has believed that America will give more frequent and public support to Taiwan independence. Taiwanese leaders even believe that America will militarily interfere in case a war takes place in the Taiwan Strait. Hence the administration led by Lee Teng-hui continues to reinforce its support for Taiwan independence. If the situation in Taiwan reaches a point where the administration makes the reckless move of announcing its independence, China would have to unify Taiwan by military means.

Another issue that may involve China in a military conflict is the oil issue in the South China Sea. In this area, China has had territorial disputes with some of the Southeast Asian countries for a long time. These disputes are historical and cannot be settled abruptly. The problem is that this kind of dispute may or may not lead to military conflict in the short term. Despite the fact that China has territorial disputes with Vietnam, Malaysia, Brunei and the Philippines, it is still able to maintain friendly cooperative relations with Malaysia. China also maintains reasonable bilateral relations with the Philippines and Brunei. Vietnam is still a problem. Since the end of the Cold War, Vietnam has been eager to develop its economy and hopes to realize an economic take-off by utilizing all possible resources. In 1993, Vietnam’s offshore oil production reached 6.5 million tons. Its economic development has increasingly relied on these offshore oil resources. If the Vietnamese use military force to expand their search for more oil in this area, it would force China to protect its territory and ocean rights by means of military force.

The principal disputed region between China and Vietnam is Wan An Reef in the Nan Sha Island group. In 1992, China signed the contract of "Wan An North - 21" with Creston Energy Co., an American company, for oil exploration. The area covered by this contract is 25,155 square kilometers, located within the South China Sea area that is under China's jurisdiction. However, the Vietnamese protested and censured China’s action as illegal. In the meantime, they signed oil development contracts with foreign countries, including American companies, for exploration in the same areas. China suggested "shelving disputes, and jointly developing the area". But Vietnam

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did not accept China's suggestion. Since 1992, China-Vietnam relations have improved. But it is still possible that the Vietnamese will press their oil development in the South China Sea by using American support. Since America no longer has a military base in the Philippines, it has been searching for a military supply base in the area to restore its military presence in Southeast Asia. In October 1994, when the Thai prime minister visited Washington, U.S. President Clinton mentioned his hope that Thailand would allow U.S. military supply ships to dock in Thailand. But Thailand refused, as did Indonesia and Malaysia. All these nations have stated that they would not accept the restoration of American military bases in Southeast Asia. The possibility exists that the U.S. could make a deal with the Vietnamese. When the U.S. Pacific Fleet Commander Richard Mark visited Vietnam in October 1994, he mentioned the issue of restoring a military base in Jinlan Bay in Vietnam. If the Vietnamese agreed to provide the U.S. a facility for military supply, the U.S. might support Vietnam’s claim of a right to develop the Chinese area in the South China Sea. If the U.S. used force to support Vietnamese oil development in the South China Sea, the danger for military conflict in this area would dramatically increase.

2. Avoiding confrontation with America

The main task of Chinese foreign policy is to build an environment favorable for economic development. The only way to be able to complete the task is to avoid military confrontation with America. Therefore, avoiding such a confrontation is one of China’s long-term strategic security interests. China’s experience in modern history is that only major powers can threaten China’s security. After the end of WW II, America and the Soviet Union were the only two powers that could seriously threaten China's security. Any other country that wanted to threaten China's would have to depend on support from America or Russia. For instance, South Korea relied on America's support in the 1950s. India relied on support from America and the Soviet Union in the 1960s. Vietnam relied on a treaty of military alliance with the Soviet Union in the 1970s. After the Cold War, America became the only super power in the world. Moreover, its status as a superpower will probably be maintained for at least 20 to 30 years. This means that for the next 20 to 30 years, America is the country most capable of jeopardizing Chinese security. Moreover, in light of the disappearance of the Soviet military threat after the Cold War, America no longer emphasizes strategic relations with China. In fact, it has come to believe that China is now a potential threat to its security. By comprehensively considering China’s population, its area, nuclear capability and its economic development, and especially the huge gap in ideology, America believes that the rapid development of China’s national power will soon turn it into a new and competitive superpower. This is not considered advantageous for America’s security. Samuel Huntington, a well-known American political scientist believes that along with the rapid pace of industrialization, China will assert more power in international matters. This kind of American thinking is likely to hinder the development of Sino-U.S. cooperative relations.

Since the Cold War, the main potential military threat faced by China comes from the U.S. America’s key strategy for its post Cold War security has been to prevent nuclear weapons proliferation and to interfere in, as well as to reduce, regional conflicts. The principal focus of maintaining regional stability has been in the Asian Pacific Rim area. After President Clinton entered office, his administration decided to expand disarmament beyond the basic policies of the Bush administration. The number of active service personnel was reduced by 700,000. Military

228 “America is Planning a Military Base in Vietnam, The China Times (Taiwan), November 18, 1994.
229 “Watch out for China”, Newsweek, November 21, 1994, p.62
troops stationed in Europe were reduced from 300,000 to 75,000-10,000.\textsuperscript{230} Although the military confrontation in Europe has been more intense than that in the Asian Pacific area, America still stationed 100,000 troops in the Pacific area, basically maintaining the original level.\textsuperscript{231} This was equal to or greater than the level of troops in Europe. From a military perspective, the reason the U.S. military maintained such a large presence in the Asian Pacific region was concern over China and North Korea. After the end of the Cold War, expanding exports, promoting democratic politics and nuclear nonproliferation have become the three pillars of America's foreign affairs strategy. Among these three, China with its independent foreign policy has developed conflicts with America, especially concerning American efforts to promote democratic politics and nuclear nonproliferation. China opposes U.S. interference in other countries' domestic politics in the name of supporting democracy. China also opposes America's double standard policy of arms sales. America is the largest weapons exporter in the world. However it limits other countries' arms sales everywhere under the rubric of nonproliferation. After the Cold War, there have been many opportunities for Sino-U.S. relations to normalize. In the long run, neither side can hope to restore strategic relations to the level before 1989. We cannot rule out the possibility for accidental events to bring about tension between China and U.S.

Whenever Sino-U.S. relations become confrontational, China's strategic security interests will be jeopardized in all respects. First, any Sino-U.S. confrontation will lead to closer Japanese-American cooperation. America will use Japan to balance China's power in Asia. At the same time, China will lose the possibility of taking advantage of any U.S.-Japanese conflict. America's current Asian Pacific policy is to promote Asian Pacific cooperation by including America in the core system and using the unofficial APEC summit as the framework. Within the U.S., there are those who believe that America should oppose China by allying itself with Japan and those who believe they should oppose Japan by supporting China. Neither position is dominant. Neither has become the Asian Pacific policy for the government. If political confrontation between China and the U.S. develops, then it is possible that China will be considered by the U.S. as its international rival.

Second, the American government has steadily increased its arms sales to Taiwan after the Cold War. This was done not only to accommodate congressional pressure on China policy by demonstrating a hard China policy, but also out of strategic considerations. The U.S. hoped to raise Taiwan's military strength to balance that of the Mainland. In that manner the U.S. hopes to prevent a war between the Mainland and Taiwan as well as to hinder China's unification efforts. Increased U.S. arms sales to Taiwan may also lead to military confrontation between the Mainland and Taiwan. America's military support may make the Taiwan administration mistakenly believe that America would interfere with military force if China tried to unify the country by force. This misunderstanding makes it possible that the Taiwan administration would dare risk promoting independence, in which case a war in the Taiwan Strait would be inevitable. A China-U.S. confrontation would also result in America's reinforcing its support for other separatists, especially the activists promoting Tibet Independence, in China's minority regions. Thus, it would increase the difficulty for China to ensure national unity.

Third, other countries may try to take advantage of a China-U.S. confrontation by increasing their bargaining leverage in dealing with China. Although China has been steadily improving relations with its neighbors, it still has many territorial disputes with them. If China is in a confrontation with America, America certainly will support China's opponent in any dispute.


On the Nansha Islands issue, the American government has officially expressed a neutral stance, but in fact, America's media clearly support countries other than China. America's support will usually strengthen the stance of those countries that have problems with China. It is also likely to complicate those problems.

3. Establishing a collective system of cooperative security

A collective system of cooperative security is a more secure and reliable than individual security systems. It would be advantageous to China’s strategic security interests to create a cooperative security system in the Asia Pacific region. Within individual security systems every country’s security relies on its own power and its allies’ power. While in collective systems of cooperative security every country’s security not only depends on its own power but also gets additional protection from the agreements of cooperative security (cooperative security system differs from military alliance). This is like a health insurance group. One can pay his medical expenses from his income, but if he joins a group health insurance program, he will get an additional source of payment. In normal times he pays a small fee. When he is sick, he can take advantage of the group health insurance for emergencies and expensive medical treatment. In addition to the normal functions of collective cooperation, a collective cooperative security system can play a deterrent role. A country will not dare to take the chance of invading another nation out of fear of collective punishment. A cooperative security system would have to have certain rules. One is that it must not allow any hegemonic power to manipulate it. Generally speaking, a cooperative security system is more reliable and durable than an individual security system.

In the Asian Pacific region, where China is located, there is no cooperative security system as of the early 1990s. There isn’t any kind of regional security system. Although the ASEAN Forum was established in 1994, the organization is still in its early stage of development and has no authority whatever. China, Japan and America lack mutual confidence. During the Cold War period, peace in East Asia depended on America as China and Japan resisted the Soviet Union’s expansionism. After the Cold War, Russia reduced its military forces in East Asia. So to a major degree, security in this area now depends on the relations between America, China and Japan. Since the disappearance of the former Soviet Union’s military threat, the lack of mutual confidence between China, America and Japan becomes critical. A kind of soft confrontation has developed. China protests the U.S. selling weapons to Taiwan and also criticizes Japan for sending military forces overseas. America and Japan talk about the “China threat”, criticizing China’s nuclear test policy and China’s rapid military modernization. America supports Japan in increasing its military functions in Asia, demanding that Japan bear a greater share of the expense of stationing American military forces there. Because Japan has not completely eliminated its imperial militarism that was displayed during WW II, East Asian countries are very concerned about increased spending by Japan’s military and it’s sending troops overseas.

A cooperative security system in the Asian Pacific area would have two advantages for China’s strategic security. First, it could prevent an arms race in the East Asia area. In the absence of a cooperative security system in the area and due to complicated border disputes between East Asian countries, each country can only improve its security by steadily increasing its military spending. However, in individual security systems, any country that improves its security in this

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232 By definition cooperative security is different from a military alliance. The latter is merely an expanded individual security system. The fundamental difference between the two is that, a cooperative security system does not target a third party. In other words, it does not have a given enemy while a military alliance on the other hand is based on a given enemy.
manner is inevitably perceived as threatening the security of its neighbors. Rapid economic development in East Asian countries has achieved great success. The greater the success is, the stronger they will have to be to protect their economic achievements. This creates a higher demand for national security. Therefore these nations will increase military spending to improve their armaments. This is similar to the fact that the richer a man is, the more he worries about his assets, and he increases his investment in insurance. Economic success then may stimulate increased military spending. When one country increases its military spending, it will cause other countries to follow. A vicious cycle is created. After the Cold War, many countries in the East Asian region began to think of improving their armaments to effectively protect their own security interests.

The arms market in Southeast Asia expanded considerably after the Cold War. The rate of increase of annual national defense spending by some Southeast Asian countries has reached double-digit numbers. Western countries and the former Soviet republics are striving to expand their share of the East Asian weapons market. This is due to the depression of their own military industries and the growing purchasing power of East Asian countries. If China is involved in an arms race, its economic development will be seriously affected. But if a cooperative security system were established in the region, then to a large degree, the East Asian countries' worries about their security could be reduced, and the arms race could be eliminated.

Second, it would be helpful for the establishment of a peaceful environment. Under a cooperative security system, East Asian countries' security could be strengthened so that rumors and perceptions, such as of a "China threat", that damage economic cooperation between China and its neighbors, could be eliminated. This would help China to maintain long-term stable cooperation with its neighbors.

4. Maintaining stability in the region

From the perspective of long-term strategic security, maintaining the stability of neighboring areas is in the defensive strategic interest of China. This is because political instability or military clashes in these areas may have serious consequences for China. Currently, neither Russia nor Japan has completely stable domestic political conditions. The political situation causes people to complain about the government. There will be more demands in the two countries for a stronger government in order to attain greater stability. This will inevitably provide the hardliners in each country with opportunities to come to power.

Japanese militarism has resumed in the past few years. In 1994, within a single year, the Japanese government experienced three different cabinets led by Hosogawa, Wada and Murayama, respectively. Because of the unstable political situation, Japanese militarists have tried to redefine Japan’s invasion in WW II. In May of that year, the Japanese Minister of Legal Affairs, Nagano said: “it is a mistake to define the Pacific War as an invasion; … The Nanjing Massacre is a sheer fabrication.” Also, in August the head of the Department of Environment, Sakurai said: “Japan did not invade… it is better to say that thanks to Japan all Asian countries have obtained independence from European colonists, rather than talking of Japanese expansion.” In October, Hashimoto, Minister of Industry and Trade once again denied Japan’s expansionism in WW II. In 1992, the Miyazawa administration passed a PKO (Peace Keeping Operation) bill in the Diet.
paving the road for Japan to send its military abroad. Japan's military spending has increased to become the third highest in the world. In 1993, its defense budget was 37.7 billion dollars, which is more than five times that of China's 7.3 billion dollars.\(^\text{236}\) Although the number of Japan's self-defense troops is small, the equipment is advanced. According to the U.S. Defense Department, among 22 items of advanced technology related to national security, Japan has six items that are considered the best.\(^\text{237}\) Japan is the only country other than the U.S. whose navy has the Aegis Class destroyer. This class of warship has an automatic radar system that can simultaneously recognize and track over 200 targets. It launches missiles that can simultaneously attack more than a dozen targets. Japan is also building its first aircraft carrier since WW II.\(^\text{238}\) It is said that the FSX fighter that Japan is currently developing is 30 years more advanced than any current plane. Presumably this type of plane will be put into production at the beginning of the 21st century.\(^\text{239}\) Japan is not only willing to be an economic power, but also wants to be a political power. If the militarists take office, then it is possible that Japan will become a military power.

If the Russian hardliners take office they could carry out chauvinistic policies. First, Russia would be in a position to again create a military threat toward China over the border issue. Currently in Russia, there is a phenomenon called “Zhirinovskiyism” (named for 1990s radical Russian nationalist Vladimir Volfovich Zhirinovsky). If China fails to stop this new chauvinism using the collective power of the international community it is possible that it will suffer great damage in the future.

Further development in Sino-Japanese relations helps China take the initiative in a balancing strategy in the Asian Pacific region. Since the Soviet collapse, the strategic balance in the Asian Pacific area has been basically based on relations among China, Japan and the U.S. Now Japan is in an advantageous position in the trilateral relationship. Meanwhile, both China and the U.S. hope to have a closer relationship with Japan, urging it to improve the relationship wherever possible. In order to change China's passive position, China clearly needs to further improve Sino-Japanese relations while at the same time preventing the Sino-U.S. relationship from getting worse. It is still difficult for China and Japan to forget about previous ill will and to develop a relationship like that between Germany and France. There is much room for the improvement of Sino-Japanese relations. Japan needs to use China's power to change its role as junior partner of the U.S. and to obtain a position that is politically equal to the U.S. Japan also needs China's support to obtain a permanent seat in the UN Security Council. Above all, what is most important is that Japan not be willing to abandon China's market or its resources. If China can take full advantage of these factors it will be possible to further develop China-Japan cooperative relations and to move Japan’s position closer to those of China than America.

Since the end of the Cold War, more conflicts within and among China's neighboring states have developed. This has increased the possibility of China's involvement in a regional conflict. The old potential for a regional military confrontation is still there. Although South Korea and North Korea signed a treaty of reconciliation at the end of 1991, the Korean Peninsula still is the region in East Asia where military forces are most highly concentrated. The two Koreas are still confronting each other militarily. In October 1994, the U.S. and North Korea signed the “Agreed Framework” which was an agreement freezing North Korea's nuclear efforts. But in November, the U.S. held a military exercise with South Korea called “Team Spirit.” The exercise made North


\(^{237}\) Chen Liang, Japan attempts to revive militarism.

\(^{238}\) Ibid.

\(^{239}\) The Japanese are aiming at super air fighter,” The Sunday Telegraph (England), October 30, 1994.
Korean very unhappy. According to North Korea, it had to return to its nuclear plan because of South Korea's betrayal. It insisted that bilateral relations could not be improved unless South Korea apologized and discarded its security law. Kim Yong Sam, the president of South Korea suggested economic cooperation between the South and the North, but North Korea immediately refused.

Cambodia's peaceful unification process has been difficult. A new united government was established after the general election in 1993. However, the new government could not disarm the Khmer Rouge. The two sides continue to confront each other, and the domestic war has not ceased.

There has been no evidence showing a relaxation of the military confrontation between India and Pakistan. Both sides are developing nuclear weapons. This produces a heightened danger and possible consequences for escalation in a future war. In Afghanistan, although 11 guerilla groups have formed a joint government, the domestic war has not yet completely ceased. Meanwhile, ethnic disputes causing military clashes took place between Afghanistan and Tajikistan. There is much tension between the two sides. Thus many military confrontations and clashes continue to surround China. Once the international strategic relationship changes, big powers may take advantage of them to harm China. Moreover, the confrontations may also lead to a national separatist effort in Xinjiang Province. Therefore, China needs to cooperate with the UN to help cool down these hot spots.

Border disputes have not been completely settled and it is difficult to reconcile the conflicting interests among East Asian countries. For instance, Vietnam, Malaysia, the Philippines and Brunei have all claimed sovereignty over various parts of the Nansha Islands area. They are fishing and developing oil resources in this area as well. Among them, Vietnam has occupied 21 islands, the Philippines 9, Mainland China 8 and Malaysia 3. Taiwan has occupied one of the biggest islands.240

China and Japan have disputes over the Diaoyu Islands in the East China Sea. Japan set limits on China’s oil field development policy in the area, demanding that China not enlarge the area by crossing the centerline between the island and the Chinese mainland.

Japan and Russia maintain conflicting positions on the issue of the Kurile Islands, north of Japan. The gap between the two sides is so large that President Yeltsin had to cancel his planned visit to Japan in 1992.

There are border disputes between other East Asian countries as well. Because sovereignty and major economic interests are linked, these disputes cannot be settled quickly. All of them involve a hidden danger of potential regional chaos. China should promote peaceful resolution of these border disputes.

5. Maintaining nuclear capability and preventing nuclear proliferation

The Cold War is over. But the usefulness of nuclear weapons is not out of date. Maintaining a nuclear deterrent capability and preventing nuclear proliferation are still in China’s realistic strategic interest. No world war occurred during the more than 40 years of the Cold War. The

240 (Hong Kong) The Times Weekly, January 2-8, 1994, No. 827, p. 17.

Taiwan occupies Taiping Island. Malaysia occupies the Guangxingzai Reef, the Danwan Reef and the Nanhai Reef. The Philippines occupies the Beizi Reef, Zhongye Island, Xiyue Island, Feixin Island, Yangxinshazhou Island, Nanhua Island, Mahuan Island, Lile Island and Siling Island. Vietnam occupies the South Reef, the Naijusn Reef, the Chuanlan Reef, Dungjiansha Island, the Anda Reef, the Daxian Reef, the Xiaoxian Reef, the Jinlun Beech, Jinghong Island, Anboshazhou Island, the Hua Reef, the Bisheng Reef, the Lioumen Reef, the Middle Reef, the East Reef, Pengbobao Island, Nanwei Island, the Liwei Reef, Hongxiu Island, the Guihan Reef, the Qiong Reef and the Daer Reef. China occupies the Zhubi Reef, the Nanxun Reef, the Chigua Reef, The East Gate Reef, the Yongshu Reef, the Huayang Reef and the Kennan Reef.
deterrent power of nuclear weapons in preventing major war cannot be ignored. In terms of strategy, there are three security reasons for China to maintain some nuclear weapons. First, nuclear deterrent power helps protect against attempts by other countries to invade China. China is a huge country, and its neighbors’ behavior is not always predictable. China’s non-nuclear power could not sufficiently deter any major attack. Second, maintaining some balance of nuclear power helps prevent war among the big powers as well as deterring any nuclear attack on China. Since the advent of nuclear weapons, the only example of their use was when a nuclear state used its nuclear weapons against a non-nuclear nation. Nuclear countries have never used nuclear weapons against each other. Third, nuclear power is an important factor in maintaining China’s prestige as a great power.

Currently, there is still a wide gap between China and other nuclear countries in terms of nuclear capability. The U.S. and Russia have more than 12,000 strategic nuclear warheads. According to the START II treaty, the U.S. and Russia will still maintain 3,000–3,500 nuclear warheads after the reduction required by the treaty is fully implemented.²⁴¹ China has only several hundred nuclear warheads. Even according to American data, China only has 434 warheads including 150 tactical warheads and 284 strategic warheads.²⁴² Because China has fewer nuclear weapons, it can only use its limited nuclear capability in a second strike for retaliatory deterrence, depending on the number of nuclear weapons that would survive after absorbing an initial nuclear attack and also on the enemy’s capability to defend against China’s retaliatory attack. Another country’s nuclear attack on China could be effectively prevented only when that country believes its defense capability is less than the nuclear capability of China. What the Gulf War showed is that the U.S. is constantly improving its antiballistic missile technology. Even if their effectiveness is only 10%, the U.S. needs only 2,840 antiballistic missiles to intercept all the strategic warheads that China currently possesses. In other words, China’s nuclear deterrent power lacks sufficient and effective technology and partially depends on the psychological factor.

In order to improve the assurance of nuclear deterrent power, China needs to further increase the number of its nuclear weapons as well as to improve their quality. Since China’s nuclear strategy is retaliatory deterrence, quality is the key. Only by improving the delivery capability, stealth properties, multiple re-entry capability and penetration capabilities of nuclear weapons can the effectiveness of nuclear deterrence be increased. China’s nuclear capability uses strategic bombers, missiles and nuclear submarines. From the perspective of retaliatory deterrence, ocean-base nuclear capability should be the key area for development because submarines have high stealth properties and flexibility.

After the end of the Cold War, global nuclear proliferation changed. Since the collapse of the Soviet Union there are three new nuclear states. They are the Ukraine, Byelorussia and Kazakhstan. Although these countries have already signed treaties to demolish all their nuclear weapons, it will take quite a long time to finish the demolition. Kazakhstan, which borders China, has 104 SS-18 ICBM and at least 1,000 strategic warheads.

In addition, most of the countries or regions that are close to the nuclear threshold are located around China. They include India, Pakistan, Korea, Taiwan and Japan. In 1974, India exploded a nuclear device. Now each year it can produce 75 kg of weapon grade plutonium (which can make 15 warheads). In 1989, India successfully launched a 2,500-km range intermediate ballistic missile called the “Agni.” This type of missile can reach Beijing. Pakistan began making

weapons grade uranium in 1986. Its annual productivity is 2-3 warheads. North Korea has nuclear facilities; whether it can make nuclear weapon is uncertain. Taiwan started its nuclear weapons research in 1966. In 1988 it began to establish an enrichment facility that could make weapons grade plutonium. It also cooperated with South Africa in developing a 1,000-km range intermediate missile called “Tian Ma”. According to data from the Japanese Science & Technology Department in 1993, Japan has stored a total of 4.5 tons of plutonium around the world, including 1.6 tons in Japan. Although this plutonium is not weapons grade, it is not difficult to convert it into weapons grade using Japan’s current technology. It is believed that Japan could produce nuclear arms within a year.

Figure 5-1 -- The U.S. Assessment of World Nuclear Weapons Distribution - 1994

* Has agreed to become a NNWS.

<table>
<thead>
<tr>
<th>The NWS</th>
<th>Warheads</th>
<th>Potential NWS</th>
<th>Warheads</th>
<th>Countries wanting NWS</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>8380</td>
<td>Israel</td>
<td>50-200</td>
<td>Algeria</td>
</tr>
<tr>
<td>Russia</td>
<td>7005</td>
<td>India</td>
<td>25</td>
<td>Iran</td>
</tr>
<tr>
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<td>1600</td>
<td>Pakistan</td>
<td>10</td>
<td>Iraq</td>
</tr>
<tr>
<td>Khazakhstan</td>
<td>1400</td>
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<td>Libya</td>
</tr>
<tr>
<td>France</td>
<td>525</td>
<td></td>
<td></td>
<td>North Korea</td>
</tr>
<tr>
<td>China</td>
<td>435</td>
<td></td>
<td></td>
<td>Seria</td>
</tr>
<tr>
<td>UK</td>
<td>200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Byelorussia *</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Nuclear proliferation, especially in China’s neighboring areas has a major influence on China’s strategic security. First, adjacent countries that have nuclear weapons pose a direct or potential military threat to China. When political relations between China and its neighbors are good, nuclear weapons are not dangerous. But once political relations turn bad these nuclear weapons are likely be aimed at China. Second, the proliferation of nuclear technology may cause a chain reaction stimulating mutual competition between some countries, as well as triggering regional arm races. Third, if the number of nuclear weapons states increased, it

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would be more difficult to control the use of nuclear weapons. Currently there are only eight NWS in the world. But it is still difficult to reach any agreement on the non-first use of nuclear weapons. It will be even more difficult if the number of NWS increases. Fourth, nuclear proliferation may disturb regional stability. Establishing a collective security system in Asia has always been very difficult. If nuclear proliferation cannot be stopped it will be even harder to establish any form of regional security cooperation. Therefore, nuclear non-proliferation will help alleviate the above problems.

6. Building a lean and strong military force the Chinese way

The disappearance of a direct military threat to China and the enhancement of China’s national strength made it necessary to adopt a new national defense strategy. Active defense has become the current strategy. From the time the PRC was founded, China has been preparing for a full-scale war. It prepared for WW III in the 1950s, for a nuclear war in the 1960s and for an invasion by the Soviet Union in the 1970s. In order to deal with a full-scale counterattack war against a stronger enemy, China has had to adopt the strategy of protracted war, to lure the enemy in deep before destroying it little by little. For the purpose of achieving this strategic task, China developed a “third line strategy”. It dispersed its national defense industry. Each major military area built a double-layered defense system. Today, a direct military threat does not exist. Therefore it seems unreasonable to continue to prepare for a full-scale war as the major mission of national defense strategy. Since economic development has become the most important effort of the whole nation for the next few decades, the national defense strategic mission should be considered with it. The open-door policy achieved over the past 15 years must not suffer destruction from a war. The guiding principles of economic development and the relatively peaceful security environment have together determined the long-term strategic mission of the Chinese military. That mission is the conduct of an active defense, combined with China’s approach to disarmament.

In terms of active defense, the major approach to war is very different from that of a full-scale war. First, the former relies mainly on the fighting ability of the regular army, while the latter may rely on a people’s war; a combination of army and civilian efforts. Second, the success of the former depends primarily on military force, while the latter depends mainly on political agreement among the people. Third, the former can be conducted only under the condition of no danger of escalation to nuclear war, while the latter can be any kind of war. Fourth, the former is far more difficult than the latter in terms of the strategy and tactics. Fifth, generally speaking, the former is short-term while the latter is long-term.

Improving the capability to win a major regional conflict is an important key for active defense. Nuclear deterrent power cannot prevent a regional conflict from taking place. When the U.S. and the Soviet Union became superpowers after WW II, they avoided the disaster of a full-scale war because of their nuclear capabilities. However, they could not avoid being involved in regional conflicts. Currently, China cannot completely avoid the danger of being drawn into regional conflicts and hence it must improve its military capability for dealing with such conflict. Only when the regular military force is dependable can winning a regional conflict be assured.

Any regional conflict that China might successfully deal with is not likely to be a long-term one. Therefore, China cannot rely on strengthening its forces during the war to alter the course of the war. It must rely on the constant improvement of its military force to assure its superiority if it is drawn into a war. Maintaining steady efforts to improve military capability as well as military superiority in some areas will be a very difficult mission to carry out.
Under post-Cold War conditions, China still needs conventional deterrent capability. During this time, when arms races are giving way to economic competition, China’s national defense establishment needs to consider military security as well as political and economic security in determining the approach of its national defense establishment. Currently, the U.S. places constant political pressure on China concerning Taiwan, Tibet, Hong Kong, human rights and arms sales. One of the reasons is that the America believes it has the military ability to interfere in China’s domestic politics. American government officials have indicated many times that if a military clash breaks out in the Taiwan Strait; the U.S. would not sit by and watch. However, during the Cold War, the American government did not dare to support any secessionist movements in the former Soviet Union. The key reason was that it was afraid of the Soviet Union’s military power. Therefore, in terms of assuring national unification, China not only needs military power to win a regional conflict, it also needs to establish some conventional deterrent capability. Conventional deterrent capability is different from basic combat power. The former can attain its goal without actually using force, while the latter must be used on the battlefield. The establishment of a conventional deterrent capability would reduce the confidence of the U.S. and other western countries that they can interfere in China’s domestic affairs. It would also help to decrease the possibility of regional conflict.

II. The Security of National Unification

Currently, Taiwan and Tibet are regions where the problem of separatism is serious. The Taiwan problem is particularly severe.

1. The danger of the Taiwan administration separating from the motherland

First, domestic political changes in Taiwan are becoming more and more unfavorable to China’s unification. The constant increase of the percentage of native Taiwanese in total population is enlarging the social base for a secessionist movement. Because mainlanders have not been allowed to enter Taiwan for a long period of time, the percentage of locally born Taiwanese has increased from 2/3 in the 1950s to 9/10 in the 1990s. More than 80% of current KMT party members are originally from Taiwan. Both the absolute number and the relative percentage of the non-Taiwanese are decreasing as well as their influence on politics, economics and culture. There are more and more Taiwanese who no longer see themselves as Chinese. When they fill out international forms, they write “Taiwan” or “Taiwanese” rather than “Republic of China” or “Chinese.” Lee Teng-hui said to a Japanese journalist “China is an ambiguous concept,” denying the fact the Taiwanese are Chinese. The Taiwan administration led by Lee Teng-hui and the DPP is rapidly nurturing the so-called “national identity;” the ideas of a “new Taiwanese culture,” “Taiwanese being different from mainlanders,” “Taiwan’s destiny” and “new Taiwanism”.

The mechanism of a multi-party system has accelerated the pace of the Taiwan administration’s walk toward independence. By lifting party taboos, the KMT has legalized the activities of Taiwan independence advocates. The new leader’s “one China, one Taiwan” policy helps the movement toward Taiwan independence. The opposition Democratic Progressive Party (DPP) has publicly written the establishment of “the Republic of Taiwan” into its party’s “Guiding Principles.” Since 1989, the number of Taiwanese independence supporters has increased, while the number of the supporters for unification has constantly declined. This situation continues. According to a survey by the Taiwan government’s “Mainland Affairs Committee,” the number of independence supporters has increased from 2.1% in 1989 to 12.4% in 1994. At the same time
the number of supporters for unification has declined from more than 50% to 27%. A 1994 survey from the University of Taiwan political science department and from a Gallop poll indicates that the number of independence supporters has surpassed that of unification supporters. The DPP is constantly expanding its power. It has already taken over nearly 1/3 of the seats in the Taiwanese congress. Accordingly it will be difficult to avoid the possibility that the DPP will take over power. The KMT is declining. The number of people joining the KMT is dropping year by year. It was 40,700 in 1992, 33,900 in 1993, and in 1994 the number dropped to a record low point. In order to get votes, the mainstream of the KMT, led by Lee Teng-hui, gradually adopted a position of de facto independence to please the voters. Along with independence advocates within the KMT becoming more powerful, the Taiwan administration is inclined toward splitting from the mainland. As the administration splits and independence forces expand, there is clear movement toward independence.

The development of Taiwan’s economic power has strengthened the administration’s confidence in the potential for independence. Taiwan became the world’s 13th largest trader in 1993. Its total trading volume was 82.7% of that of the mainland. In the middle of 1994, Taiwan’s foreign exchange reserves became the second largest in the world, 2.8 times larger than those of the mainland. In 1992, Taiwan’s GNP ranked 20th in the world, which was equal to 40% of the mainland’s GNP. Its GNP per capita has surpassed 10,000 US dollars, catching up with some developed countries. As a result many Taiwanese separatists believe that Taiwan has the ability to declare independence. Lee Teng-hui said many times that “unification depends on power.” He is implying that neither the mainland nor Taiwan has the power to unify the country. However, Taiwan does have the power to declare independence. The Taiwanese administration often talks about taking part in UN affairs. One of its main reasons is that Taiwan already has the economic power to make a contribution to the international community.

Second, international changes after the Cold War have helped to develop Taiwan’s independence drive. Many global examples of recent separatist movements strengthened the Taiwan authorities’ desire for independence. After the Cold War, countries like the Soviet Union, Yugoslavia and the Czech Republic have split. Eritrea has also separated from Ethiopia. South and North Korea entered the UN at the same time. The number of UN member countries increased from 165 to 185 in 1995. Moreover, the trend is that the number will further increase. Northern Ireland in the United Kingdom and Quebec in Canada are promoting independence enthusiastically. Separatists in Tibet are more active than ever. This kind of global separatism has stimulated Taiwanese independence activists to demand a split.

The Taiwan secessionist movement alone does not have enough strength to split Taiwan from China, but it is dangerous because it receives U.S. support. In modern international politics, successful separatism basically relies on strong foreign support. Relying on support from Arabic countries, Eritrea separated from Ethiopia. Former Soviet and Czech republics as well as republics in the former Yugoslavia were able to obtain independence to a large degree because they had support from the Western countries. Meanwhile, Quebec and Northern Ireland have not been able

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244 Hu Zhi Qiang, “Say ‘Yes’ to Taiwan,” (Taiwan) Central Daily (International version), Sept. 21, 1994.
to obtain independence because they cannot get strong foreign support. The key to whether or not Taiwan can obtain independence is how much the U.S. will support it.

Increasing arms sales from the U.S. and other Western countries to Taiwan strongly encouraged the Taiwan authorities to move toward independence. Since 1992, the U.S. sold 150 F-16 type fighters to Taiwan, before leasing three “Knox” class frigates and selling 41,130 km range “Harpoon” type anti-ship missiles to Taiwan. In 1994, America also decided to sell 80 sets of AN/ALQ-184 avionic modules to equip the F-16 fighter plane, as well as MK 4511 type artillery systems to equip Taiwan’s PFG-2 type cruiser. In the same year, the U.S. authorized leasing three Newport Class amphibious ships (LSD) and four minesweepers to Taiwan. In 1996, the U.S. helped Taiwan rebuild its older F-5E type fighter plane, bringing it up to the level of the IDF fighter. After 1991, France sold 16 Lafayette class frigates and 60 mirage 2000-5 fighter planes to Taiwan. In 1993, the French government also allowed the sale of sidewinder and harpoon missiles, 100 mm cannon, torpedo and electronic warfare equipment. By the year 2000, Taiwan would have 430 new fighter planes including 130 IDFs and 90 F-5E/Fs. With western support, the Taiwan administration believes that it will have sufficient naval and air power to contend with the mainland. The U.S. and other western countries have steadily increased their arms sales to Taiwan. This made Taiwan authorities believe that mainland leaders will worry so much about the U.S. military involvement that they dare not to use military forces against Taiwan’s independence.

Many countries raised the level of their relations with Taiwan and this lessened Taiwan’s worries that its independence efforts might lead to war. As a result Taiwan’s independence movement was also helped. After the end of the Cold War, countries that shared diplomatic relations with China, such as western countries, a few third world countries, the former Soviet republics and some East European countries, all adjusted their policies toward Taiwan. America, Australia, Canada and France all conducted ministerial-level visits to Taiwan. Japan received Hsu Li-te, deputy chairperson for the Taiwanese Administrative Yuan, during the Asian Games in 1994. Western countries sometimes used the Taiwan issue as leverage in bargaining with China. They placed pressure on China by raising the governmental level and the rank of government officials visiting Taiwan. Southeast Asian countries were in a dilemma in their relations with Taiwan because on the one hand they were psychologically afraid of China and on the other hand they needed Taiwanese investment. A few third world countries and East European countries hoped to get capital from Taiwan, so they rushed to develop economic and trade relations with Taiwan for practical purposes. In the beginning of the 1990s, a few small African countries, such as Lesotho, Liberia, Guinea-Bissau, Central Africa, and Niger, established diplomatic relations with Taiwan. In addition, several countries developed semi–official relations with Taiwan. Because of this situation the Taiwan administration believes that China will be less likely to use military force and Taiwan’s ambition of “expanding its international living space” and becoming an “equal partner in political organizations” will be advanced.

Third, the Taiwan authorities have strengthened their secessionist policy. They tried to internationalize the Taiwan issue by adopting “active” and “proactive” policies. Taiwan’s

249 “France sells air-to-air missiles to Taiwan,” AFP in Taiwanese Telegraph, Sept. 8, 1993.
254 “France responds to China’s nuclear test”, United News (Taiwan), Sept. 21, 1993.
authorities used various methods to influence international opinion and to make the international community regard the Taiwan issue as an international issue, therefore creating the concept of “two Chinas.” In a *Foreign Affairs Report* issued by the Taiwan authorities in January 1993, Taiwan authorities set up a target for Taiwan “to return to the UN as soon as possible,” and declared that they would promote Taiwan’s international status by joint efforts of economic capability and pragmatic diplomacy.\[^{256}\] Activities to promote Taiwan’s return to the UN by the Taiwanese administration became routine business. Annually the administration submitted an agenda for membership to the UN General Assembly, calling for international debate. Its high-ranking officials, above the ministerial level, visited various countries with which it had diplomatic relations to raise its diplomatic “level.” The administration took part in international organizations using various unofficial titles. But later it raised the level of the political officials participating these activities. The Asian Games and APEC are examples. The administration wanted to make sure that the relationship with China was an “international relation,” so it suggested that leaders on both sides meet with each other in an international scenario. Taiwan authorities declared that they would accept recognition of both China and Taiwan as nation states, saying that they would not challenge the mainland’s international status. In fact, this was a ruse to create a base for Taiwan to abandon the one China policy.

The Taiwan authorities began to pave the way for changing the name of the country. Lee Teng-hui explained that “one China” should mean “the Republic of China in Taiwan.” Taiwan attempted to replace the name of “Republic of China” with “Republic of China Taiwan” or “Republic of China in Taiwan.” During the “12th International Conference on the Open System Internet Environment” that convened in September 1994, Taiwanese delegates were allowed to use the name “Republic of China.” However, they used the name “Republic of China Taiwan” instead. At the International Commerce Exhibition in Turkey in the same month, the Taiwan administration used the name “Republic of China-Taiwan.” The Taiwan administration and its media are increasingly using the name “Republic of China in Taiwan.” In the future, it is likely to enlarge the scope of this name, making it evolve from an unofficial name to an official one. The Foreign Affairs Committee of Taiwan’s legislature has already passed a bill to apply for UN membership under the name “Republic of China” or “Republic of China in Taiwan.”

Taiwan has opposed negotiations on unification, gaining time for its independence movement. Taiwan authorities believed that the longer the separation between Taiwan and mainland China last, the less possible it is for peaceful unification. But Taiwan authorities also realized that the Mainland’s economic power would significantly surpass Taiwan and it would have adequate power to solve the Taiwan problem with military force if the current status of Taiwan continues too long. Therefore the administration, on the one hand, boycotted negotiations on unification by delaying and opposing every mainland suggestion for peaceful unification. In 1994, Lu Zhao-zhong, the Taiwanese representative to the U.S., addressed Taiwan’s Congress and stated that “the federated states system does not fit us”.\[^{257}\] This in fact was to get rid of any possibility for peaceful unification.

On the other hand, Taiwan authorities increasingly talked about Taiwan’s “de facto independence,” trying to make the “two China” notion an accomplished fact before the mainland had adequate power to solve the Taiwan problem. In order to achieve that goal, Taiwan adopted

\[^{256}\] *The United News* (Taiwan), January 22, 1993.
policies of obtaining diplomatic recognition for both China and Taiwan as nation states, returning to the UN, and “two Chinas at this moment”.

2. Preventing separatist activity in regions like Tibet

The chance that the Tibet issue can lead to military clashes between China and its neighbors is small. But the potential for riots in the region cannot be underestimated. Tibetan separatists receive support from their overseas political leader, the Dalai Lama, and the international community.

In July 1993, the Foreign Affairs Committee of the U.S. Senate held a hearing on the Tibet issue for the first time to back the Tibetan separatists. The Nobel Peace Prize Committee conferred its peace prize on the Dalai Lama in 1989. In May 1993, at least 16 Nobel Prize winners from five countries attended a conference in India that supported Tibetan independence. In March 1992, a few countries brought up the so-called “China/Tibet Situation” draft resolution at the 48th session of the UN Human rights Committee.

In light of increased western support, Tibetan separatists stepped up their violent activities. On the issue of whether or not to maintain the principle of non-violence there was disagreement between the Dalai Lama and his younger followers. The Dalai Lama took advantage of it, by saying that he would “give in” to the young people. If a riot took place in Tibet, it would not only destroy local development and construction, but it would also affect political stability in other regions throughout the country, including minority provinces or autonomous regions. It would also lead to a censure of China from the international community, on issues of human rights, democracy, ethnic autonomy and so forth. National unification as an issue with a long history in China. It is unrealistic to expect this issue to be settled within decades. What is important is to prevent the decline and promote the development of relations with all the ethnic groups. The separatist trend will threaten the political integrity of China, a multi-ethnic state, for a long time.

III. Economic Security

1. Economic security becomes an important part of total security

Strategic considerations were key for China’s security during the Cold War era. That included preventing world war and protecting against foreign military invasion. China’s foreign policy was mainly based on these considerations. After the Cold War, national security increasingly came to rely on economic strength. Economic competition has also become the core of the international struggle after the Cold War. So China should consider economic security as an important national security interest. There is an important difference between economic security and territorial security. That is, the scope of economic security is not limited to a country’s territory. To protect domestic and international markets, certain economic strengths, such as technological power, economic information systems and good foreign relations are required. Assuring economic security is more complicated and more difficult than assuring territorial security. Protecting economic security became a new task for China, because China had not implemented reform nor did it have an open door policy for long time. China was not adequately prepared to participate in the international economy. Therefore, the pursuit of economic security has been even more challenging for China.

Serious global economic information warfare is threatening China’s economic security. After the Cold War, major countries moved their intelligence focus from obtaining political and military information to searching for economic, financial and technological information. Information on negotiations of large export contracts, the controlling power of foreign investors over certain economic sectors, quotations on the stock market, quoted prices for projects, new technological innovation, as well as smuggling are examples. In order to strengthen the capability for obtaining and analyzing economic information, intelligence agencies in America, England and France have begun to hire linguists, economic experts and special technicians. Robert Gates, former director of the CIA, made it clear before leaving that office that the CIA needed to cooperate with the FBI in designing new ways to help American enterprises carry out the battle for information. China was listed as one of the main objectives of its intelligence activities. Japan is a country that actively collects Chinese economic and technological information. Japan promoted its cloisonné enamel products after stealing the technology from China. This created a big decline in the market price of China’s cloisonné enamel products. The Japanese also stole China’s xuan-papermaking technology by taking advantage of Chinese hospitality. This serious international intelligence warfare has a direct impact on China’s protection of its domestic and foreign markets, the technology gap between China and the developed countries, and protection of the economic benefits of its own technological innovation.

2. Attacking international crime

In the process of promoting regional economic cooperation, China’s economic development is threatened by international criminal groups. After the Cold War, regional cooperation became the trend and China has been an active participant. Border trade between China and its neighbors has developed very rapidly. To foster regional cooperation, convenient ways of exchanging labor and goods are necessary. The growing number of persons crossing borders, combined with the general opening of borders, has created conditions for smuggling, drug trafficking and illegal immigration.

In recent years, the scope of cross-border smuggling has expanded. This has damaged China’s development in number of ways. In 1991, 1262 smuggling cases involving 204 hundred million RMB were exposed. In 1994, 24.5 thousand smuggling cases resulted in 3.6 billion RMB worth of goods being confiscated. In 12 coastal provinces or cities, 767 smuggling cases, each worth more than one million RMB, were solved. The amount of smuggling is increasing. Currently, China is at a critical point in time for establishing market mechanisms. Increased smuggling has not only impacted China’s market, it has also caused difficulties in the establishment of normal market mechanisms. Smuggling also damages regular economic and trade relations between China and foreign countries. For example, China-Vietnam relations were affected after a Vietnamese smuggling boat was detained in 1992. The Vietnamese blamed China for smuggling commodities into Vietnam. Claiming that their market was undermined by contraband from China, Vietnam constrain imports from China. In late 1992, the Vietnamese government, under the name of quality control, restricted importation of 17 Chinese commodities including clothes, ceramic products and food. After that China-Vietnam border trade declined. This led to a surplus of Chinese goods that could not be sold in the China-Vietnam border market.

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and serious overstocking of goods in railroad warehouses. In the Ping Xiang railroad station, several thousand tons of rice and flour were overstocked and great economic loss occurred. The Taiwan administration also made a big fuss about its smuggling boats being detained by the mainland. The administration politicized an economic issue to delay the development of economic and trade relations between the two sides.

International drug trafficking not only impacts China’s economic development, but it also creates major social problems. China arrested 8,080 drug traffickers in 1991. Its customs agency solved 9,395 drug-related cases, which is 2.2 times that of 1990. Customs confiscated 1,959 kg of heroin and 2,026 kg of opium that year. In 1993, the government solved 26,191 drug-related cases, arrested 40,834 criminals, including 7,677 drug criminals. It confiscated 4,459 kg of heroin, 3,354 kg of opium and 90 tons of chemicals used to make drugs. The scale of drug trafficking is clearly increasing. Drug trafficking activities are mainly concentrated in Yunnan and Guangxi provinces. The drug cases solved in these two provinces constituted more than 32% of successfully concluded drug cases nationwide. Heroin and opium constituted 82% and 70% of nationwide totals, respectively.

China’s neighbors lack the power to control drug production; therefore, China has great difficulty in eliminating drug trafficking crimes in the short term. The Golden Triangle for drugs is located in the border areas of Burma, Thailand and Laos.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases</th>
<th>Arrested Opium (kg)</th>
<th>Arrested Heroin (kg)</th>
<th>Arrested traffickers</th>
<th>Outside cases</th>
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<td>1981-82 *</td>
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<td>60</td>
<td></td>
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**Figure 5-2: Drug-related cases solved in China -- 1981-1993**

* Tracked down by customs, not police.


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266 Ibid.
Yunnan province shares 4,000 km of border with those three countries. This creates tremendous difficulties for China’s anti-drug campaign. After the collapse of the Soviet Union, the production of drugs in the former republics has also been increasing. This has made northern China subject to the threat of drugs.

Increased drug problems have also accelerated the appearance of AIDS and that too is a threat to the life and security of Chinese citizens. It also causes huge potential economic damage. Although China currently is among the low AIDS infected countries, the situation is getting worse. By December 1993, there were 1,159 cases of HIV positive people reported in 22 provinces (including 212 foreigners or overseas Chinese and 947 mainland residents). For every 19 people diagnosed with AIDS 14 have died. These numbers are calculated from a group of 2.3 million people. If that ratio is projected China may have 5,000 to 10,000 people who are AIDS-infected. Without effective control the number of Chinese with AIDS could reach 100,000 by the year 2000. This may cause annual economic damage estimated as high as 1.3-1.87 billion RMB.

3. Protecting intellectual property rights

Intellectual property rights (IPRs) are an outcome of the development of high technology. They are also a principal economic interest of the coming information society. China is currently under pressure by developed countries to improve control over IPRs. As a developing country, China needs to strive for laws that protect imported foreign technology. In the near term, China’s economic interests might also be damaged because of the IPR violation issue. Currently China is increasing its efforts at technological innovation. Increasing the security of its own research interests depends on the growth of technology investment in enterprises, the encouragement of technology research, and the expansion of technology exports. In 1985, China had 14,000 patent applications; there were 77,000 in 1993, a more than fivefold increase. If we cannot effectively protect China’s intellectual property rights, it will harm China in maintaining its interests in the international technology market. It will also harm the progress of China’s own technology. In 1994, the Chinese People’s Court received 1,662 IPR-related cases. Because of rapidly increasing case numbers, the Chinese Supreme Court has started to establish a special court for Intellectual Property Rights.

IV. Difficulties and Problems in Maintaining Security Interests

After the Cold War, China’s security interests changed substantially and it became more complicated in terms of protecting national security interests. Now, China cannot meet the needs of its national security in the aspects of concepts, capability and strategy.

1. Insufficient power and disadvantageous public opinion

The biggest problem for strategic security is national defense modernization and insufficient economic power. According to 1992 statistics, China’s defense expenditures were 7.3 billion U.S. dollars, which is 2.7% that of the U.S. (274.3 billion dollars), and 19% that of Japan (37.7 billion U.S. dollars). China’s defense budget in 1995 was 62.8 billion RMB.

268 Ibid.
(approximately 7.6 billion U.S. dollars). This was similar to that of Russia and Russia is under extreme economic stress. It is only 3% of America’s military expenditures (263.4 billion dollars, after disarmament). Even measured by purchasing power parity, China’s defense expenditure was only 10% of America’s. When Chinese currency rates are taken into account and the exchange rate is one U.S. dollar to 8.3 Yuan RMB, then China’s military purchasing power in the international market is extremely limited. In order to increase international purchasing power, China needs to increase its weapon exports. However, China’s arms sales are facing three major difficulties. First, in order to protect its own weapons market, the U.S. places limitations on China’s arms sales, using the excuse of weapons nonproliferation policies. Second, international peace is becoming more stable after the Cold War and the amount of weapons needed by third world countries has decreased. Weapons purchases by third world countries in 1993 decreased by 22%, from 26.2 billion dollars in 1992 to 20.4 billion dollars. It is a fact that third world countries are still the main destination for China’s weapons exports. Third, after the Gulf War, third world military purchases focused on high tech weapons; therefore, all arms sales to these countries, except America’s, have shrunk and this has created an American near-monopoly in the third world weapons market. In 1993, America’s weapon exports to third world countries were 14.8 billion dollars, which is 73% of arms sales to the third world. Russia exported 1.8 billion dollars of weapons, which is 9%. This is harmful to China’s conventional weapons exports.

Another difficulty for China’s defense modernization is international public opinion. After the Cold War, China became the fastest economically developing country among socialist countries. Because of this, western developed countries and China’s neighbors are very sensitive about China’s national defense modernization. The “China threat” argument has appeared often since 1992 and this is very disadvantageous to China’s national defense modernization. China’s national defense development must be perfectly paced. If it is too fast it will affect regional economic cooperation between China and its neighbors. The “China threat” provides an excuse for South East Asian countries to strengthen their own military armaments. It also provides excuses for western countries to sell weapons to Taiwan, as well as for the U.S. to try to prevent European countries, including Russia, from selling military technology to China. In terms of maintaining nuclear deterrence, the biggest difficulty that China is facing is to maintain its nuclear capability after ending nuclear tests. Among nuclear countries, China conducted the least number of nuclear tests. From 1954 to 1994, nearly 2,000 nuclear tests were conducted in the world. Among them, America conducted 937, the Soviet Union 715, France 150, and England 26. Up to June 1995, China only conducted 42 nuclear tests. However, after the end of the Cold War, the nuclear countries have gradually ceased all nuclear testing. They have begun to replace nuclear tests by computer simulation. But China has not yet mastered computer simulation methods. Without testing, nuclear weapon cannot be improved, and in 10 years current nuclear weapons may be completely out of date. However, in the current world situation, anti-nuclear views are steadily gaining strength and conducting nuclear tests would inevitably encounter condemnation by international public opinion. Japan has already stated that it would link yen loans to the nuclear test ban.

273 Air Force Times (U.S.), April 12, 1993.
275 “How many nuclear tests have been conducted?” People’s Daily (overseas edition), May 23, 1992.
276 Ibid.
China’s logistics technology still cannot meet the requirement of high tech theater war. Such a war is likely to begin quickly and without notice, is likely to be of short term duration, and is likely to have a quick resolution. Therefore, the time for preparing and for conducting such a war is severely limited. Troops and equipment need to be moved to the theater in a relatively short time. In the Gulf War, the U.S. carried out its “Desert Shield” plan from August 7, 1990 to prepare the battlefield in the area. By January 17, 1991, when the multi-national force, led by the U.S., started its attack on Iraq, only five months had passed. In this five-month period, the U.S. and its allies transported 620 thousands personnel, 3,500 tanks, 1,400 war planes, and 245 vessels to the theater. America alone transported and assembled 400,000 troops, 1,000 warplanes, 2,000 tanks and 120 vessels, including six aircraft carriers. During the Gulf War, daily goods consumption was more than 200 kg per soldier, four times that of the Vietnam War, and 10 times that of WWII. China’s current logistic capability is still very weak. The main problem is insufficient transportation capability, with the weakest part being insufficient air transport capacity. In addition to military transportation, civilian supplementary air transportation capability is also very limited. In 1990, China’s air passenger transportation capability was less than 4% of that of the U.S., and 9.5% that of Russia. Its freight transport capability is less than 5% that of the U.S., and 2.6% that of Russia. Meanwhile, China’s strategic alert system is also relatively backward. Its national defense strategy is defensive, which means that once a war breaks out China has very little time to prepare for it. It is clear that even China’s military logistics capability needs to be improved.

2. The dynamics of China’s Taiwan policy

Since the 1980s, China has implemented its Taiwan policy of peaceful unification. However, there are many difficulties in the way. Several methods of seeking peaceful unification are available, but each is difficult to implement.

Diplomatic method. In 1995, thirty countries had diplomatic relations with Taiwan. All of them are small countries with a very limited population, except South Africa. These countries have received large amounts of economic aid from Taiwan, using Taiwan as their bank. Theoretically, these countries might give up Taiwan if China provided the same amount of economic aid to them. If Taiwan were to lose all its foreign support, it would have to go to the negotiation table. But in fact, this approach is very difficult to apply. The Taiwan administration can concentrate its economic aid on a limited number of countries, increasing the amount of the economic aid for any individual country. But China cannot increase its economic aid for every country. This is why, in recent years, there appeared a diplomatic seesaw. When China attracted one foreign country, Taiwan would get another. In a short period of time, China can get one or two countries by concentrating its economic aid, but in the long run, it is extremely difficult to provide large amounts of economic aid to 20 countries. Currently Taiwan has greater financial power for economic aid than China. China can hardly surpass Taiwan’s economic aid superiority by the end of 20th century.

Political method. In Taiwan, New Party members and the old KMT members who came from the mainland have become discontented with Lee Tung-hui’s Taiwan independence policy as well as his political exclusion policies. Their personal complaints about Lee are extensive. They even believe that it would be better for Communists than Lee to be in power. They believe that

communists do not ignore the Chinese people’s desires and politically respect them. If, under the principle of one-country two systems, a federal government were to be established, then the old KMT and New Party members may agree. However, their political strength is weak. The old KMT members have lost their leading positions in the dominant party, and the New Party is too weak to compete with the KMT or the DPP. Meanwhile, the dominant KMT mainstream and the DPP are not willing to unify and neither accepts a federal system.

Economic method. The mainland is not yet equipped with sufficient economic power to use it to promote peaceful unification. The Taiwanese economy relies on international markets to a very large degree. Hence, if China could control more than a third of Taiwan’s export market, then it is possible that China could force Taiwan to negotiate. According to the Taiwan administration’s statistics, in 1993, Taiwan’s exports to the mainland constituted 9% of its total exports. Since 1986, the rate of Taiwan’s exports to the mainland has increased 0.95% annually. At this pace, within 10 years Taiwan’s dependence on the mainland would only increase by 18.5% and it would take 25 years to reach the 33% rate. The Taiwan administration is trying to block economic exchange to prevent its dependence on the mainland from increasing too rapidly. Thus, it will take a long time to bring about Taiwan’s absolute economic dependence on the mainland, (if it can be done at all.)

It is extremely difficult to promote political unification solely by economic pressures. Although the Taiwan authorities also say developing common economic interests will benefit unification, they do not really believe this. They are afraid the Mainland will over-control their economy. To a certain degree, economic exchange between Taiwan and the Mainland has increased the number of economic channels between the two sides and has helped the Taiwanese people understand the Mainland. However, when economic relations between the two sides get too close, the Taiwan authorities believe that the Mainland will not use military force against Taiwan’s independence because of its own economic interests in Taiwan. In addition, the Taiwan authorities try to join international economic organizations based on the foreign trade relations with mainland China and to consolidate “international relations” with mainland China in terms of international affairs based on the parallel status with mainland China in those international economic organizations.

Military method. In Taiwan, many persons including wealthy ones in particular, have foreign immigrant status. Once the danger of war appears in the Strait, they will escape from Taiwan en masse. They will also take with them large amounts of capital. This would lead to economic paralysis in Taiwan. The Taiwan authorities will then have to come to the negotiating table. Because of U.S. militarily support to Taiwan, Taiwan authorities expect American military involvement, mistake China’s military pressure as hollow bluff, and will resist China’s military attack to gain time for American military involvement. This may decrease the deterrent effect of China military pressure.

Taiwan authorities cherish the illusion that China will eventually give up on military unification. The key point is not whether China will definitely use military force when Taiwan proclaims independence, but whether the Taiwan authorities and the independence activists believe China’s determined stance on the issue of unification. It is an important policy issue for China to make sure Taiwan independence activists and the international community fully understand China’s determination to unify. After China introduced the peaceful unification policy in 1979, it specified three conditions under which it would use military force: Taiwanese independence, foreign interference, and domestic chaos in Taiwan. Due to the small chance of

foreign interference or domestic chaos in Taiwan, both Taiwan and the international community believe that China will not use military force before Taiwan announces independence. Based on this belief, the Taiwan authorities pursue de facto independence in the name of “the Republic of China”. By doing it this way, it can obtain the status of independence, while at the same time avoiding the tripwire for China’s use of military force. The U.S. also believes that peace in the Taiwan Strait can be assured if Taiwan does not declare independence, and if it owns a relatively strong military force. Winston Lord, U.S. Assistant Secretary of State for Asian Affairs addressed Congress in September 1994, saying that communist China has neither the intention nor the capability to invade Taiwan.281

3. Perceptual problems related to economic security

The first problem is that economic security has not yet received the attention of the entire society. Regarding national security, most people think of military and political security only and they rarely consider problems of economic security. The main reason that economic security has not received much attention is that people only see the difference between enterprise interest and national interests. They do not see that enterprise interests are a part of national interests, and therefore safeguards for economic security do not receive attention.

A second problem is misunderstanding of intellectual property. Long-standing criticism of private ownership blurs people’s views of intellectual property and mistake knowledge for public property. In fact, knowledge is not owned by everyone but is mastered by few people. Meanwhile every person possesses different knowledge. The beneficial character of knowledge will be realized when knowledge serves the interests of a given group. Knowledge would be as priceless as air if there is no ownership of knowledge. The lack of awareness of ownership of knowledge results in neglecting the economic benefits of knowledge and unawareness of patent protection.

The third problem is that the differences between economic security and political and military security are not clear. For a long time, China’s security work mainly has served political and military needs. Therefore, the work of economic security is conducted using similar methods as for political and military security. However, these methods cannot effectively meet the needs of economic security. For example, according to Mr. Shen Hong-fei, the director of the National Security Bureau, the capability to protect the security of the economy and technology is undermined by over classifying knowledge and ranking confidentiality too high. This undermines people’s sensitivity of secrets. These brought about difficulties in managing confidential documents and in our opening up policies. In the foreseeable future China cannot perfect its security system because of the lack of necessary technology, economic resources and an emphasis on economic security. The key factor in protecting national economic security is to make people realize the value of economic information rather than to control or to limit the flow of the economic information.

281 “Lord says that the communist China has no will or ability to invade Taiwan,” The World Journal, September 28, 1994.
Chapter Six -- China’s Political Interests

After the Cold War, political debates about the superiority of socialism or capitalism were no longer the core content of international political conflict. But political struggle among nations has not ended. As the substance of conflict changed, so did its object. For example, during the Cold War, the struggle between East and West was over ideology. After the Cold War, a new struggle between western nations and East Asian countries emerged. The new round of the East West conflict is the result of an expanding gap between the West and the East Asian countries in terms of human rights, sovereignty, development, political system, civilization and nationality.

The International political struggle manifests itself in four ways: (1) fighting for sovereignty, including mere frequent demands for national unification or national separation; (2) adopting western democracy versus maintaining political stability; (3) large countries seeking power and leadership versus small countries seeking equality; and (4) protecting national economies versus establishing an integrated global economic system.

All four aspects have influenced China’s political interests since the conclusion of the Cold War. In this chapter, I will analyze China’s post-Cold War political interests from the perspective of China’s priority interests: maintaining national sovereignty, protecting the Chinese people’s rights and interests, establishing a new rational international order, and maintaining China’s political interests in issues of ideology.

I. Maintaining Sovereignty

1. Maintaining sovereignty is the most important political interest

Chinese history from the Opium War to the new China can be characterized as a period of humiliation; it is the history of the Chinese fighting imperialism to maintain China’s sovereignty. In 1949, Mao Ze-dong addressed the first session of the Chinese People’s Political Consultative Conference, saying:

“in the past hundred years, our pioneers unyieldingly fought against domestic and foreign oppressors. That fighting has never stopped, ... We are united, we have defeated both domestic and foreign oppressors in a people’s liberation war and great people’s revolution, and we have announced the founding of The People’s Republic of China. ... Our nation is no longer a nation being humiliated, we have stood up.”

Fighting for sovereignty, however, did not end with the founding of the new China. During the Cold War, China continued to fight against the U.S. and the Soviet Union to maintain its sovereignty. Even though the fight did not end with the end of the Cold War, the form and the content changed significantly. China’s sovereignty faces many new challenges. Many international incidents that occurred after the end of the Cold War are directly related to the sovereignty issue. Although the basic substance of sovereignty has not changed, achieving sovereignty is more difficult. On the one hand, global economic and political conditions have changed and this objectively limits the way we can seek total sovereignty. On the other hand, western countries, including America in particular, use human rights to promote the notion that traditional sovereignty is limited, and that human rights are more important than sovereignty. They also limit

282 Mao Zedong Selected Works (vol. 5), People’s Publisher, 1977, p. 5.
China’s ability to achieve complete sovereignty by linking the concepts of human rights and democracy. The conflict over human rights issues between China and the West will not end easily. It will become more complicated and subtle.

After the Cold War, maintaining sovereignty included four major facets. First is the search for national self-determination and maintaining national unity. During the Cold War, most national independence movements sought to defeat colonialism. The colonies concerned had no geographic relationship with the colonizing country. The justice of this type of independence movement is clear and it received general support from the international community. After the end of the Cold War, independence movements were qualitatively different from those of the Cold War era. They became struggles for the separation of an ethnic group in a multi-ethnic country. But these ethnic groups are geographically connected to the host country and their population distribution is intermixed. It is hard to see the justice of this type of independence movement. There are legal standards for maintaining national unity and seeking national independence. Both of the two are within the concept of national sovereignty according to the U.N Charter. The U.N Charter respects the right of self-determination for independence and at the same time opposes the violation of other countries’ territorial integrity and political independence. As a result, neither support for nor opposition to independence is to be regarded as interference with a country’s sovereignty.

Second is the promotion of democracy and the maintenance of national sovereignty. The UN Charter respects human rights and sovereignty equally. The second sentence in the Charter says, “to reiterate basic human rights, personal dignity and value, as well as the belief in equal rights among men and women, big or small countries.” After the end of the Cold War, in the name of promoting democracy and protecting human rights, western developed countries began to criticize developing countries for abusing sovereignty and not respecting human rights. Warren Christopher, the U.S. Secretary of State addressed the UN Human Rights Commission in 1993, saying “the primary task for maintaining international security is to promote democracy.” The German Foreign Minister said: “protecting human rights is no longer the affair of a country or government.” Meanwhile, the developing countries came to believe that political systems were a matter of domestic politics, choosing a political system is a matter of sovereignty and it should be decided by local people themselves. Foreign countries do not have the right to interfere. They therefore condemn the developed countries for interfering in other countries’ sovereignty in the name of democracy and human rights.

Third is international peacekeeping and domestic interference. After WW II, the convention of mutual domestic non-interference among the non-aligned nations had been destroyed. Collective international interference became more pervasive. Many countries believed that UN interference was for peacekeeping reasons and not meant to be an invasion or violation of territorial integrity. After the Gulf War, the United Nations sent military forces to Bosnia, Somalia, Rwanda and Haiti for peacekeeping, imposed economic sanctions and even launched military attacks against the parties that did not follow U.N. solutions. But the target countries generally opposed the UN. They believed such actions represented an invasion of a sovereign country. On November 21, 1994, the United Nations authorized NATO to bomb a Serbian airport in Croatia. The President of the Serbo-Croatian Republic immediately criticized it as “invasion with no

284 Ibid.
286 Ibid.
Because of increasing UN interference in many issues that should be bilateral have been internationalized.

Fourth, the developing countries are fighting for self-determination of their economic policy. According to The Charter on Economic Rights and Obligations among Countries that was passed by the UN in 1974, every country has the permanent right to its own natural resources and domestic economic activities. Accordingly, the developing countries opposed the practice of developed countries of using economic or political reform as a condition for providing economic aid or granting trade benefits. Developed nations seek to compel developing countries to implement economic or political reform according to their standards. Their logic is that if a country participates in the international economic system it must accept international economic norms. Which standard should one follow? But this problem of a lack of agreement on standards exists even among the developed countries. The deadlock in Japanese-U.S. trade negotiations and the marathon negotiation in the GATT Uruguay Round both manifest the problem.

China’s political interest is closely related to post Cold War international sovereignty issues. The ambiguity of national independence and national separatism provides pretexts for Taiwanese and Tibetan independent activists. It has become more difficult for China to maintain its sovereignty. Some Taiwanese deny the mainland’s sovereignty, using the concept of self-determination or that “sovereignty is determined by the people.” According to this concept, sovereignty belongs to the people. The government has the right to protect sovereignty only after it has received the trust of the people. Therefore, some scholars in Taiwan asserted that “neither government on the two sides of the strait can control national power on behalf of the Chinese people. … China’s sovereignty belongs to all Chinese people. But political power cannot be given to just one of the two sides. … In fact, neither side has ever controlled sovereignty over all of China. In terms of the affairs of all China, both the ROC and the PRC are countries with incomplete sovereignty.”

The argument of “sovereignty by the people” is dangerous because it means that the Taiwanese decide Taiwan’s “sovereignty.” This is the premise for denying the fact that the mainland and Taiwan share one sovereignty. Moreover, under that rationale that “the Taiwanese have the right to national self-determination,” the DPP has openly demanded that the Taiwanese administration give up claims to sovereignty over the mainland and establish “an independent Taiwanese Republic.” After the end of the Cold War, there appeared in the international community, a trend of increasing support for Taiwan’s request for sovereignty (see Part II, Chapter 5: Security for National Unification). Whether a unified national sovereignty can be effectively achieved has become a real issue. In 1994, the U.S. Congress passed the Foreign Relations Authorization Act for Fiscal Year 1994-1995. Some provisions of it were related to China’s sovereignty, for instance, it declared the that the third section of the Taiwan Relations Act had priority over executive branch statements including communiqués, regulations, orders and related policies. The purpose of this was to support Taiwan’s “two-China” policy or its policy of “one China one Taiwan.”

On the issue of Tibet, China is facing similar sovereignty problems. Tibetan separatists also demand “independence,” using “national self-determination rights” as their ideological base.

288 The UN Handbook, p. 220.
Based on the larger difference between the Tibetan and the Chinese cultures, some western countries support Tibetan independence just like they did with Taiwan’s independence. According to the U.S. *Foreign Relation Authorization Act for Fiscal Year 1994-1995*, Tibet is “an occupied sovereign country. Its real representative is the Dalai Lama and his Tibetan exile government.”\(^{291}\)

In Chinese history, China lost vast lands to western powers because it could not effectively protect its sovereignty and much of China’s territory was carved out by the western countries. After the Cold War, such conduct was no longer possible. Accordingly, a few western countries adopted the strategy of supporting separatists within China. Their purpose was to attempt to divide up China and create a situation like the collapse of the Soviet Union. Hence, China’s task of protecting the integrity of its territory and sovereignty is still very difficult.

In the post-Cold War world the political argument between socialism and capitalism is no longer the core content of international political conflict. But political conflict among nations has not yet ended. After four years of controversy between China and America, the U.S. government finally abandoned its policy of linking human rights to the MFN issue. However, the dispute about democracy between the two countries still has not been settled. For example, the U.S. Congress passed a bill on the establishment of “Radio Free Asia”, which broadcasts anti-Chinese government news to China. British Governor Patten upset Hong Kong’s political stability in the name of democratic reform. The purpose was to cause difficulties for the Chinese government after Hong Kong returned to China. France and Australia also criticize China over human rights. China’s human rights practices have been an important topic on the agenda of the annual convention of The World Human Rights Conference, International League for Human Rights, International Human Rights Association, Amnesty International, and The UN Non-governmental Committee. Although the West did not succeed in passing a China human rights bill in the 50\(^{TH}\) UN Human Rights Committee, China still faces major political pressures.

The United Nations has adopted an increasing number of resolutions for military interference and economic sanctions. China cannot obtain support from the majority of UN member countries for alternative approaches. In order to prevent interference by major powers, China has often suggested political negotiation between the parties concerned. However, this approach receives little understanding and support from the majority of countries. For instance, on such issues as the Kuwait-Iraq conflict, Yugoslavia’s domestic violence and even North Korea’s withdrawal from the Nuclear Non-proliferation Regime, China’s suggestions received little concurrence from some western countries. Because of the trend of increasingly internationalized bilateral affairs, China’s Nan Sha Islands issue is becoming more difficult. Countries in the South China Sea area have repeatedly called for convening international meetings to resolve the Nan Sha Islands issue. They even attempt to get the U.S. and Japan involved. After hearing China’s suggestion to shelve the disputes and jointly develop the area, the ASEAN countries and Vietnam did not agree to cooperate with China. In June 1993, the Conference on Ocean Scientific Investigation in the South China Sea ended with no solution because of the unsettled sovereignty issues.

The trend toward global interdependence has caused China to face new difficulties in protecting its own national economic policies. In order to safeguard the development of national industry, China had to establish a whole set of measures concerning tariffs, investment and finance. Today, the key for the establishment of a socialist market economy is to comply with international economic system norms. Thus there appeared a clear conflict between protecting the right to make national economic policy and expanding international economic cooperation.

\(^{291}\) Ibid.
The issue of entering the WTO reflected the dilemma. In order to enter the World Trade Organization, China’s systems and regulations on finance, trade, investment, fiscal policy, accounting, insurance, tariff and IPR (intellectual property rights) had to be amended or adjusted according to WTO requirements. That damaged a flexible policy upholding economic self-determination rights and did not accommodate China’s particular market economy. A few western countries expressed their doubts about China’s market economy system as modified by socialism. During the 17th round of negotiations between the U.S. and China regarding the GATT, the U.S. insisted that China could not join the GATT as a developing country. It demanded that China adopt an international accounting system in a short period, implement free exchange rates, improve the transparency of its foreign trade policy, abolish non-tariff measures (including import inspections, license and quota systems), lower its tariffs to the levels of developed countries, and treat foreign capitalists like its own citizens. It also demanded that China open its banks and insurance companies, aviation and ocean shipping, and its information and agricultural products markets.292

After the Cold War, the demand for the establishment of collective security systems has also brought difficulties for China to maintain its right to national military policymaking. Military modernization requires military purchases as well as military research and development. However, international opinion regarding the improvement of military transparency has become more widespread. In addition, more countries began to demand an end to nuclear testing. These trends obviously did not benefit China’s national defense modernization. Joining the establishment of a collective security system in the Asian Pacific area would inevitably require the disclosure of China’s military construction to a certain degree. In order to increase mutual confidence, China would have to consider demands by neighboring countries for a nuclear test ban. However, improving military transparency inevitably encounters the problem of protecting national military secrets. In addition, a nuclear test ban would directly affect national nuclear deterrence strategy.

2. The origin of the sovereignty issue

After the Cold War, China’s sovereignty faced new challenges for several reasons. On the one hand, western countries tended to interfere in China’s sovereignty for their own interests. On the other hand, the concept of sovereignty itself was changing. According to the Marxist view of a state, state sovereignty is part of a process in which it originates, develops, weakens and finally disappears. Along with the evolution of the principal forces of production, both the state and sovereignty change. Sovereignty is not something that never changes. According to the latest studies by Chinese scholars, “people now have newer views about the concept of ‘national sovereignty’ based on the passage of time as well as changes in the international situation. In the past, there were some matters that were considered to be under the purview of a sovereign country and these matters were not supposed to be available to others. However, these matters are made available today.” For instance, the European Human Rights Court considers the sovereignty issue among EC member countries. Renting out land to foreign capitalists or establishing free trade zones was considered symbols of losing sovereignty. However, it is now considered a normal phenomenon of economic development.

After the end of the Cold War, the nature of sovereignty did not fundamentally change. Only the exercise of sovereignty has met limits. The nature of sovereignty has two aspects: one is its basic content, such as domestic judicial power and international equality, self-defense and independence. The other is fundamental nation-state supreme autonomy that includes elements of non-interference by and is non-transferable to foreign countries. To a certain degree, the content

and the nature of sovereignty changed in quantity. This quantitative change is reflected in international conventions, treaties, norms, practices and public opinion that limit the practice of sovereignty. There are two types of limits. One is a passive restriction, such as a policy adjustment under the pressure of international organizations or international public opinion. The second is practical and active, i.e., taking the initiative to restrain sovereignty or transfer a part of sovereignty to an international organization in order to achieve national interests or maintain international common interests.

The nature of sovereignty has been weakened by expanded international common interests as well as increasing international interdependence. International humanitarian aid and peacekeeping efforts have weakened the non-interference nature of the concept of sovereignty. During the Cold War era, most incidents of interference in domestic affairs occurred within alliances, but after the Cold War, large nations could make critical decisions for small countries through the United Nations. In order to solve the problems of starvation and poverty in some countries, the international community has conducted humanitarian aid. In order to overcome obstacles to this aid, military interference and economic sanctions have been used. For the purpose of restoring peace in a few countries involved in the civil wars, the international community has directly participating in establishment of legislative institutions and governments. International organizations become stronger day by day. This has weakened the exclusive nature of national sovereignty. The state is no longer the only subject of international law on the international stage. Policymaking by international organizations has been increasingly affected by international law. Some national domestic policies are no longer determined completely by the will of the state. Economic development faces common problems in many countries, which weakens the non-transferable nature of sovereignty. Environmental pollution, population explosion, severe poverty, constant military conflict, nuclear proliferation, terrorist activities, international drug trafficking, the spread of the AIDS and so forth, have all become common problems faced by every nation. Individual countries can no longer solve these problems alone; they must cooperate with one another by taking action together. To achieve global common interests a part of sovereignty is inevitably being given up.

Among the four fundamental elements of sovereignty, while domestic judicial power has been restrained the most, authority for economic policymaking has also been severely limited. First, in the relationship between a government and a market, sovereignty is constrained by the market. The technology revolution results in transformation of production from large scale and standardization to smaller sizes and diversity. The outcome of large-scale production is easy to evaluate and is easily controlled by the government. In the age of diversified production multinational corporations are gaining momentum, the world market is playing stronger roles, manufacturing locations and varieties change freely, and national governmental control over this type of production automatically becomes less. Due to the formation of global electronic currency markets, the power of currency control is moving into the hands of international currency exchange traders. National authority is split. The ability to issue currency and determine exchange rates is becoming more limited. In recent years, NGOs have gained more power in playing a role in international economic affairs. This has also restrained the government exercise of its own sovereignty.

Second, interdependent economic relations increased interdependence between governments and restrained the exercise of sovereignty. Economic globalization has strongly encouraged economic activities between countries. International trade has increased much more than domestic trade. International investment has increased much more than domestic investment.
International productivity has increased much more than domestic productivity. Therefore, the mutual benefits for countries have been enhanced accordingly. One country’s foreign economic policy may have substantial affect on that of other countries. One country’s domestic economic policy may influence another country’s economic development as well.

National administrative power over natural resources and residents has also been limited. In the technology revolution, natural resources have been replaced by intellectual resources as the main productive element. In the age when natural resources played a decisive role in the economy, it was relatively easy for governments to control economic resources. As intellectual resources become the most important ingredient of national resources, it is more difficult for a government to exercise control. The decline of the significance of natural resources in the economy has resulted in greater constraints on governmental control over natural resources and territory. The importance of intellectual resources has accelerated international immigration. Economic regionalization has accelerated the process of people moving between countries. In the unified European market, citizens in member countries can freely cross national borders, restraining governmental judicial power over residents even more.

The principal reasons that constraints on the exercise of national sovereignty developed have to do with changes in the world political structure and economic globalization. The disappearance of a structure of two blocs confronting each other after the Cold War is a major contributor to restrictions on the exercise of sovereignty. First, internal national conflicts that were sublimated by the Cold War came to the surface. National separatism and extreme nationalism emerged and created difficulties for maintaining national unity and harmony. Second, it became easier for the UN to become involved in domestic affairs. After the collapse of the Soviet Union, the UN Security Council gained the ability to reach unanimous agreements more often, as well as the potential to deploy enough military forces to guarantee the enforcement of its resolutions. Third, developing countries can no longer take advantage of the conflicts between the U.S. and the Soviet Union. They now lack the capability to resist international organizations and western countries. It has become harder for them to protect their sovereignty from interference. Fourth, the voice of new multilateral security regimes, based upon mutual trust, is getting louder day-by-day. These regimes emphasize that every country should assume an obligation for collective security. They also emphasize self-constraint as well as openness to inspection by other countries. If a nation ignores the security demands of others, unilaterally developing its own national defense and reinforcing its own military force, it will come under pressure of international public opinion and will place itself in an isolated position.

II. Maintaining China’s Human Rights Interests

Since the end of the Cold War, the most important political interest problem facing China directly is how to maintain the human rights interests of the Chinese people. In addition to the previously mentioned threats that western human rights diplomacy poses to China’s sovereignty, China also has a problem in finding international support for China’s human rights stance.

1. The gap between China and the West on the concept of human rights

Western thinkers have discussed concepts, theories and opinions about human rights since the latter part of the Renaissance era in the 17th century. Spinosa from Holland, Milton and Locke from England are examples. French philosopher Montesqieu, Rousseau and Voltaire further developed the ideology of human rights in the 18th Century. During the French Revolution in
1789, the National Council issued The Declaration of Human Rights and Civil Rights (or in short, the Human Rights Declaration). This is when “human rights” as a clear concept was mentioned for the first time. On December 10, 1948, the UN General Assembly passed The Declaration of World Human Rights. The first generation of human rights documents mainly stressed individual rights, particularly political rights including freedom of speech, freedom of assembly as well as the right not to be arrested without reason; little was said about collective human rights. From the second half of 19th century to the first half of 20th century, a second generation of human rights ideas developed. Their contents expanded to demand collective rights for social organizations or classes, but based upon pursuing individual rights. Individual rights included rights to work, to leisure, to health services, to education and to maintain certain living standards. Collective human rights included the right to form labor unions, political parties and other organizations and were extended to include the right to general elections. After WW II, the concept of human rights began a third stage of development. Based upon individual rights and collective rights, the concept of a nation’s rights and the right of development were initiated. The third stage of the human rights concept has developed into one of international human rights. That is, not just in one country, but on a world-wide basis, human beings should have equal rights. In the 30 articles of the Declaration of World Human Rights, a series of rights including civil, political, and economic as well as cultural rights were announced.

2. The substance of China’s human rights interest

The disagreement between China and the West over the issue of human rights is not only a political dispute, but it is also related to the issue of meeting China’s human rights interests. In addition to collective rights, including the right of development, the right of survival, and social rights, there is an issue of protecting the Chinese peoples’ interests in the international community. When western countries talk about international human rights, they emphasize domestic human rights issues in the developing countries, but do not mention the issue of protecting people’s individual human rights in the international community. Looking at the current international human rights condition, people in developed countries have more rights than people in developing ones. In fact, people in developing countries cannot obtain equal international human rights, mainly because the developed countries implement a discriminatory policy toward people in developing countries. Taking the U.S. as an example, its embassy in China uses fear of immigration as a pretext to refuse many Chinese citizens’ visa applications for the purposes of traveling, visiting or doing business in the U.S. But Americans have few problems with visa applications when they travel to China. According to

The Declaration of World Human Rights, human rights are not limited to within a country. Each person has equal rights in the international community. Article 28 in the Declaration states that every individual has the right to require for a society and international order in which the rights and freedoms claimed by this declaration can be fully achieved.293 Basically, traveling or choosing residence anywhere in the world is a right for everybody. However, international political conflicts inhabited practicing these rights. In general, the developed countries more strictly control visa issuing than developing countries. Therefore, most Chinese citizens have more difficulties in getting visas to developed countries than those in developed countries. In order to protect Chinese human rights abroad, the Chinese government should oppose policies of foreign countries that discriminate against Chinese.

293 The UN Handbook, p 529
As the country with the greatest population in the world, China needs to protect its people’s equal representative rights in the international community. Article One in The Declaration of World Human Rights states that every individual was legitimately born to freedom, equality and dignity. Today international principles and many countries’ foreign policies are judged to be fair based on equality between countries, such as the quota of representation in international organizations. For this reason, China with a 1.2 billion people can only have the same international interests as a small country with a few million people. In fact, quantitatively Chinese individual rights are relatively small at present. This problem is not only related to China, but also to many other developing countries with large populations. How can true equality between big countries and small countries, between rich countries and poor countries be ensured? This has become one of the most important issues in establishing a new order in international politics. As a large country with the largest population in the world, China needs to think about protecting its equal international rights especially since it has one fourth of the world’s population. China should seriously suggest to the international community that they consider the average interests of individuals. No matter whether human rights are given by God or by the society, everyone should have equal human rights in the international community, regardless of the country of birth. In the U.S. the number of members in the House of Representatives is based on the population of each state. Big states and small states have different numbers of representatives. However, in dealing with international affairs, the U.S. does not maintain the principle that population determines the number of representatives. Since China is the country with the largest population in the world it must argue for the principle of equal representation rights. Otherwise, it will be difficult to improve the current condition under which its huge population does not receive equal international recognition. On the issue of UN reform, currently many big countries that have large populations want to become permanent members of the UN Security Council because in the UN there is a problem of unequal rights of representation.

One of the important objectives of China’s human rights interest is to obtain international support to China’s view of human rights. Because western developed countries dominate the human rights issue, China’s human rights perspective has not yet been widely accepted in the world. China needs to get support from the developing countries in order to promote its human rights perspective. The human rights issue has become a key conflict in North-South relations. During the World Human Rights Conference in 1993, a few developing countries, especially in Asia, seriously criticized western human rights standards. They also stressed the significance of the right to development, arguing that a single model should not be used to measure the human rights situation in every country. The Singapore Foreign Minister stated; “you cannot give freedom to a hungry man before you give him food.” The Tunisia Declaration of Africa, San Joseph Declaration of Latin America and Bangkok Declaration of Asia indicate that developing countries generally share the same ideas as to five aspects of the human rights issue. These are: (1) respecting sovereignty as the guarantee for human rights, (2) paying primary attention to racial discrimination and ethnic conflict, (3) considering the content of human rights to be inter-dependent, (4) establishing the right to development as the most urgent issue in the international community, and (5) assuring equal cooperation for human rights. China has interests in common with the developing countries with respect to the human rights issue and should continue to strive for their support.

294 The UN Handbook, p 524.
295 Xinhua Daily Telegraph, June 19, 1993
296 People’s Daily, June 14, 1993.
Raising the Chinese peoples’ dignity is also a human rights interest for China. Throughout modern history China has been very weak. Therefore it lacks the dignity it should have in the international community. In the new China peoples’ dignity has been elevated to a certain degree after several decades of struggle. For example, the name of “sick man of Asia” has been eliminated by Chinese athletes winning gold medals in international sports events. Yet in other fields the peoples’ dignity still has not recovered. For instance, China’s products exported to Russia have been of poor quality and that has seriously damaged the reputation of the Chinese. Also, the Chinese people’s reputation was damaged by international crimes in Hong Kong perpetrated by gangs. Additionally, some governmental units have discriminated against fellow countrymen and this also harms the people’s dignity. AIDS inspection is a good example. Africa has the most serious AIDS problem in the world. Therefore, African passengers arriving in western countries are singled out for more strenuous inspection. African countries issued serious protests, demanded fair inspection, and criticized discrimination. Of course, a hygiene inspection in a country’s customs process brings major inconvenience to the passengers, but it also creates a psychological lack of confidence. AIDS inspection in Chinese customs processes aims mainly at Chinese citizens, especially those returning from short trips. As a matter of fact, China is among the nations in which AIDS cases account for a low percentage of the population.

III. Establishing a Rational World Order

1. The responsibility of establishing a new world order

When the Cold War ended, the then American president George Bush mentioned the idea of establishing a new world order. But the development of the new order did not occur as quickly as people expected. After the collapse of the Soviet Union, the balance of power in the international community changed significantly. China steadily increased its power and assumed more and more political responsibility in the international community. When Jiang Zemin talked to American President William Clinton in January 1994, he said, “the two countries will assume more and more responsibility for maintaining peace in the world.” Assuming greater responsibility for international affairs has indeed become one of China’s most important interests. It follows then that it is in China’s international political interest after the Cold War to establish a fair and rational international order.

International relations have been ruled by the law of the jungle since ancient times. There was no development of equality in international relations until after WW II when the United Nations was founded. The 45 years of the Cold War is the history of the U.S. and the Soviet Union fighting for hegemony. But international communities have indeed made progress on the road to civilization. Now the voice of weak nations can be heard on the international stage though it is still not very loud. Weak nations have emerged from the control of strong ones and have united to assert their rights. Big nations formerly acted willfully, but now take international action only after obtaining support from the majority of the international community. China was a weak country in the international community throughout the 20th century; during the Cold War it was considered one of the Third World countries striving for basic international rights. After the Cold War, the changed international situation has provided an opportunity for the world to establish a new world order. China should grasp this opportunity to push for the development of fair and rational international relations. The establishment of a fair and rational order represents progress in the civilization of international communities and will also enhance China’s political interests. This is

because current international relations processes still benefit developed countries more than developing ones.

2. Watching closely the direction of UN reform

UN reform is related to the fairness and rationality of the new international order. It is also related to the important political interest issue of China’s socio-economic development. Thus, China must pay close attention to it.

First, the general direction of UN reform and China’s strategic modernization goals differ. As a developing country, China considers the development issue primary for the foreseeable future. However, after the end of the Cold War, the UN did not treat this issue as an urgent one. That is, the development issue was considered less important than the peace issue. UN reform still focuses on power distribution in the Security Council and on international peacekeeping matters.

UN Secretary General Boutros Boutros Ghali addressed the World Affairs Association in 1995. He stated that “the first need is peace… the second need is development”. But peace and development are mutually dependent. Separating the peace issue from the development issue will not benefit world peace or development, nor will it help in creating conditions for China’s economic construction. Recognizing that development needs peace but ignoring the idea that peace depends on development is a problem. What China needs most at the present is international support for its development but not international interference in affairs of regional security.

The UN focuses on peace issues but not on development issues. This does not benefit China nor meet the historical needs of economic development. After the Cold War, it has become impossible to clarify the differences between first, second, and third world countries. North-South relations have also begun to change shape. The great majority of developing countries consider the development issue primary. The Chairman of the 49th UN General Assembly, the then Foreign Minister of Côte d’Ivoire said, “In less than four years, we still have not seen any true change in the way the UN interferes… unfortunately, these huge expenses were not used for development. Public aid for development is not only far from being close to the goal of 0.7% of the GNP for every country, but it dropped from 0.38% of the GNP in 1980 to 0.33% in 1992-1993.” The UN expenditure for development was 13 billion dollars in 1994. This amount of money was distributed to more than 100 countries in the world. But in the same year, UN expenditures for peacekeeping was 3.6 billion dollars. This amount of money was only used for a limited number of countries. The importance for China is not how much aid it can get but it is the priorities the UN places on peace and development issues. Only when the UN gives more attention to development than peace, will China and most developing countries benefit more from the UN efforts.

Second, UN peacekeeping activities have been intermixed with efforts to promote world democracy. This is not in China’s interest in terms of maintaining national sovereignty. During the UN reform process one popular opinion has been that the peace process can be promoted by implementing democracy. Ghali said, “it is getting more and more clear that democracy is the key for peace and development. In a society, democracy supports stability. This is because democracy can mediate contradictory opinions. Democracy has promoted mutual respect among nations and

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299 “Speech by the Chairman of the 49th UN General Assembly,” Xinhua News Agency and AFP from New York, September 20, 1994.
it has also reduced the chances for war.” The relationship between democracy and peace or development is not a simple causal relationship. India has implemented democratic politics earlier than other developing countries. But it did not achieve faster economic development. The military conflicts in Bosnia partially result from the trend of democratization after the Cold War. Edward Mansfield and Jack Snyder analyzed the countries that participated in more than a hundred wars between 1811 and 1980, and they discovered that countries governed by a democratic process are more likely to initiate war than autocratic countries.

After the end of the Cold War, China was in transition from an old generation of statesmen to a younger generation. Maintaining political stability in the transition era has been related to achieving national unification and modernization in the future, as well as to the establishment of China as a world power. Since the UN takes democracy as one of its peacekeeping tasks, it is hard to maintain a neutral stance about peacekeeping operations. Bombing Bosnia is a typical example. Since the UN regards democratization of the political system in a country as an international affair, China has to prepare for some UN organizations’ involvement in its domestic political affairs in the future.

The UN’s promotion of democracy has caused the development of extreme nationalism after the Cold War. This does not benefit China’s national harmony or its friendly relations with other countries. After the end of the Cold War national separatism has clearly increased. It has even brought serious disaster. During the period between 1991 and 1994, 82 conflicts occurred in the world. Seventy-nine of them were domestic wars that eventually led to ethnic cleansing or even racial genocide. The former Yugoslavia and Rwanda are examples. All these national separatists claimed UN support and national self-determination. This definitely encourages Chinese separatists and causes damage to China’s political interests because it incites Chinese national separatists to split the country by violence. China must try to make UN interference benefit national unification instead of encouraging national division. The UN armed peacekeeping organizations must help different nationalities live in harmony rather than cause further conflict.

Extreme xenophobic attitudes are becoming increasingly popular everywhere, especially in the developed countries where anti-immigrant feelings are becoming more serious. These attitudes do not benefit China’s friendly foreign policy toward its neighbors. It also places overseas Chinese in a precarious environment. There are many overseas Chinese and they have considerable economic power. This often makes the local population jealous. If the international community does not restrain this kind of trend, anti-Chinese incidents will continue to take place. This surely will not be in the interest of the overseas Chinese. The Russian media claimed that Chinese workers have invaded Russian territory in the Russian Far East region based on the report that two million Chinese had illegally immigrated to Russia by 1994. The violent incidents that occurred in Indonesia in 1993 are further typical examples.

After the end of the Cold War anti-Chinese incidents occurred in the U.S., Australia, Japan, Europe and in some of China’s neighbors. To a certain degree, the overseas Chinese issue affects bilateral relations between China and other nations.

3. Balancing UN Security Council representation

301 Ibid.
303 “Speech by the Chairman of the 49th UN General Assembly,” Xinhua News Agency and AFP from New York, September 20, 1994.
Building a new world order after the post Cold War is complex. Some of the problems are reflected in the issue of UN reform. Security Council reform is a key area of UN reform. Security Council reform was brought up by the Zimbabwe delegation at a Security Council conference on January 31, 1992. According to this delegation, the members of the Security Council are not representative. On December 11, 1992, the 47th UN General Assembly passed a resolution on a fair quota and new membership in the UN Security Council. By June 30, 1993, 69 countries had submitted their written comments on the Security Council policy draft to the UN General Secretary.

When the United Nations was established in 1945, the Security Council had 11 members. There were five permanent members (the U.S., Russia, China, France and England) representing the 51 members of the UN. The ratio of total members to Security Council members was 4.6 to 1. That ratio was 10.2 to 1 in 1962 when total membership in the UN increased to 113 states. As a result, the UN approved the first amendment to the UN Charter, increasing the number of Security Council members to 15. The ratio of total members to Security Council members dropped to 7.5 to 1, but the ratio of total members to permanent members of the Security Council was 22.6 to 1. By 1994, when total membership increased to 184 states, the ratio of total members to Security Council members became 12.3 to 1 because the Security Council still had only 15 members. Therefore calls for increasing the membership of the Security Council and the permanent members of the Security Council have become louder. According to a report from the office of the UN Secretary General, most UN members agree to increase the members of the UN Security Council from 15 to 19-25.\(^\text{305}\)

While demanding an increase in Security Council membership, many states also want a balanced membership according to geographic regions. The Security Council consists of five West European, three Asian, three African, two Latin American and two East European countries. Among the Security Council permanent member states, two are West European, one is Asian, one Eastern European, and one North American. There is no permanent member from Latin America, Africa or other regions. Among the non-permanent member states of the Security Council, there are three African, two Asian, two West Europe, two Latin America and two other countries. There is one member state from Eastern Europe.\(^\text{306}\) The developed countries have far more members than the developing countries relative to the total number of members. Three developed countries, one industrialized country, and one developing country are permanent members of the Security Council. If Japan and Germany became permanent member of the council, it would worsen the imbalance between developed and developing countries. At the moment, in addition to Japan and Germany, India, Nigeria, Brazil, Indonesia, Italy and Egypt all want to become permanent member of the Security Council.

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\(^{305}\) “The majority of UN members agree on expanding Security Council,” AFP from the UN, January 20, 1994.

<table>
<thead>
<tr>
<th>Country</th>
<th>Increasing the number of permanent members.</th>
<th>Increasing the number of non-permanent members</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>The U.S.</td>
<td>Add Germany and Japan to the current 5 permanent members.</td>
<td></td>
<td>The number of the Security Council members should not be too many.</td>
</tr>
<tr>
<td>Japan</td>
<td>Add Germany and Japan.</td>
<td>Add 3</td>
<td>The total number of the Security Council members should not exceed 20. New members have veto power.</td>
</tr>
<tr>
<td>Italy</td>
<td>Keep the current 5 members that have veto power.</td>
<td>Don’t exceed total number of 20. (Half of them take turns to be semi-permanent members.)</td>
<td>The number of Security Council member should be between 20 and 25.</td>
</tr>
<tr>
<td>India</td>
<td>Increase 5 to 6 member countries.</td>
<td>Add 2-4.</td>
<td>Total 22-24.</td>
</tr>
<tr>
<td>Brazil</td>
<td>Increase 2 industrial countries, and 1 developing country from each major region.</td>
<td></td>
<td>Total 23-24 member countries.</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Increase at least 7 members, including 2 African countries, 1 Latin American country, 1 West European country and 1 East European country.</td>
<td>Proportionally add 9.</td>
<td>Total 31 member countries.</td>
</tr>
<tr>
<td>Egypt</td>
<td></td>
<td></td>
<td>Set semi-permanent members, which do not have veto power. Regional big countries take turns.</td>
</tr>
<tr>
<td>Antigua</td>
<td>Increase 3 countries, including one from Africa, two from Asia, one from East Europe, one from Latin America, and one from West Europe.</td>
<td>Add 7, make it total of 17, including 6 from Africa, 3 from Asia, 2 from East Europe, 3 from Latin-America, and 3 from West Europe.</td>
<td>Total 25 member countries.</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td>Add 5 member countries, including Japan as permanent member.</td>
</tr>
<tr>
<td>Chili</td>
<td>Keep the current 5 permanent members unchanged, adding 2 permanent members that do not have veto power, one from Asia and the other from Europe. Regional member countries with long-term seat do not have veto power.</td>
<td></td>
<td>The total number should not exceed 24 or 25. Non-permanent seats should be equally distributed according to regions. Regional representative country should have longer term than non-permanent member. They can be reelected consecutively. No one country should solely occupy the seat.</td>
</tr>
<tr>
<td>Country</td>
<td>Proposal</td>
<td>Additions</td>
<td>Total Member Countries</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Columbia</td>
<td>Add 2 developed countries, and 2 developing countries each from Latin-America, Africa and Asia.</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Increasing 5 members, including 2 economic powers and 3 developing countries. Regional groups should each have one.</td>
<td>Add 5.</td>
<td>25</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Seriously reserve opinion on adding permanent members to the UN Security Council.</td>
<td>Add 10, including 4 from Asia, 3 from Africa and 2 from Latin-America.</td>
<td>25</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Adding 7 members, make it 12, including 2 from American Continent, 4 from Europe and others, 4 from East Europe, 2 from Africa, and 3 from Asia.</td>
<td>Reducing to 9, including 4 from Asia, 2 from East Europe, 2 from Latin-America and Caribbean, and 1 from West Europe or others.</td>
<td>21</td>
</tr>
<tr>
<td>Holland</td>
<td>Support Germany and Japan to be permanent members of the UN Security Council.</td>
<td>Add one semi-permanent member from each region.</td>
<td>21</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Add a small number.</td>
<td>Proportionally increasing.</td>
<td>21</td>
</tr>
<tr>
<td>Peru</td>
<td>Add two countries.</td>
<td>Add 1 developing country from each region.</td>
<td>20</td>
</tr>
<tr>
<td>Spain</td>
<td>Add permanent members with no veto power.</td>
<td>Add semi-permanent member countries.</td>
<td>21</td>
</tr>
<tr>
<td>Turkey</td>
<td>Add 5.</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Algeria</td>
<td>Should add large number of African seats.</td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>Jordan</td>
<td>Germany and Japan to be permanent members, while countries in Asia, Africa and Latin America should also have permanent seats.</td>
<td>Add 5, making it total of 15, including 4 from Asia, 5 from Africa, 3 from American Continent, and 3 from Europe.</td>
<td>21</td>
</tr>
<tr>
<td>Portugal</td>
<td>Add one non-permanent member country from each regional group.</td>
<td>Increasing permanent members should reflect the will of the entire UN member countries.</td>
<td>21</td>
</tr>
<tr>
<td>Country</td>
<td>Proposal</td>
<td>Comment</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>The Sudan</td>
<td>The nonaligned groups should take turns to occupy a permanent seat in the council.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>Add limited number of the non-permanent member. Regional group taking turns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iceland</td>
<td>New member countries shall not have veto power.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. Korea</td>
<td>Add permanent member countries that do not have veto power. Re-discuss the veto power system.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td>Add semi-permanent member countries. Regional big countries take turns to occupy the seats.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qatar</td>
<td>Europe should only have one permanent seat, big countries take turns to occupy the seat. Adding an Asian country to be permanent member.</td>
<td>Keep China’s seat in the council unchanged. Japan and India should take turns to be new permanent member country for Asia.</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 6-1 -- National Views on Reform of UN Security Council**

Another issue of Security Council reform is the veto power of the permanent members of the Security Council. Many countries criticize the veto power system because it allows the permanent members of the Security Council to control the council. This violates the principle of equal national sovereignty, as well as the democratic trend in international affairs. Accordingly, this system should be discarded or constrained.

Veto power is an historical issue that cannot be changed easily. As a result many countries have suggested that newly elected permanent members of the Security Council should not have veto power and the current veto power should be constrained in two ways. One is to require any veto action to have two votes to be effective. The other is for veto power to be applied only when it is related to Article Seven of The UN Charter (Action with respect to Threats to the Peace, Breaches of the Peace and Acts of Aggression). There is also a suggestion of discarding the veto power altogether. For example, one former General Secretary of the United Nations has said, “I hope the veto power will not be kept because it is not democratic.”

On the UN Security Council reform issue, there is also a trend of neglecting the different roles in international affairs between the large countries and small countries. This is not in the interest of China in accomplishing its strategic task of establishing a peaceful foreign environment. It is proper to strive for equality between large and small nations. The international community must also move toward fairness, rationality and democracy. But it is not a responsible attitude toward world security and development to avoid recognizing the fact the large countries and small ones play different roles in international affairs. War between large nations and war among small ones would not damage world peace equally. If there is no war between the large nations, there would be no world war. During the more than 40 years of the Cold War era the veto power helped

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the two superpowers avoid war. Global political stability was therefore maintained to a considerable degree. After the Cold War the veto power did not completely lose its utility in helping large nations control each other. Discarding the veto power system would not appear to have any benefit for maintaining world peace. On the contrary, if the system were simply discarded, the conflicts between large nations would become more serious and the current stable world situation would be shaken. If the mutual control mechanism among big nations were damaged, it would not benefit China’s interest of stable development of cooperative relations with the world’s major countries.

Currently, developed countries are disproportionately represented in the Security Council and also hold a majority of the permanent member seats. This obviously is not in China’s best interest. China is a developing country. It will continue to have more political interests in common with developing countries in East Asia than with developed countries. Increasing the number of members from developing countries would help China obtain more political support from the international community. More specifically, the ratio among the permanent members in the Security Council should contain more developing countries. A further increase in the number of members from developed countries should be avoided.

For Security Council reform as well as expanding representation, the ratio between the number of developed countries and developing countries must be adjusted. The ratio for population representation must be adjusted as well. Current talks of reforming the Security Council seldom mention the issue of representation being based on population. This is an important drawback for UN human rights issues. In terms of equality, UN members need both equality between governments and equality among people. When each country has one vote it means there is equality among governments, but not among people. In the United Nations, populous countries such as China, India, America, Indonesia, Bangladesh, Russia, Brazil, Japan, Pakistan and Nigeria have one vote and it is the same as small countries with a small population. This means persons in a small country have greater rights than persons in a large country. If the reform of UN voting system takes the factor of population into account, it does not only serve the interests of Chinese but also serves the interests of the majority of the world population. This is because the 10 largest nations, each of which has a population over a hundred million, make up 60% of the world population, whereas the remaining 40% of the world’s population is distributed among 175 countries.308

IV. Issues Concerning the Realization of Political Interests

Power is the foundation for realizing national political interests. But we cannot ignore the impact of subjective perceptions in the foreign policy making process that works to achieve national interests. Today, a few concepts of international politics still do not fit China’s development or reflect changes in the international community, nor are they in China’s political interest.

1. Conceptual errors

The concepts of sovereignty and the nation-state need to be studied further. There are few studies of state sovereignty in China. Their basic assumption is that sovereignty is a state interest. As a result they conclude that abandoning sovereignty means abandoning national interests. But actually, sovereignty is only a part of the national interest. It may be called “sovereignty interest.”

This kind of interest does not always agree with other national interests. For instance, China wants to enter the WTO. Therefore, like other WTO members, it will have to give up some rights in the policy-making and administration of domestic economic affairs, but this does not mean abandoning national interests. There are two policy choices in maintaining national interests. One is to maintain the sovereignty interest and abandon other national interests. The other is to maintain a limited sovereignty interest at any cost even if it is necessary to sacrifice other larger national interests. These are obviously not good options. If sovereignty interests conflict with other national interests and cannot be maintained with the other national interests, the various interests have to be evaluated more carefully. It is the amount of an interest, rather than the character of an interest, that should determine whether or not the interest can be given up. Thus, we need to foster a new idea. That is, the goal is to maintain sovereignty while pursuing larger national interests, not just to maintain sovereignty itself. Like currency, sovereignty is both an interest and a foundation for realizing interests. If the purpose of protecting national sovereignty is only for sovereignty per se, it could lead to a foreign policy without clear goals.

The objective nature of human rights diplomacy needs to be acknowledged. When Chinese scholars mention “human rights diplomacy”, they regard it as an excuse used by Westerners to interfere in other countries’ domestic politics or as a synonym for hegemonism or power politics. Therefore, they believe in defensive measures such as a ‘closed door policy’ and they focus criticism on the purpose of “human rights diplomacy.” However, like comprehensive power-based diplomacy, economic diplomacy, sports diplomacy, people diplomacy or other types of diplomacy, human rights diplomacy is a kind of diplomat strategy. Chinese as well as Westerners can use it. Like any other method, human rights diplomacy can be used by anyone to advance a debate. The key is not to use human rights diplomacy as a tool, but to advance the political goal to be attained by the argument. In terms of the economy, the Chinese government tried to distinguish the concept of market economy from capitalist economy. A market economic system can be implemented in both capitalist and socialist countries. In terms of diplomacy, we also need to correct the concept that human rights diplomacy is only a western diplomatic strategy. The West and the East, the developed countries and the developing countries all can conduct human rights diplomacy. The Tunisia Declaration, The San Jose Declaration and The Bangkok Declaration issued by the developing countries in 1993 have formed their own human rights diplomatic attack. Introducing the Chinese human rights viewpoint, criticizing and disclosing human rights problems in the West, maintaining China’s collective human rights concept and its ideas about international human rights interests, protecting human rights interests for overseas Chinese people, are all parts of China’s human rights diplomacy. It is possible to conduct human rights diplomacy with complete confidence. It is possible to take the initiative in applying human rights diplomacy and effectively maintaining China’s human rights interests only when we understand that human rights diplomacy is just one of many means of diplomatic activity.

2. The science of decision making

When power cannot improve the international environment in view of particular circumstances, the degree to which political interests can be realized will depend on policy making. The more reasonable the policy is, the more likely political interests will be realized. Reasonable foreign policy making depends primarily on a scientific approach to decision making, and scientific foreign policy making is in turn affected by the policy making system, the societal culture, the implementation process, and the basic theory of international relations.
The procedure for China’s foreign policy making needs scientific improvement. Compared to economic policy making, China’s foreign policy making is not scientific enough. First, theories are not applied closely in practice. There is very little contact between the scholars of international relations and diplomats who carry out policy. Scholars have few opportunities to become involved in diplomatic practice. Meanwhile, diplomats are too busy with concrete issues to study theories of international relations. From a systemic viewpoint diplomacy-related jobs in China are basically tenured jobs. Therefore diplomatic personnel get few opportunities to study issues in depth. In addition, research institutions and foreign affairs agencies do not have many substantive exchanges. Hence, researchers do not fully understand the practical problems encountered in actual diplomatic practice. This lack of understanding by scholars means their research is not good enough to use effectively in diplomatic practice. Some theoretical studies do not keep up with objective changes in the international community. Others are based too much on ideological dogma and their outcome cannot guide diplomatic practice nor do they benefit China’s political interests. Some scholarly studies on the theory of the nation-state are typical examples.

There has been a conflict between “creation” versus “declaration” theories. “Creation theory” assumes newly independent states can achieve their international identity only when they are recognized by existing countries. The identity of a nation state relies on other nations’ recognition. “Declaration theory” supports the idea that a newly independent country achieves its international identity when it possesses the characteristics of a nation state according to international law. This theory deems existing countries’ recognition of a newly independent country is just a statement of fact. When national independence movements sprang up in the 1950s and the 1960s, China needed to break through the imperialist countries’ non-recognition. Applying the “declaration” theory then was in China’s political interest and it also followed the trend of international practice.

Since the end of the 1970s, a new development appeared in nation-state theory and in the practice of the international community. That is, international acknowledgement is only one of the requisite factors for a state’s legal status. In addition to population, land and government, international recognition is still necessary for a country to be recognized as a nation-state. For instance, Palestine, in November 1988, declared independence under a situation in which it did not occupy or control any territory. A month later, the UN accepted it as a sovereign state because it had gained recognition from nearly 90 states. Taiwan cannot obtain international acknowledgement and cannot become a sovereign country even though it has population, land and government. After the Cold War, the notion of separatism was combined with the concept of national independence. International recognition has become more significant in terms of the legal status of a country. However, in the international law community in China, the “creation” theory and the role and legal sufficiency of international recognition are still neglected topics. International law texts in the 1990s still emphasized that “the birth of a new country or a new government depends on the will of its own people, rather than on acknowledgement by other countries. Once a state is established it becomes subject to international law and has rights and obligations in the international community regardless of other countries’ recognition.” This kind of theory does not fit the development or change of the international community, nor is it in accord with China’s political interest.

Most international relations studies use the scientific approach to foreign policymaking. China’s traditional culture stresses the father’s dominant role in the family as well as the government’s decisive position in a state. Therefore, foreign relations are regarded as a government responsibility and have nothing to do with the common people. In China, people are
not greatly concerned with their country’s foreign relations. They are much more interested in domestic politics. However, foreign policymaking is just like domestic policymaking: only when more people become involved can new methods be found to solve real problems. However, discussion, debates and studies on foreign relations are limited in China, so foreign policymaking does not take advantage of the intellectual resources in the society. The major drawback to extensive societal discussions is that figuring out a foreign policy better suited to achieve national interests becomes uncomfortable. If there is public discussion on a foreign policy before it is adopted, it would be easier to understand the public opinion and needs. Due to limited research of international relations for over 40 years after the establishment of the country, China has still not developed its own theoretical framework for studies on international relations. Its theoretical studies are limited to introducing research outcomes from the West or the former Soviet Union. Without higher levels of theoretical studies, China’s diplomacy is at a disadvantage in obtaining fresh ideas in a timely manner.

Studies of international relations are still not widespread. Studies of China’s foreign policy are even fewer. Lacking studies of oneself does not contribute to proper judgments about one’s own interests. In China, studies of policymaking or foreign relations are mostly determined by external changes in the international community. There are not many studies by Chinese on China’s own policy. Effective foreign policymaking requires knowledge of both the subject and the object. If one only knows others, he cannot comprehensively realize his own interests, his own strengths, or the strategic effects of his actions and is therefore unable to help make the best foreign policy.
Chapter Seven -- China’s Cultural Interests

In the discussion of the different levels of Chinese national interests in Section 5 of Chapter 3, cultural interests were listed behind all other national interests based on their significance. Their secondary status is the result of comparison to economic, security and political interests, but this does not imply the dispensability of cultural interests. So long as the achievement of other national interests is not compromised, it is important to safeguard Chinese cultural interests. Different components of national interest complement each other and are intertwined. The relationship between cultural interests and other interests is often indirect; hence, the former tend to be overlooked. In reality, safeguarding China’s cultural interests will help safeguard the nation’s economic, security and political interests in a number of ways. Culture cannot change the objective world in a direct manner, but it can transform people. In turn, people will change the objective world through their perception of it. It is in this sense that cultural interests ought not to be treated lightly. The discussion in this chapter is intended to answer three questions: Why does culture constitute a national interest? What are the dynamics between western and Chinese cultures? What is China’s prevailing cultural interest?

I. Culture as a Component of National Interest

1. The non-contradictory nature of “Culture” and “interest”

   Since its publication, Samuel P. Huntington’s *The Clash of Civilizations* has drawn criticism from across academia. Many critiques have succeeded in rendering Huntington’s theory on conflict of civilizations fallacious on the grounds of methodology, logic and selection of historical material. I, too, disagree with his theory, especially his over-generalizations and bias. Amid criticisms of his theory about the conflict of civilizations an erroneous notion has emerged; namely, that combining or contrasting culture and interest is not useful. As a result, in an article entitled “Interest Predominates Culture,” a critic argues that political activities between and among nations are interest, not culture-driven, refuting Huntington’s view of culture as the underlying factor for a state’s behavior. Actually, Huntington is correct about the relationship between culture and interest. His errors lie in overestimating the significance of cultural interests and in misconceiving the antagonistic nature of different cultural interests.

   “Culture” and “interest” are separate and distinct concepts. From a linguistic perspective, “culture” can be used as a modifier to qualify “interest” so as to define the scope and content of “interest”. “Interest” as a noun indicates the nature and attributes of a given subject. “Culture” can be placed at the same level of generality as economics, politics and security. “Interest” can be defined as damage or danger. “Culture” and “interest” do not in any sense belong to the same conceptual domain, just as fruits and vegetables can be perceived at the same conceptual level whereas agriculture and revolution cannot.

   The notion that groups “culture” and “interest” together or contrasts them has become quite trendy in China’s international relations community since the end of the Cultural Revolution. Following the reform and opening up policy, China has abandoned its ideology-oriented foreign policy. It now emphasizes that foreign policy must serve the interests of both the nation and the people. That has resulted in a misconception which contends that ideology is a manifestation of culture, not of interest. Since national interest rejects ideology, so it should also reject culture.

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While teaching at Beijing University in the International Relations Institute, I found that students in general believed that ideology must be discarded in order to safeguard national interest. I spent a great deal of time before the students finally realized that ideology is also a component of national interest. The misconception of “culture” being in conflict with “interest” was due to the lack of awareness of available materials and the intellectual nature of national interest.

Ideology is part of the intellectual content of national interest. Ideology is a component of national interest in socialist countries as it is in capitalist countries. The United States is committed to promoting its version of democracy throughout the world because it considers American ideological concepts, such as freedom, equality and competition, to be part of its national interest. Admiral Charles Larsen, Commander in Chief of the US Pacific forces stated in his 1993 speech entitled “Challenges facing the US in the Pacific”, “Some people believe that Asian values are unique, and thus do not concern us. This is not true. Democracies everywhere are in America’s immediate interest... We are concerned with the Pacific because the expansion of democratic societies that practice free-market economics serves America’s immediate interest.” China upholds the practice of socialism, Iran observes Islamic fundamentalism, and India resists the contamination of Indian culture by western culture, all because of the cultural interests of the respective nations.

In the late 1970’s, China turned away from ideological confrontation to embrace pragmatic national interests, because ideology had been raised to an inappropriate level during the Cultural Revolution. It was not in China’s overall national interest to prioritize ideology over economic and security interests. Moreover, the ideology adopted during the Cultural Revolution was that of the international communist revolution. It advocated the predominance of international interests over national ones, thus running counter to foreign policy principles that are national-interest oriented. This went against the tide of the time as much as it missed the goals of China’s modernization. However, the fact that a particular ideology neglected the importance of national interests does not justify the conclusion that all ideologies conflict with national interests. For instance, nationalism, which is also an ideology, underscores the importance of national interests. Extreme nationalism even puts national interests in the paramount position, denying the legitimacy of international interests.

We argue that ideology is an intellectual aspect of national interest, but that does not imply that ideology should encompass the total content of a nation’s cultural interest. A nation’s cultural interest includes many aspects; ideology is only one of them. In fact, cultural interests are made up of two elements: material and spiritual. Ideology only constitutes part of the spiritual element of cultural interests. Therefore, in the overall national interest, ideology represents only a small portion. That is why ideological differences should not be given too much emphasis in the making of foreign policy.

2. The many levels of cultural interests

There are two important perceptions about culture. One is very general and places “culture” and “civilization” on the same plane. It covers just about every aspect of human life. Another, somewhat narrower interpretation of the term, defines culture as, inter alia, language, literature, art, education, morality, science and national character. The Modern Chinese Dictionary defines “culture” as “the totality of material and spiritual wealth created by mankind in the course of its social and historical evolution, with a particular connotation of spiritual wealth, such as literature, art, education, science and the like.” This dictionary’s first definition of “civilization” is the same as “culture”. Whether in the broad or narrower sense of the word, “culture” represents a
comprehensive conceptualization of human society in all its aspects; hence, there are multiple cultural interests.

It is easier to understand the spirituality of cultural interests than their material aspects. In the Chinese language, the archaic usage of the term “culture” meant “to assimilate through education”; that is, to educate the common people through poetry, rites and music, as well as morality and ethics. Apparently culture belonged to the spiritual realm. The Modern Chinese Dictionary also regards art as spiritual wealth in its definition of “culture”. In western languages, “culture” was derived from the Latin cultura. In Latin, the original form of cultura is a verb, meaning to cultivate. During the 16th and 17th centuries, the term evolved to mean incubating plants, then nurturing spirit, knowledge, temperament, morals and manners. In modern English, “agriculture” is a derivative of “culture”, as in “cultured pearls”. Thus, the western concept of culture implies both spiritual creation and material production. In fact, culture is as spiritual as it is material.

For China, a country with over 5,000 years of history, the material content of its cultural interests is very rich. In ancient times many magnificent palaces were built. With its colossal scale and majestic presence, Beijing’s Forbidden City overshadows Paris’ Palace de Versailles and Moscow’s Kremlin. The excavated Terra Cotta Warriors in Xi’an, a replica of the breathtaking combat formation of the Qin forces in the 2nd century B.C., has been named the eighth wonder of the world, enjoying the same fame as the other seven wonders: the Great Pyramids of Khufu; the Hanging Gardens of Babylon; the mausoleum at Halicarnassus; the Artemisia at Ephesus; the Colossus of Rhodes; the Olympian Zeus, statue by Phidias; and the Pharos at Alexandria. The Great Wall that lies across Northern China is one of the only two constructions that can be seen with the naked eye from the Moon (the other one is the delta dam in the Netherlands). Not only are these magnificent ancient constructions a source of pride to the Chinese people, they are also attractions on the cultural landscape on which China’s tourism relies. China possesses a wealth of antiquities that give rise to the issue of heritage protection and preservation. The Eight Powers Allied Army invaded Beijing and burnt down Yuan Ming Yuan, which until then had been China’s, as well as the world’s, largest royal garden. Such a garden would cost more than ten billion US dollars today. Although the public is keen to rebuild Yuan Ming Yuan, the state’s financial strength falls short of such wishes. As a result of China’s long history, a considerable number of cultural relics have been accumulated and become targets for purchase by the international antiquities market. During the years when western powers were carving up China, they stole a huge number of relics from China. In many western museums - among them the British Museum and the Asian Museum in Golden Gate Park of San Francisco - Chinese relics in foreigners’ possession are on display. These relics range from items as small as snuff bottles to objects as large as Dunhuang paintings. At present, tomb theft and relic smuggling are very rampant. It is all too obvious that the material aspect of cultural interests is real and strong.

II. The Clash and Fusion of Western Culture and Chinese Culture

China has active and passive needs to safeguard its cultural interests. On the one hand, China must preserve the good elements of its culture and traditions as a way to advance its social development. On the other, China should absorb the best of foreign cultures to develop and invigorate the vitality of its own culture. Since western culture is now the most dominant of all cultures, China is prone to its influence, positively and negatively. Therefore, it is necessary to understand and safeguard China’s current cultural interests, to understand the difference between
western culture and Chinese culture, to distinguish the strengths from the weaknesses of Chinese culture, and to be aware of the positive as well as the negative effects that western culture has on Chinese culture. Only by so doing will we be able to erase the weaknesses and add to the essence as we promote Chinese culture.

1. The differences between Chinese culture and western culture

For a long time scholars explained the disparity in the modernization of China and the West in terms of their respective cultural differences. I do not agree with those who hold such a strong view of culture and attribute China’s backwardness to its cultural characteristics. Nevertheless, their studies on Chinese culture and western culture have indeed helped us understand the differences. Yan Fu was one of the eminent scholars who explored systematically the distinctions between Chinese and western cultures. After he came back from England, where he studied naval affairs, he felt a compelling need to revive the national spirit. Thus, he was engaged in comparative studies of Chinese and western cultures. In his 1895 An Exhausting Exploration of Changes of the World, he wrote, “Westerners run the state with civic spirit. The Chinese worship leaders, whereas westerners praise the public. While the Chinese cherish uniformity and conformity, westerners favor groups and communities. The Chinese are characterized by their euphemisms and taboos, but westerners are known by their criticism and open discussions. Economically, the Chinese seek conservation, whereas westerners stress revenue creation. The Chinese appreciate modesty, but westerners pursue pleasures. Socially, the Chinese praise humility, westerners enjoy free expression. While the Chinese confine themselves to conventions and etiquette, westerners strive for ease and simplicity. Intellectually, the Chinese take pride in historical heritage; westerners give more respect to new knowledge. When faced with adversities, the Chinese would blame their fate, whereas westerners resort to human strength.” Yan Fu concluded that the most distinct difference between Chinese and western cultures was: “People of China look up to antiquity and look down upon modernity; people in the West build on the present to exceed the past.”

During the May Fourth movement, comparative studies of Chinese culture and western culture had a much stronger political coloring. Most scholars in this field were also involved in political revolution; the conclusions of their studies therefore became the guidelines for their revolutionary practices. Based on ethnic and geographical differences, Li Dazhao divided culture into four civilizations, namely, East (of Pacific), West, South (of the equator) and North. He published an article entitled “Fundamental Differences between Eastern and Western Civilizations” in 1918. He contrasted the two cultures in the following manner: “One is natural, the other, artificial; one is peace seeking, the other, war obsessed; one is static, the other, dynamic; one is dependent, the other, independent; one is conflict-evading, the other, aggressive; one embraces antiquity, the other pursues creativity; one is stability oriented, the other, ambition driven; one is intuitive, the other, rational; one indulges in fantasies, the other is dedicated to empiricism; one is artistic, the other, scientific; one points to the soul, the other to the material; one is spiritual; the other, physical; one is heavenly, the other, worldly; one yields to nature, the other tames nature.” By contrasting these cultural characteristics, Li Dazhao reached the political conclusion that “Eastern morality consists of stability achieved by repressing individuality, whereas Western morality consists of dynamism powered by activating individuality.” “In the East, heroes are expected; hence, authoritarianism, hereditary “sons of the Heaven”, and submissive masses.” “In the West, citizens are relied upon; hence, democracy.”

On the other hand, Chen Duxiu analyzed the cultural characteristics of the East and the West based upon differences in social institutions. He maintained that people in the West were
war-oriented, while those in the East were peace-oriented. Those in the West were individualistic; those in the East family-oriented. Westerners were bound by the rule of law and divided by strength; Orientals were bonded by sentiments and constrained by etiquette. Qu Qiubai contended that “the disparity between the East and the West is merely a matter of time.” In other words, the disparity between Chinese culture and western culture was actually that of old and new.

Since the start of the current reform and opening up policies, Chinese intellectuals reignited comparative studies of Chinese and western cultures. The conclusions are meant to explain the reasons for China’s backwardness. In the 1960’s two theories dominated the horizon of political science in the United States, known as the theory of modernization and the theory of political culture. By analyzing differences in social culture, these two theories strove to explain why modernization had occurred in the West but had yet to be seen in the Third World. Inspired by these two theories, Chinese “culturists” began to analyze the impeding effect Chinese culture has had on modernization. For example, Jin Guantao in his Prosperity and Crisis argues that the combination of Chinese Confucian culture, bureaucratic system and landlord economy has formed a ultra-stable social structure that is reform-resistant. The television series “The Yellow River Elegy” elaborates that compared to oceanic cultures, continental cultures were less extroverted, and thus too conservative to appreciate reform. Consequently, China closed its gates to the outside world, which led to its falling away from modernization.

In view of China’s backwardness in modern times, most analyses of Chinese political culture have been designed to reveal the negative side of its culture, with Taiwanese Bai Yang’s The Ugly Chinese being the most representative. However, is Chinese culture really so abominable and does not have any merit? This is food for serious thought for scholars of integrity. If the main content of Chinese culture were mere dregs, why is Chinese civilization the most ancient, long-lasting culture - rarity in the world? Listed with Chinese civilization as the “four major civilizations”, the Egyptian, Babylonian and Indian civilizations all became extinct as a result of invasions by foreign forces. The Hindu Valley culture was destroyed by the Aryans around 1500 BC. Egyptian culture began to be assimilated by Greek culture after being conquered by Macedonia in 332 BC. In 30 BC, Egypt was annexed by the Roman Empire and its culture was included in the Roman cultural sphere. It then merged with the Christian culture between 300 AD and 400 AD. When the Arabs came to Egypt in 800 AD, Egyptian culture converged into the Islamic cultural sphere. Babylonian culture, whose origin can be dated back to as early as 4,000 BC, vanished around 3,000 BC as a result of clashes with invading tribes including the Sumarians and the Assyrians. Ancient Greek and Roman cultures were once in full bloom, but they were cut short either because of internal factors or external invasions. Only Chinese civilization has survived all the plights and adversities in the long course of changing times and has been carried forward from generation to generation without interruption. Its resilience is most amazing. By comparing different levels of accomplishment in modernization across the contemporary world, we find that places of Chinese Confucian heritage such as Singapore, Taiwan and Hong Kong have become models of modernization for developing countries and regions. Even though their economic achievements still fall short of those of the United States, they have already surpassed many European countries. Sharing the same cultural roots with China, Japan is now the second largest economy, substantially exceeding most developed European countries in terms of materialistic modernization. As a nation influenced by Confucian culture, South Korea has also achieved remarkable progress in modernization.

The reason that culturists tend to see only the negatives of Chinese culture in their comparative studies is because they overlook the dual and evolutionary nature of culture. There is
a coexistence of advanced and backward elements in all cultures. Based upon their different appreciation of material achievements in western culture and spiritual achievements in Chinese culture, we can suppose appreciation for material achievements leads to emphasis on production and creation of wealth. Nevertheless, emphasis on material fulfillment also leads to extreme individualism. Family ties are weak in the West, causing severe social problems such as the abandonment of the elderly. Chinese culture values spiritual fulfillment; it thus honors virtues such as faith and trust and cherishes family bonds. However, it is also susceptible to idle talk and not inclined to be practical as illustrated by the fact that Chinese students are good at written exams but deficient in laboratory experiments.

Culture is ever evolving. No culture remains unchanged. Huntington also noticed this fact and stated that “we should challenge the argument that culture never changes…Examining culture historically, we can see culture is dynamic, not static. Even the main beliefs and attitudes of a society can be changed. Some cultures have developed, while others have perished; this is the result of cultural evolution.” The English historian Arnold J. Toynbee, in his masterpiece *A Study of History*, listed 20 civilizations that once existed on this planet, most of which have died out.

Judging from their modern lifestyles, the Chinese people are becoming more pragmatic. They are less different from their western counterparts in terms of material pursuits. On the other hand, the classical social norms get momentum in American society. The new fashion is to appreciate durable marriage and family harmony. “Resuming family values” even became a pledge of both the Bush and Clinton 1992 presidential campaigns. This reflects the American people’s recognition of the importance of spirituality.

### 2. The dual nature of Chinese culture

I disagree with most culturists’ views of different political cultures in terms of their strengths and weaknesses. The dual nature of culture makes the absolute superiority of any given culture impossible. Therefore, it is objectionable to assert that one particular culture is superior to any other. Lenin wrote in his *Critiques on Nationality Issues*: “There are two national cultures in every national culture.” We cannot deny the influence that culture has on the political and economic development of a society; however, these effects are not the ultimate. There is abundant evidence to prove that many nations of the same cultural origin differ as much in their course of political and economic developments as in their degree of achievement.

During the Cold War, East Germany and West Germany, as well as North Korea and South Korea, embarked on completely different social processes because of their different politics. Zambia and Zimbabwe were parts of Rhodesia during the colonial era. They later split into North and South Rhodesia in the 60’s. After independence, despite their socialist inclinations, their respective social and economic development yielded different results because of the different policies the two countries adopted. The realities of international politics prompt us to realize that the dual nature of culture dictates the same dual effect. Lo Lijian has done extensive studies on the positive and negative elements of Chinese culture. In conclusion, he listed, with some overlaps, both the positive and negative aspects of 57 character traits of the Chinese people. As far as Chinese political culture is concerned, the dual nature of Chinese culture can be summarized into 8 aspects in accordance with the main body of Confucianism, namely: benevolence, righteousness, courtesy, wisdom, honesty, golden mean, human-centeredness and atheism.

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<tr>
<th>Concepts</th>
<th>Positive features</th>
<th>Negative features</th>
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<tr>
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<tr>
<td>Benevolence</td>
<td>patriotic, high national esteem, strong family bonds</td>
<td>xenophobic, over-sensitive, rule of man rather than rule of law</td>
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<tr>
<td>Righteousness</td>
<td>returning kindness with kindness, honoring personal loyalty, loyal to the country</td>
<td>using personal associations, keen on sectarian activities, belittling importance and rights of the individual</td>
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<tr>
<td>Courtesy</td>
<td>filial to parents, respectful to elders and superiors</td>
<td>patriarchal system, superiors immune to criticism,</td>
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<tr>
<td>Wisdom</td>
<td>valuing education, revering the wise and the sage</td>
<td>preponderance of theory over practice; keeping a “respectful” distance from intellectuals</td>
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<tr>
<td>Honesty</td>
<td>trustworthy; resolving disputes among parties involved</td>
<td>shielding wrong doing for each other; lacking the concept of law</td>
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<tr>
<td>Golden Mean</td>
<td>avoiding extremes and radicalism; pursuing an even distribution of wealth</td>
<td>lack of independent thinking; susceptible to absolutist egalitarianism</td>
</tr>
<tr>
<td>Human-centeredness</td>
<td>Man is either noble nor humble by nature; samsara</td>
<td>jealous of the able and the knowledgeable; disrespectful of lives</td>
</tr>
<tr>
<td>Atheism</td>
<td>self-sufficient and self-reliant; worship of heroes</td>
<td>aloof and arrogant; uncooperative, worship of individuals</td>
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By analyzing the dual nature of Chinese culture, we have a basic understanding of its essence and constraints. If positive effects on the development of the Chinese nation are used as criteria, it can be concluded that the positive aspects of Chinese culture constitute China’s cultural interest, as they are good for the nation’s development. The negative aspects, on the other hand, must be eliminated. They run counter to China’s interests because they compromise China’s future.

If a nation can enhance the positive elements of its culture and change the negative ones, this culture will leverage national development and vice versa. For example, the Chinese are recognized worldwide for their entrepreneurship. It is an indisputable fact that millionaires are commonly seen among overseas Chinese. Since the reform and opening up policies began in 1978, the entrepreneurship and diligence of the Chinese people have been encouraged. As a result, the number of millionaires and billionaires has multiplied in just a few years. Because of the dual nature of Chinese culture, we maintain that its positive elements constitute national interest and thus must be preserved and developed.

3. Influence of foreign cultures

Culture is ever evolving. One of the propelling factors for the development of Chinese culture is influence from foreign cultures, of which western culture can be said to be predominant since the late 19th century. However, no western school of thought has had as much impact on China as Marxism and humanism. Mainland China, Taiwan and Hong Kong have all been westernized to different degrees under the influence of western thought. Hong Kong is the most westernized region of these three, having adapted entirely to the British political system. Nevertheless, the people in Hong Kong still observe Chinese social traditions. Taiwan has also preserved a great deal of Chinese traditional thinking, notwithstanding the influence of American culture. Because communism is the prevalent cultural influence in today’s Mainland China, people are more accepting of the concept of modernization. In terms of women’s social status in the urban area, mainland women enjoy a higher status by far than their Hong Kong and Taiwan counterparts. On the other hand, urban residents on the mainland have a weaker family concept compared to those of Hong Kong or Taiwan. Traditional customs are least observed among urban mainlanders.

Western culture has had a two-fold effect on Chinese culture and it is mainly positive. The biggest difference western culture has made to China is the concept of modernization. The core elements of this concept are: economically, to boost productivity through market mechanisms; politically, to establish democratic institutions through elections; socially, to achieve the greatest humanly possible degree of equality and liberty through the rule of law; and intellectually, to strengthen the initiative to understand and improve both the natural and social environments through independent thinking. Such concepts of modernization have posed a challenge to traditional Chinese thinking. In the clashes between western culture and Chinese culture, the former has apparently gained the upper hand, embraced by the progressive forces in China. In contemporary history, events from Emperor Guang Xu’s Renovation Reform, the Revolution led by Sun Yat-Sen’s in 1911, Mao Ze-dong’s Socialist Revolution, to Deng Xiao-ping’s reform and opening up, all were products of modern western inspiration. Had modern western thought not been adopted by Chinese progressive forces, contemporary Chinese civilization would not be where it is today, Chinese women would still be in the bondage of their foot-binding cloth.

Nevertheless, along with modern western thought that has helped advance Chinese cultural development, some undesirable ideas have also emerged. After being introduced to China, Western
progressive thought has enriched and advanced Chinese culture. Concurrently, unhealthy ideas from the west have also contaminated the cream of Chinese culture and strengthened the negative aspects of Chinese culture. For instance, extreme western individualism and hedonism have been spreading in Chinese society. The combination of this western materialism and the Chinese culture of the rule of man has inflicted rampant corruption and decadence in the society and led to the widespread practice of bribery. Some call these widely practiced acts of corruption “rent-seeking” or “trading power for money.” Among the embezzlers are high-ranking Party and political cadres and laymen alike. Procuratorial organs investigated 56,491 economic criminal cases across the nation in 1993, 30,877 of which involved embezzlement and bribery, with 157 cases involving one million RMB or above. Among the 13,663 cases of embezzlement, 208 involved one million RMB or above. Among the 7,475 cases of tax evasion, refusal to pay taxes and cheating as to export subsidiaries, 40 involved one million RMB or more. Among the 3,436 cases of counterfeiting, 50 involved one million RMB or more. Among those indicted on charges mentioned above, 1,037 were cadres of county or office level and above, 50 of which were cadres of bureau or department level and 1 of deputy ministry level. Illicit money and bribes confiscated in these cases totaled 2.2 billion RMB. More seriously, some people changed their attitude from condemning corruption and bribery to that of understanding and sympathy, viewing bribery as normal economic activity; this has led to a growing contagion of corruption and bribery. Cases of corruption and bribery increased significantly from 1993 to 1994. Cases of economic crime indicted by procuratorial organs nationwide increased by 6.8% from the previous year, while serious cases increased by 28%. At least 1,827 cadres at county level and 88 at bureau and council level were indicted, exceeding the numbers of the previous year.

More gravely, corruption has substantially undermined the government’s credibility as well as its ability for policy implementation. According to the 1992 report by the Discipline Inspection Committee of the Chinese Communist Party Central Committee: “Cases of discipline violation within the Party has shown an upward tendency in recent years.” There is a remarkable increase in discipline violation by Party members and cadres. Problems such as severe bureaucratic abuses, negligence, discipline and law breaking in the economic domain, moral degeneration and corruption are fairly alarming…Over the past five years, 874,690 cases of discipline violation within the Party have been investigated and 733,543 party members have been subject to disciplinary measures. Among them, 154,289 were expelled from the Party and 42,416 were punished by legal institutions according to law. Among the punished Party members and cadres, 16,108 were of county or brigade levels, 1,430 were of local or division levels, 110 were of provincial or army levels. Those who were punished accounted for 1.5% of all Party members. Thus, it is easy to speculate about the ratio of those who violated Party regulations. According to investigations conducted by the Discipline Inspection Committee of the Central Committee, from 1990 to July, 1992, 179,000 apartments that had been improperly occupied by party and political cadres were returned, 650 million RMB were retrieved via returns and fines, About 84,000 people were punished through economic means, and 9,800 people are punished through disciplinary measures. Acts of corruption and degeneration by members of the ruling party not only will cause economic damage to the state, they will also demoralize and destabilize the society as a whole.

The peaceful international environment in the post-Cold War era has created relatively favorable conditions for cultural exchange between China and western countries. It now becomes easier to study modern western thinking. It is in China’s cultural interest to guard against the undesirable aspects of western culture. Judging from the experience of some African countries, western culture has affected them more negatively than positively. The Africans have adapted to
the high consumption style and habits of the west, yet the westerners’ keenness on investment and production growth has little effect on Africa. High consumption habits have sapped the already inadequate production and construction capital of African countries and weakened these countries’ capability to modernize. At present, China is in the initial phase of modernization. Its ability to accumulate primary capital at this stage will make or break its modernization endeavors. The Chinese economy is still investment-driven, not technology-driven; therefore, the dynamic for rapid economic growth is the increase of investment for production. Nevertheless, consumption through credit is growing in China while the abuse of public funds for personal consumption shows no sign of subsiding, even though it is prohibited. All of these will cripple anti-inflation, investment and employment measures.

III. The Content of Chinese Cultural Interest

1. To foster national identity

After the end of the Cold War, the threat of ethnic separatism made the promotion of national identity the top priority of Chinese cultural interests. China is a multinational nation. Only by fostering the national identity of all Chinese people can China maintain national unity effectively. Some people believe that “the concept of China” is six-fold, namely, genetic, geographic, cultural, ethical, political and psychological. No one can deny the bearings of the geographic, political and genetic factors on the formation of the Chinese national identity, yet the most fundamental of all is cultural, with ethical and psychological factors being an integral part. Chinese identify themselves not by their nationality or citizenship, place of birth, or by their parents’ blood line, but by their family culture. This feature is particularly striking in overseas Chinese. For example, Chinatowns are seen everywhere in the world, while few other people will build an ethnic town within the city of another country. Why do the Chinese build a “Chinatown” in their country of residence abroad? It is because the Chinese are accustomed to Chinese culture, which in turn constitutes an essential, organic component of their lives. This culture requires that they mingle with each other. Only when they live amid Chinese culture will they find life meaningful, even if this would mean fights among themselves. As a result many overseas Chinese consider themselves Chinese even though they don’t speak the Chinese language. Some have never been to China, yet they still consider themselves Chinese. The famous American Sinologist Lucian Pye said, “China is more of a civilization than a nation.” Hegel believed that “China was founded on a moral integration, with ‘family piety’ being its national characteristic. The Chinese people consider themselves sons and daughters of their families as of their country.”

In the light of such national identity exemplified by the overseas Chinese, some say that in their heart, their only home is China and their only name is Chinese. They are obliged to pay taxes, serve military service, learn a new language and adapt to new customs and conventions. However, they still painstakingly preserve Chinese heritage, etiquette and values, as they staunchly maintain their character traits, style and national sentiments of being a Chinese, and love without reservations or regrets the country and society their forefathers or they themselves came from.

There are two ways to strengthen national identity: one, to underscore the uniqueness of the Chinese culture; and secondly, to enhance the universality of the concept of China. A culture’s uniqueness is its reason for being. A culture is doomed when there is no distinction between it and other cultures, just as a male is defined as such only when he is physiologically different from a female.
National identity among the Chinese people is formed on the very differences between Chinese culture and other cultures. As Liang Qichao once said, “If a nation can stand firm on the globe, it must owe it to its unique characteristics. Through the spectrum of morality and law, customs and traditions, as well as literature and art, there is a spirit of independence, passed down by the forefathers and inherited by the coming generations, leading to the formation of communities and henceforth, a nation. This is the origin of nationalism.” Two jokes mirror how people distinguish national traits through cultural personas. The first one concerns writing an essay about the elephant. The Germans write about an “elephant’s thinking,” the Frenchmen write about an “elephant’s love,” the Russians write “the Russian elephant being the greatest elephant,” while the Chinese write about the “elephant’s ethics.” The other joke goes as follows: a building with multiethnic inhabitants is on fire. The Jews rush for their purses; the French, their lovers, and the Chinese, their mothers. These jokes do not represent faithful portrayals of the peculiarities of the cultures in question. All the same, they demonstrate cultural distinctness being the source of national identity. To the Chinese people, their identity with the Chinese nation consists of their identification with its moral culture, as their individual moral values are in conformity with Chinese morality as a nation. Thereby, the preponderance of morality constitutes an important feature of Chinese culture.

In order to strengthen national identity among the Chinese people, modern nationalism, not the traditional notion of nationalism, must be promoted. Nationalism is not a static concept. It is bound to evolve. The traditional notion of Chinese nationalism has played a role in fortifying national unity, safeguarding national dignity, strengthening the bond among fellow countrymen when facing a common enemy, and fostering self-reliance. However, traditional nationalism has the shortcoming of being xenophobic. Traditional nationalism is usually regarded as “a sentiment derived from the belief in one’s own racial superiority over others;” in other words, “racial pride.” As far as China is concerned, China is a developing country, lagging somewhat behind the west in modernization. On the other hand, those who only hold on to the “Four Inventions” of ancient times as a source of pride and for those who are seized by a sense of urgency “the Chinese nation is in great danger” and somehow missing the currents of globalization. The world has become a “global village” and global awareness is growing. National awareness is generated more from people’s love of their country’s current political culture than out of anachronism. After marrying a Japanese man, the former Chinese table tennis player He Zhili represented Japan and won a gold medal, defeating Deng Yaping of China in the Asian Games in 1994. She bore grudges against her former coach who had her lose to her former teammates at international contests. This incident caused far-reaching repercussions among the Chinese public. In response, the Beijing Youth Daily organized a large-scale open discussion on the matter. Driven by their naive patriotic feelings, people of lower educational background accused He of being unpatriotic, while people of higher educational background pointed out that we all should reflect on such an occurrence and why an overseas Chinese had chosen to challenge her country of origin in this way. Still some young students believed that it was necessary to re-define patriotism. They argued that national interest ought to be in harmony with individual interest. The debate indicated that the popular notion of patriotism is changing while traditional nationalism is losing its cohesive power. In addition, the debate hinted at the likelihood of traditional nationalism being the cause of conflict between national interest and individual interest.

China’s modernization process began to gain speed after the Cold War ended. China needs people equipped with modern thinking to accomplish its enterprise of modernization. Only through constant breakthroughs in its pursuit of modernization will China succeed in fortifying its national
cohesion. The traditional, xenophobic kind of nationalism is no longer compatible with the times. Foreign companies have come to invest and establish ventures in China. For the sake of operational efficiency they have employed large numbers of Chinese workers. Some Chinese students studying abroad came back to work as company representatives. If they were to be looked down upon as puppets of foreigners, it would hurt their patriotic sentiments rather than fostering their national identity. In the extremely competitive international marketplace, boycotting foreign goods will do no good to the reform and opening up process or the development of China’s national industries. What China should opt for is active participation; taking part in world development and the advancement of mankind through competition. As Chen Fangzheng argues, “Through the identification and devotion to the nation to the greatest degree by each and every member of the nation, modern nationalism achieves the political principle of collective motivation.” The fundamental difference between modern nationalism and traditional nationalism lies in the fact that the former is open and explicit, the latter is closed and implicit. A remarkable feature of Chinese culture is its tremendous power of assimilation. Many cultures are like sugar, dissolving easily in water. Chinese culture is like a sponge, able to absorb different kinds of liquid while maintaining its integrity. Chinese culture comes into being on a multiethnic and multicultural basis; hence, its universality. Sayings such as “the land under the sky belongs to the Emperor” and “people on earth are all brothers” represent universalistic concepts of nationalism.

Modern or open nationalism builds on traditional nationalism, thus sharing many common aspects. They are both ideologies that uphold national interest as sacred and inviolable and promote national heritage as quintessential for national perpetuation. However, open nationalism is different from traditional nationalism. The latter underscores the homogeneity of national culture, whereas the former embraces its heterogeneity. Traditional nationalism points to the uniqueness of its people, whereas open nationalism seeks the commonalities of its people, whose homogeneity is often attained by tolerance of disparities. Traditional nationalism is characterized by its exclusiveness, whereas open nationalism inclines to openness. It thrives on the cream of other cultures, develops its own economy through the introduction of foreign goods and technologies, and attracts foreign elites to improve its own demographic quality. Traditional nationalism has an expansionist tendency, but open nationalism leans toward nonviolence and rejects the notion that national interests are a zero-sum game. To inspire open nationalism is to help eliminate the negative elements of traditional nationalism. China has the foundation for open nationalism. Chinese culture owes its existence to its multiethnic and multicultural composition. It is the product of multinational cultures; hence, it is a universal culture. This serves as the social foundation as well as the intellectual rationale for open nationalism. The tremendous ability of Chinese culture to assimilate and merge with other cultures answers the call of open nationalism for inclusiveness. The chapter of Imperial System in the Book of Rites records the following, “Educate the minorities but do not change their customs; improve their politics but do not change their virtues.” This indicates that Chinese culture is open to foreign thoughts and also indicates the Chinese cultural principle of governing according to social customs. The non-aggressive character of Chinese culture coincides with the non-violent principle of open nationalism. Chinese culture is a culture of acceptance and tolerance. In the Book of Changes there are these words, “Gentlemen perceive the universe with kindness and generosity,” and “Make peace with all nations.” It means that a person of high morals is one who is strong enough to tolerate and accept differences, and coexist with his neighbors in peace and harmony. Maxims such as “harmony is most precious” and “he who is moral shall have neighbors” reflect the appreciation of community building in Chinese culture.
China’s current political system creates three favorable conditions for developing open nationalism. First, it is an executive system that exercises national autonomy. The “Law of autonomy for national regions of the People’s Republic of China” respects and safeguards, by means of a legal mandate, the rights of national minorities to manage their own internal affairs. Such a national autonomous system strengthens the sense of responsibility of the minorities as masters of the country and it discourages nationalistic ideas of the ethnic Han that discriminate against ethnic minorities. This establishes the political foundation for Chinese open nationalism.

Second is the principle of equality among all nationals that is embedded in the Chinese Communist Party’s unity policy. “The Common Guideline of the Chinese People’s Political Consultative Conference” stipulates that “all nationals within the territory of the People’s Republic of China are equal,” and that “discrimination and exploitation of one another as well as activities aimed at dividing national unity are prohibited.” This principle of equality among all nationals clearly works for the idea of national fusion in an open nationalism.

Third is the Chinese government’s policy that strives to intensify the creation of a spiritual civilization. This policy of governing with morality agrees with open nationalism in its pursuit for commonalities among the people. Moreover, China’s economic policy of opening up matches the explicit character of open nationalism. A closer interaction with the global economy provides a favorable condition for the Chinese people to embrace foreign ideas and that in turn helps validate the concept of universality and fend off xenophobia.

Nurturing open nationalism will not only reinforce national identity among the Chinese people, safeguard national unity and advance our unification efforts; it will also strengthen national cohesion and motivate public support for the government as well as boost the solidarity and optimistic spirit of all citizens. In addition, it will further advance the opening up, encourage the Chinese people to embrace the world, thus preventing isolationism, and promote a sense of Chinese identity among overseas Chinese so as to inspire them to take part in China’s modernization endeavors. The spread of open nationalism will also prevent the emergence of hegemonic thinking, thus avoiding unnecessary confrontation with other nations and creating a favorable international environment for China’s economic development.

2. To foster social morality

Fostering social morality is a cultural interest because it guarantees the smooth progress of the reform and opening up policies. Due to the implementation of a market economy under reform and opening up, the standard of living has improved remarkably. However, a “crisis of faith” and a “crisis of morality” have occurred. The report of the Fourteenth CCPC points out, “The rampant growth of certain hideous social phenomena has poisoned the physical, as well as spiritual wellbeing of the society, and of the younger generation in particular. It has also hindered modernization efforts as well as the reform and opening up and damaged the image of socialism. The general public finds it loathsome…It is imperative for us to remain committed to carrying forward and enhancing the exquisite spiritual heritage of the Chinese nation, absorbing the fine creations of mankind in the evolution of human civilization, in order to create a modern spiritual civilization.”

The realization of China’s modernization relies on social morality as its safeguard. Any student of law knows that in any country, social stability cannot be attained by law and order alone, because human behavior is mainly constrained by their moralities but not by laws. For example, the overwhelming majority of people avoid theft not out of fear of imprisonment if caught, but out of the belief that theft is immoral. The punitive regime underlying the law is targeted at the few
outlaws. This point can be better demonstrated by murder cases. There are many fewer female than male murderers, not because women are more law-abiding than men, nor because women are more readily deterred by the law, but because women differ from men in their view of violence as an indicator of bravery. In the course of its modernization, China must consolidate its legal development. More importantly, it must erect new moral standards. Both institutions must be at work before a stable social environment can be created.

Since reform and opening up began, trends of amorality have severely endangered the creation of a stable social environment. Morality is an attribute that subjects an individual’s behavior to social restrictions; it is a precondition for human social life. There can be no order in a society if every individual were to achieve his or her goals through immoral means. Nevertheless, immoral thoughts and inclinations have repeatedly been observed in the history of human society. Some ideologies deny moral restrictions, despise moral norms and adopt a nihilist attitude toward moral values. Usually amoral ideologies win popularity during a time of social transition, when old moral norms and institutions are doubted and denied, and new moral values have yet to be developed. As a result, skepticism and pessimism become mainstream ideologies, which lead to social acceptance of amoral conduct. In the eras of the Roman Empire, the Renaissance and the Capitalist Revolution, society witnessed a contagion of amoral thoughts. “Amid a changing time in China’s modernization, the Chinese people are undergoing a historical metamorphosis in terms of ethics and morality, as Chinese moral culture and moral institutions are in transition of deconstruction and reconstitution. In particular, since reform and opening up began, China’s modernization movement is unfolding in a more vigorous manner both in depth and scope and this has prompted adjustments and changes in social structure and order, as well as transformation and reformation of public morality. Notwithstanding, immoral thoughts are appearing in a new form.” If immoral thoughts only reflect on an insignificant minority, no harm will be done to the society. If a considerable number of people adopt an immoral attitude, social stability will be undermined. Since reform and opening up began, immoral thoughts have greatly affected the moral and ethical standards of many people due to the influence of western materialism. As a result, crime rates have soared. Relying solely on the punitive regime of law without setting up moral norms will only lead to one result; that is, the more relentless the actions against crimes, the more rampant the criminal activities. To take the scalpers at the Beijing Railway Station as an example. In 1983, only a handful of scalpers were detained. In the early 90’s, more than a thousand were detained a year. In 1993, the Beijing Railway Security Agency detained 3,000-odd scalpers, with a daily average of 9. In 1994, from January through October, the detainees totaled 11,353, with a daily average of 37. In 1993, 451,920 persons were indicted in China, 95.62% of which were sentenced to 5 years of imprisonment or more, with a 2.6 percentage point annual increase. If conduct that was regarded as immoral in the past becomes morally acceptable now, such conduct is bound to spin out of control. The sweeping phenomenon of homosexuality in the west can be attributed to the same reason.

It is possible to offset the negative effects of western materialism by promoting the Confucian concept of “benevolence” as the governing philosophy. The core of Confucianism is “benevolence.” The morality of “benevolence” is reflected in such ideas as “he who is benevolent loves others,” “filial piety and moral integrity are the essence of benevolence,” “practicing benevolence from beginning to end,” and “to achieve benevolence through the sacrifice of life,” among others. These are specific moral norms that can have a positive effect on restraining people from committing crimes. The idea of “benevolence” places a premium on nourishing moral consciousness so as to achieve “see no evil, hear no evil, speak no evil, do no evil.” To promote
the Confucian morality of “benevolence,” there is no need to follow religiously Confucius’ definition of “rites.” In other words, we need not and cannot confine the conduct of contemporaries to the “rites” established in the Zhou Dynasty. Rather, we can interpret “rites” as the norms of good conduct so as to popularize the virtues of serving the people, abiding by the law, loving our country and our countrymen. In particular, the Confucian philosophy of “nei sheng wai wang (being a saint to win the mandate of a king)” has a significant role to play in establishing harmonious social relations. “Being a saint” implies the achievement of “benevolence” through self-cultivation; “to win the mandate of an emperor” means to realize benevolent rule through politics and the education of high moral values. To create a unique moral system by integrating one’s subjective moral cultivation with the objective political practice is “nei sheng wai wang.” Such morality stresses the significance of being a role model through one’s own conduct, which is crucial for a clean and law-abiding cadre. If leadership at all levels can exercise self-discipline, it will contribute to compatibility in interpersonal relationships, relationships between superiors and subordinates, and between government and society, as well as between central and local governments. Promoting the philosophy of “nei sheng wai wang” is as good for maintaining order and preserving stability as for elevating China’s moral image as well as showcasing China as a model example of the development experience.

It is in China’s present cultural interest to promote the right values of Chinese culture and to avoid repeating the errors and mistakes of western modernization. Modernization in western countries has generated numerous social problems. For instance, the strong influence of utilitarianism breeds money worship; commercialization makes people lose the sense of human nature; extreme anti-authoritarianism and pluralism lead to relativism and crises of belief. Re-recognizing the good values of Chinese culture is an inevitable social task for China to implement during the process of its modernization. China initiated its modernization efforts only recently. It has to meet a two-fold historical demand: to accomplish the transition to modernization on the one hand, and to avoid the negative impacts of modernization on the other. However, the two aspects are working in opposite directions, implying inherent conflicts. In order to prevent instability en route to modernization, it is imperative for China to maintain balance. While casting aside the Confucian denunciation of self-interest, a balance can be struck by introducing Confucian humanism and its doctrines of benevolence to offset extreme utilitarianism. Based on the premise of recognizing an individual’s reasonable interest, a balance between man and nature can be struck by underlining the idea of the complete integration of man and the universe. Along with the encouragement of competition, practicing the principle embedded in “do unto others as you would have them do unto you” will ease tensions in interpersonal relationships.

3. To revive the tradition of respecting knowledge

In the midst of the information era, reviving the tradition of respecting knowledge serves China’s long-term cultural interests. In the information age, knowledge will replace capital to become the most crucial factor in development and hence for economic growth. To be in a leading position in global economic competition, China must dominate the knowledge and information arena. The Secretary of Labor of the United States Robert Reich said, “The new roadblock for entry (into the global market) is no longer quantity or price. It’s the ability to find, among the unique technologies and markets, the item that suits oneself the most. Leading companies don’t focus on the products themselves anymore. Their business strategy is increasingly targeted on expertise.” Nevertheless, mastery and accumulation of knowledge relies on people, the intellectual workers, and the more knowledgeable the labor force, the better the result. Intellectual laborers
needed by China’s modernization are not in the millions, or tens of millions, but in the hundreds of millions. In other words, China is able to exploit its intellectual resources to the fullest only by improving its quality of education across the board. Not only does China need an educated labor force for average tasks, it also needs advanced brainpower in large quantity to meet the demands of the information and hi-tech industries. How do we create advanced brainpower quantitatively? The only way is to expand the coverage of education and enhance its quality. How do we attract people to join advanced levels of intellectual labor? The only way is to compensate intellectual labor in accordance to market principles.

During the Cultural Revolution, the value of knowledge and the significance of the educated were denied politically in the name of fighting against feudalism. In the craze of “doing business” on the heels of reform and opening up, the value of intellectual innovation was not appreciated economically. As a consequence, China’s education sector has been struggling under very difficult conditions. Society has experienced certain anomalies caused by this depreciation of the value of knowledge. For instance, those selling tea-marinated eggs are better off than those engaged in developing missiles; graduate institutes do not have enough enrollment; high drop-out rates affect secondary and primary school students; scholars leave academia to go into business; students studying abroad stay overseas; and academic and research institutions are short of young staff. From 1989 through 1991, 11.34 million people became literate, yet the drop-out rate of secondary and primary school students in the same period was 16.44 million, with the latter far exceeding the former. In 1990, China’s illiteracy rate was 204.85 million, comprising 22% of the laborers age group. That is to say, one out of five adults was illiterate. It is unthinkable that we can achieve modernization with a labor pool so poorly educated.

The Chinese tradition of “excelling in learning to enter officialdom” will help enhance the custom of respecting knowledge. The difficulty in mastering Chinese characters contributes to the tradition of respecting knowledge among Chinese. The capability of acquiring knowledge through the Chinese language is primarily preconditioned by reading comprehension and writing ability. Yet 80% of the Chinese characters are composed of 214 radicals. The difference in the time required for mastering 214 radicals as compared to the English alphabet of 26 letters is enormous. Moreover, Chinese characters are ideographic, the language has to be learned word by word, unlike alphabetic languages, which can be identified by phonetic properties. The prestige enjoyed by the literate can be attributed to the strenuous effort involved in mastering Chinese characters. Traditionally, a literate person was empowered with aptitude for acquiring knowledge, thus gaining appreciation from the imperial court as well as respect in society. In order to win appreciation from the court, students not only had to master knowledge, but also had to prevail in the competition of acquiring knowledge. Therefore, the convention of “excelling in learning to enter officialdom” molded China’s millennial political culture. Eventually the convention culminated in the imperial examination system as it was institutionalized by the system. “Excelling in learning to enter officialdom” is being seriously challenged in modern China; however, its social foundation still exists. Primary and secondary school students compete fiercely in exams in order to gain admission to elite schools. University professors enjoy high social status albeit moderate salaries. As is known worldwide, Chinese parents regard financial support of their children’s education as their natural obligation. A one-child family in China is ready to invest as much as one-third of its income in the child’s education, something not commonly seen elsewhere. Unfortunately, Chinese tradition of respecting knowledge is declining rather than developing in China today.
The purpose of reviving the tradition of respecting knowledge is to encourage acceptance of the critical importance of modern knowledge, instead of exacerbating examination wars. Still living with the legacy of the imperial examination system, the education sector in China treats results of written examinations as the only gauge of knowledge mastery. Examination results thus have tremendous bearing in determining one’s course of life. Consequently, youngsters are forced to learn by rote memorization instead of comprehension. A teenager will have to memorize principles of political economics incomprehensible even to grownups, for the sole purpose of obtaining good grades. In ancient times education virtually meant learning Confucian classics by heart. One was considered well educated so long as one managed to recite these classics from memory. As a trickle-down effect, Chinese conventional wisdom considers learning by memory essential, and the ability to cite classics and masterpieces has become the yardstick of knowledge mastery. Chinese students studying in the United States often feel inferior to their American counterparts when it comes to practical matters. In China, the focus of revitalizing the tradition of respecting knowledge ought to be on encouraging independent thinking and creativity in applying knowledge. It cannot be entrusted to the government alone to forge a general mood of respecting knowledge, nor can it be a task left to the mercy of market mechanisms. Administrative regulations by the government may yield short-term effects, but their effectiveness cannot last long. Market mechanisms might be misleading in a given period of time. It is necessary to adjust the structure and pricing of knowledge from a long-term perspective, based upon market demands for knowledge and talent. Executive measures can be employed to reverse the effect of knowledge depreciation in the short run.

4. To rejuvenate Chinese culture

As mentioned earlier, Chinese culture shows the strength of endurance. What generates such strength? The essence is deeply rooted in the diversity and multiple origins of Chinese culture. Multiple origins facilitate the adoption of new elements, while diversity enables transformation and evolution. Circa 2,700 BC, tribes scattering in the plains of Guan Zhong, the basin area of Jin Xi and along the bank of Luo River in Yu Xi were united by the legendary Emperor Huang Di and the culture of Hua Xia or ancient China was thus formed. In their study of Chinese culture, Feng Tienyu and Zhou Jiming came to the following conclusion: “Ancient Chinese culture was not a self-contained system from the time of its birth. Through migration, cohabitation and national wars, the ancient Chinese race and the later Han Chinese have since been engaged in constant exchange and intermingling with neighboring nationalities. By so doing Chinese culture has received a continuous transfusion of fresh blood over the past thousands of years and finally become the magnificent culture it is today.”

The fusion of different national cultures and the adoption of foreign cultures are two major means through which Chinese culture is constantly rejuvenated. There have been four ages in Chinese history when major ethnic fusion took place: the Spring and Autumn Period, the Wei-Jin North and South Dynasties, the Sung-Liao-Jin-Yan Period, and the period of Manchurian rule of Central China. During the Spring and Autumn Period, feudal war lords were at war with one another for supremacy. During those times, neighboring ethnic minorities were assimilated into Chinese culture and Chinese culture absorbed and integrated a large variety of ethnic cultures. Among the founders of the prevalent hundred schools of philosophy of the time, Gongsun Long, Zou Yan, Lao Dan and Zhuang Zi were of “Man” or “Yi” (Barbarians in the south and west respectively) origin and this is evidence of Chinese culture being influenced by ethnic minorities.
During the Wei-Jin North and South Dynasties, nationalities such as Xianbei, Jie, Di and Qiang, among others, made their way to Central China, one after the other. Between them over 20 states were founded, hence, the term “sixteen states of five foreign origins.” As a result, ethnic minorities were assimilated into Chinese culture while the genealogy and culture of the Han Chinese became more complex. Subsequently, Yang Jian, founding Emperor of the Sui Dynasty and Li Yuan, founding Emperor of the Tang Dynasty, were of Xianbei descent. Sixty-three officials above Rank III are minorities in the Sui Dynasty. During the Song-Liao-Jin-Yuan Periods, northern nationalities such as Qidan, Nuzhen, and the Mongols, Bai in the south, and Dangxiang in the northwest, founded the Liao, Jin, Yuan, Dali and Xixia dynasties respectively. Through brutal wars, outsiders Qidan and Dangxiang were sinicized under Yuan rule. The Mongols and Semu themselves were also sinicized in the transitional periods of the Yuan and Ming Dynasties. During this time, “foreign music” was introduced to central China, contributing to the creation of the renowned Songs of Yuan. The Manchurians succeeded in establishing the Qing Dynasty, hence, their rule of central China. At the end, they lost their native tongue, but “Dream of the Red Chamber,” written by Cao Xueqin, a Manchurian, became one of the four classics of ancient Chinese fiction.

In addition to cultural fusion among Chinese nationalities, Chinese culture has also benefited from encounters with and exposure to the nomadic cultures in Central Asia, Persian culture, Buddhism in India, Arab Islamic culture and European culture. In 138 BC, Emperor Wu of the Han Dynasty sent Zhang Qian on diplomatic visits to countries to the west of China. When he returned, he brought back a large variety of new crops, music, dances and acrobatics. In 8 AD, the then Tang Dynasty became a cosmopolitan center, attracting diplomats, foreign students, Buddhist monks, merchants, musicians and dancers in the thousands when it was at its prime. Tang Xuanzhang’s odyssey to India for Buddhist scriptures accelerated, to a certain extent, the development of Buddhist philosophy in China. At the same time, Indian logic, phonology, pharmacy, astronomy, mathematics, calendar system, music, dancing, painting and sculpture were affecting every aspect of Chinese culture. During the transitional period of the Ming and Qing Dynasties, western culture came to the doors of China. Missionaries not only brought Christianity with them, they also introduced to China European philosophies, art, music and especially natural science. The deductive logic of geometry was a brand new way of thinking for the Chinese. Modern scientific disciplines such as arithmetic, astronomy, physics, theory of music and anatomy, among others, accelerated the progress of Chinese science and technology. Except for the decade of Cultural Revolution when China was completely isolated from the outside world, the influence of western culture has been on the upswing from the time of the late Qing Dynasty, when China’s doors were forced open by western gunboats.

There has been a long-standing controversy over how to revitalize Chinese culture by borrowing foreign nutrients. During the Spring and Autumn Period, Duke Wuling of Zhao proposed to adopt the “costumes and military tactics of the barbarians” to strengthen the army and save the state. On the other hand, Prince Cheng steadfastly opposed such an idea, contending that the culture of central China was superior to all and therefore did not need to learn from the barbarians. Since the late Qing Dynasty, national purists, advocates of complete westernization, and supporters of Chinese essence with western pragmatism represented the three irreconcilable camps of ideology in the debate. Likewise, since reform and opening up, there have appeared three different opinions, with one promoting westernization indiscriminately, the other disapproving of reform and opening up, and the third embracing reforms with Chinese characteristics. There are but two ways to boost the vitality of Chinese culture. One preserves the essence of Chinese culture
because without its character and attributes there would be no Chinese culture. In order to reach the content and improve the quality of Chinese culture, it is necessary to learn western advanced thoughts selectively. If these two arguments are logically well grounded, the construction of a spiritual civilization with Chinese characteristics can be seen as the only tactic that can successfully rejuvenate Chinese culture. That is to say, Lu Xun’s borrow-ism (a notion of borrowing others’ experience and achievements) should be employed. “We have to borrow…Unable to do that, one cannot reinvent oneself.”

Revitalizing Chinese culture will include five elements. The first is to reinforce public understanding of the profound implications modernization has on the fate of our nation. The tradition of contentment with poverty must be abandoned and in its place the necessity to adapt to contemporary changes as well as to accept new experiences and new concepts must be nurtured. The second is to shed the Middle Kingdom mentality and foster open-mindedness. Foreign cultures ought to be treated with an inclusive attitude. The third is to cultivate a positive self-identity and renovate the traditional concept of family. A positive self-identity implies thinking and making judgments independently from one’s own perspective, taking the initiative to learn and accept foreign cultures selectively, rather than being totally submissive to authority or reliant on other people’s decisions. The fourth is to develop a new social morality by combining the Confucian concept of “benevolence” with western humanitarian values. The fifth is to adopt modern scientific modes of thinking and to promote the common practice of respecting science and knowledge by integrating rational thinking with the social tradition of “excelling in learning to enter officialdom.”
Chapter Eight -- Applying Deng Xiaoping Thought to Maintaining National Interests

Even before the establishment of the PRC, Chinese Communist Party leaders began to consider the relationship between diplomacy and national interests. Addressing the opening ceremony of the Foreign Affairs Department of the PRC in September 1949, Zhou Enlai pointed out that protecting national interests is a mission for diplomacy. Subsequent Chinese leaders continuously improved their understanding of national interests and developed their unique viewpoint. As a Chinese leader for a long period, Deng Xiaoping was strongly influenced by the improvement in the understanding of national interests. After the CCP’s Third Plenum of the Eleventh Central Committee Conference in 1979 he strengthened his arguments concerning national interests. After the CCP’s Twelfth Conference in 1982, he gradually developed a systematic concept of national interests. National interests became a major foundation for his analysis of the international and domestic environments and a major basis for his foreign policy leadership.

I. National Interest as the Starting Point of Foreign Policy

According to Deng Xiaoping’s basic understanding, national interests should be the first consideration for foreign policy. First, he believed that the relationships between countries are relationships of interests. Although China suggested the Five Principles of Peaceful Coexistence in the Sino-Indian agreement on transportation and business between India and Tibet in 1954, the Chinese government did not clearly understand international relations as interest relations. This is mainly due to the military confrontation between the two blocks during the Cold War when conflicts in national interests were masked by ideological disputes. Hence, during the 1950s and the 1960s, China used the Five Peaceful Principles mainly for guidance in developing relations with other nation-states. In the 1970s, the principles were even developed for use in dealing with western countries. After Deng Xiaoping came back to political life in 1978, he promulgated the slogan “seeking truth from facts,” as well as “practice as the only standard to test truth.” Based on the principle of “seeking truth from facts,” Deng first analyzed national interests from the angle of domestic politics. At the theoretical working meeting of the CCP in 1979, he pointed out that “the construction of socialist modernization is our current most important political task because it represents the most important and the most fundamental interest of the people.” In the report on the “Current Situation and Tasks” he made in 1980, he reiterated that modernization and construction are the most important interests for the entire Chinese population. He also analyzed China’s interests from the international perspective, mentioning that the purpose of “our foreign policy is to seek a peaceful environment for realizing the Four Modernizations. I mean what I said. And this is in the best interest of the Chinese people.” Deng Xiaoping had discarded the Cold War way of thinking. He believed that national relationships are relationships among interests and at the CCP’s 12th Plenum in 1982 he mentioned “actively expanding exchanges with foreign countries must be based on the principles of equality and mutual benefit.” During the conference,

311 Deng Xiaoping, Selected Works (1975-1982), People’s Publisher, 1983, pp. 130-133.
312 Ibid., p. 149.
313 Ibid., pp. 221, 205.
314 Deng Xiaoping, Selected Works (Vol. 3), People’s Publisher, 1993, p. 3.
the scope of the *Five Principles of Peaceful Coexistence* was adjusted under the guidance of Deng. It was reiterated at the conference that “the *Five Principles of Peaceful Coexistence* are suitable for relationships between China and all other countries, including socialist countries.”  

From that time on, Deng’s viewpoint continuously became clearer, especially his insistence that national relationships are relationships of interests. In May 1989, Sino-Soviet relations began to be normalized. Deng Xiaoping met with Mikhail Gorbachev, President of the Soviet Union. Deng stated China’s opinion that historically China’s interests were violated by Tsarist Russia and the Soviet Union, hoping that the Soviet Union could understand the Chinese perspective. Moreover, he suggested that they “forget the past.”  

When the international situation was undergoing serious change in 1990, he reminded the leaders in the Central Committee that “we still need to keep in touch with all countries. We need to increase our contacts with the Soviet Union and America. No matter how the Soviet Union changes, we need to develop our relations with the Soviet Union and that includes political relations based on the *Five Principles of Peaceful Coexistence*. We will not debate issues of ideology with them.”  

Secondly, Deng Xiaoping believed that maintaining national interests was the primary task for diplomatic work. Although the CCP has insisted from the time it came to power that diplomatic work needed to serve national interests, they were never regarded as an important starting point for foreign policy. Due to the expectation to establish a communist system within a short period, China had regarded the international communist movement as the most important goal of its diplomacy; national interests were not regarded as the most important theoretical goal for diplomatic work. But according to Deng Xiaoping, maintaining national interests was and is the basis of diplomatic work. He pointed out in 1982 that “no foreign country can expect China to be its dependency or expect us to accept damage to our national interests. The Chinese people have their own pride and self-respect. To the Chinese people, it is the worst humiliation when the national interests of a socialist country, its dignity and honor are damaged.”  

Under the guidance of Deng Xiaoping, the report to the 12th Party Congress insisted, that “we are patriots, we cannot tolerate our nation’s dignity or national interests being violated. China will never attach itself to any big country or group of states. China will never bow to any big power’s pressure.” This report marked the beginning of national interests being considered as the basis for China’s foreign policy. The idea of national interests being the starting point has since then officially become a basic principle of China’s foreign policymaking.

Since Deng Xiaoping believed that national interests are the foundation for foreign policy making, he pointed out in 1979 that modernization was the most fundamental interest. And then he demanded that every policy must serve this interest. For instance, according to Deng Xiaoping, “the guiding principle for literature and art should be to serve the larger national interest.” The military “should reduce its expenses as much as possible to help strengthen national construction.” For diplomatic work, he mentioned the principle of creating a suitable international environment for the Four Modernizations. He demanded that the state council unhesitatingly implement the open-door policy because this policy is in China’s overall best interest.

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317 Ibid., p. 353.
318 Ibid., p. 3.
319 *Important Documents since the 12th Congress*, pp. 39-40.
321 Ibid.
322 Ibid., p. 249.
interest. He said, “if it is for the long term interest, then just do it. Do whatever is possible to benefit the reform and open-door policies. We must accept joint ventures. We ought to have development zones in local areas. In attracting foreign capital, foreigners surely can make a profit, but eventually we will certainly benefit ourselves.” 323 Deng believed that national interests should not only be the foundation for China’s foreign policy making, it should also be the foundation for other countries’ foreign policy making. When he met with Richard Nixon in 1989, he said, “when considering international relations, a country’s own strategic interests should be the basic starting point.” 324 Deng also made national interests concrete and a standard for measuring various policies. In 1983, he mentioned that “whatever we do, we need to establish Socialism with Chinese characteristics. Whether or not we benefit the peoples’ happiness or the country’s prosperity, should be the standard for our work.” 325 In 1992, Deng even developed this standard into a theory. He said that the standard should depend on “whether or not it benefits the development of productivity in a socialist society, whether or not it benefits the reinforcement of comprehensive national power of a socialist country, and whether or not it benefits the peoples’ living standard.” 326

II. Maintaining Primary National Interests

Deng Xiaoping did not use the concept of national interest without thought and did not merely employ it to explain the adjustment of China’s foreign policy. On the contrary, he believed that national interests are a concrete and objective phenomenon. National interests vary in terms of the content and layers. Therefore, they affect a country’s existence and development in various ways. They even affect developed and developing countries in different ways.

According to Deng, China was a third world country and its core national interest was its sovereignty. He intensely believed that without sovereignty, a country could not maintain its national interests and this is especially true for a developing country. When he met with a delegation from the Japan Association for International Trade Promotion led by Mr. Sakurauchi in December 1989, he said, “National sovereignty and security must always be placed as the highest priority. We are clearer on this point than we used to be. A few western countries, under the pretext of human rights, claim that we are irrational and have an illegal socialist system and that damages our state’s rights.” 327 In the same year, Deng also said to Richard Nixon that he should “never forget that there is national dignity; especially for a third world developing country like us. The nation could not stand up without national self-respect, without treasuring national independence.” 328 In regard to western countries’ sanctions against China after June 1989, he said in a deeply emotional manner, that “frankly speaking, national rights are much more important than human rights. The West often violates poor countries’ or third world countries’ national rights. Their so-called human rights, freedom and democracy are used to maintain the interests of strong or rich countries and that humiliates weak countries and perpetuates the hegemonic interests of the big powers.” 329 Deng firmly demanded that China’s sovereignty over Hong Kong be returned mainly because he saw national sovereignty as a core national interest. When he met with British Prime Minister Thatcher in 1982, he clearly stated, “the issue of sovereignty cannot be negotiated.

323 Ibid., p. 205.
324 Deng Xiaoping, Selected Works (Vol. 3), People’s Publisher, 1993, p. 313.
325 Ibid., p. 330.
326 Ibid., p. 372.
327 Ibid.
328 Ibid., p. 348.
329 Ibid., p. 344.
China will retrieve the entire Hong Kong territory in 1997.” He also believed that the standard for measuring patriotism over the Hong Kong issue was “respecting one’s own nation, sincerely supporting the motherland in recovering its application of sovereignty over Hong Kong, as well as non-violence for prosperity and stability in Hong Kong.”

Deng Xiaoping believed that sovereignty interests were more important than economic interests. In 1982, people worried that retrieving Hong Kong’s sovereignty might lead to Hong Kong capital flowing out, and therefore the economy of the China mainland might be negatively affected. Deng also recognized this. In history, whenever British colonists withdrew from a colony, they would try to keep a few political or societal conflicts alive to cause a split. By doing so they would maintain some influence in their former colony. Before the British withdrew from India, they first split the country into India and Pakistan. Later this led to Bangladesh’s split from Pakistan. When the British withdrew from East Africa, they split East Africa into Kenya, Tanzania, Zanzibar and Uganda. When they withdrew from Rhodesia, they split the country into South and North Rhodesia and they became Zambia and Zimbabwe. In 1982, Deng Xiaoping presumed that the British would make trouble before withdrawing from Hong Kong. Ten years later, history proved his prediction to be correct. But according to Deng, if retrieving sovereignty would “bring about disaster”, as Madam Thatcher had mentioned, “then we need to bravely deal with the disaster.” He was even confident that “as long as we have a suitable policy, the capital that flowed out would come back.”

According to Deng Xiaoping, the political interest with the highest priority is political stability. This is because it is basic to realizing all other national interests. When Deng resumed his work toward the end of the Cultural Revolution in 1975, his first action was to commit to rectifying the chaos in various sectors. He profoundly understood that without a normal and stable political order, national modernization would not be possible, its further development would be prevented and it would be unsuccessful in international terms. However, due to the “gang of four,” he could not achieve what he wished. As soon as Deng resumed his work after the Cultural Revolution, he energetically worked for a stable environment. In 1979, he addressed a session of the CCP’s theoretical work conference, saying “regular order in the work of the party, the government and the military has been recovered. This was a great and difficult achievement. We eliminated the chaos of 10 years that was caused by Lin Biao and the “Gang of Four.” And we have gained a stable and acceptable environment without which our socialist modernization could not succeed.” After the implementation of the “open door policy” began in 1978, Deng repeatedly reminded other Chinese leaders of the importance of political stability. He has also explained this view to western statesmen in the hope that western people would understand that political stability was China’s highest priority national interest. In 1987, he said to former U.S. President Carter: “China’s main goals are development, avoiding falling behind in strengthening the country’s power, and gradually improving the people’s life. To do this, we must have a stable political environment. We cannot do anything without a stable political environment.” In February 1989, Deng said to then President Bush, “China’s dominant issue is stability. You just cannot do anything without a stable environment. And you will loose your achievement if your political

330 Ibid., p. 85.
331 Ibid., p. 61.
333 Ibid., p. 4.
environment is not stable.” In October in the same year, Deng said to Richard Nixon, “the aim is stability. You cannot conduct construction without stability. The logic is simple: China has a huge population and its economic foundation is not solid. So we cannot do anything without stability and an accepted political environment. Stability is a dominant issue.” Later Deng also addressed a Japanese trade delegation saying: “China wants to get rid of poverty and realize the four modernizations. The most critical issue is the need for stability.”

Deng Xiaoping’s view of national interests was dynamic rather than static. He believed that the priority of national interests is not fixed, but changes according to the changing environment. After the founding of the new China, security interests were always one of China’s most important national interests. In the 1950s, China was strategically surrounded by western countries, led by the U.S., and facing the danger of a potential world war. At the end of the 1960s, Soviet hegemonists threatened China. By the 1980s, many changes had occurred in the international situation. The outside military threat to China had begun to lessen. Deng Xiaoping recognized the changes and promptly reviewed China’s security situation. In 1980, he pointed out that “in the past three years, especially in the past one year, we have had many more foreign visits than ever. In each month, visits by foreign leaders almost never stopped. All these activities have created a new pattern for our diplomacy and have successfully provided better international conditions for our Four Modernizations. Our anti-hegemonism campaign has been reinforced because of these activities.” In 1983, Deng said to a few CCP leaders: “there will not be a major war. Don’t be afraid. There is no risk. Before, we always worried about fighting a war. We brought it up annually. Right now, it seems that we have over worried. In my view, there won’t be a war for at least ten years.” In 1987, Deng said once again: “it is possible to strive for a longer period of peace. War can be avoided.” According to changes in China’s security environment, Deng believed that China should place its economic interests in a higher priority position. He mentioned that military development must be subordinated to the requirement for national economic development. He believed that all “four modernizations” were national interests, but differed in terms of significance and pace. “The four modernizations should have a priority order. Military equipment will not truly be modernized until the national economy has established a relatively good foundation.” He demanded that: “all military forces, no matter whether it is air force, navy or the National Defense Work Committee, should all consider using their power to aid national economic development.”

Based upon Deng’s judgment about the international situation, China’s foreign policy gradually moved its focus from primarily maintaining national security to expanding the national economic interest. During the CCP’s Third Plenum of the Eleventh Party Congress in 1978, the party decided that its central work would be economic development. This decision was aimed mainly at domestic affairs. In the field of foreign relations, enhancing national economic interests was still not the number one priority task. Upon entering the 1980s, China began to re-orient its diplomatic work to focus on promoting economic interests. In 1980, Deng Xiaoping brought up the “Three Major Tasks” for the 1980s. They were: maintaining peace, realizing unification and

336 Deng Xiaoping, Selected Works (Vol. 3), People’s Publisher, 1993, p. 244.
337 Ibid., p. 284.
338 Ibid., p. 348.
341 Ibid., p. 233.
342 Ibid., p 128.
343 Ibid., p. 99.
increasing the pace of economic construction. He said, “Among these three tasks, modernization is the core. This is the most important condition for settling both international and domestic issues…. How big a role we can play in international affairs depends on our achievement in economic construction…. We must handle many other matters as well, but it is most important to handle economic construction well.” According to China’s self-reliance foreign policy first announced at the CCP’s 12th National Party Congress in 1982, the main goal of China’s foreign policy was to achieve a relatively long period of peaceful environment for the domestic economy. The CCP’s 13th National Party Congress in 1987, reinforced the policy of pursuing a peaceful foreign policy based on self-reliance and developing friendly and cooperative relations with every country in the world, based on the Five Principles of Peaceful Coexistence. Thus Chinese diplomacy gave more importance to economic cooperation with foreign countries. Furthermore, at the CCP’s Seventh Plenum of the 13th Party Congress in 1990, it was again mentioned that is important to “create a good external environment for China’s modernization.” At this point, the so-called external environment is no longer limited and refers to the total international environment that benefits foreign economic relations.

III. Maintaining both National Interest and the World Interest

Deng Xiaoping did not believe that China’s national interests conflicted with the interests of the whole world. He believed instead that the Chinese peoples’ interests were a part of the global interests of all people. This differs from the earlier narrow nationalistic definitions of national interest. After October 1, 1949, the day when this new China was established, the Chinese government firmly adhered to the principle of combining patriotism and internationalism; opposing narrow nationalism. At a meeting with Chinese diplomats in 1952, Zhou Enlai clarified the relationship between internationalism and patriotism by saying that “socialist patriotism is not narrow nationalism, but is a patriotism that strengthens national confidence under the leadership of internationalism.” Deng also followed this logic and said that Chinese interests are a part of world interests. China’s population constitutes one-fourth of the world’s population; hence, if China can develop well, the living conditions of one-fourth of the world’s people would be improved. If China has sufficient security, it means that one-fourth of the world’s population can live in a peaceful environment. According to Deng, maintaining China’s security is maintaining world security. Developing China’s economy is developing the world economy. He said, “If domestic war breaks out, warlords would split the country, production would decline, communication would be shut down, millions of refugees would flow out to the Asia-pacific rim and what is the most hopeful region in the world today would be the first to suffer the consequences. That would be a world disaster. Therefore, China cannot allow itself to become chaotic. It is certainly China’s responsibility for its own sake, but it is also for the sake of the people of the entire world.” Deng Xiaoping also believed that a strong, and developed China could make an even greater contribution to world peace and development. He said, “Right now China’s ability to be peaceful and to restrain the use of force is still limited. Once China is well developed, the ability

345 Zhao Ziyang, “Socialism with the Chinese characteristics,” in Important Documents Collection, People’s Publisher, 1991, p. 61.
346 Jiang Zemin, Speech at the 13th Party Congress, in Important Documents Collection, People’s Publisher, 1991, p. 1435.
347 Zhou Enlai, Selected Works on Diplomacy, p. 55.
to restrain war will be greatly strengthened… At that time, China will certainly be able to play an even more significant role in stabilizing the international environment and maintaining world peace.”

According to Deng, China’s interests are consistent with those of third world countries. He said to the Brazilian President in 1984 that, “China now belongs to the third world. In the future when China has become well developed, it will still belong to the third world. China shares a common destiny with third world countries.” Some western scholars mistakenly argue that Deng Xiaoping’s opinion on national interests narrowly emphasizes China’s own interests and that, since the 1980s, China has no longer been active in providing economic aid to the developing countries. But this is not true. According to Deng, China only has a limited ability to provide economic aid to developing countries and its economic aid cannot solve the developmental problems of the southern countries. For the development of third world countries, the key is to find a development strategy that fits. If China can find an effective development path for third world countries, this would be the strongest support for these countries. At a meeting with the President of Uganda in 1989 Deng said: “We are still not rich now. Our financial aid for you is not large. But we can share our experience with our friends. And this is a kind of aid.” He also said to the Prime Minister of Zimbabwe: “We especially hope you pay attention to our unsuccessful experiences. You can learn from a foreign economy, but you absolutely cannot simply apply the same model.” In addition to this, Deng also believed that China could not provide more economic aid to third world countries until its economy had developed to a higher level.

Deng Xiaoping firmly held that there is a concordance between national interests and world interests. This does not mean that he negated interest conflicts between nations. He recognized common interests as well as conflicting ones – an important recognition.

National interests should be equal among nations. This is the main difference between Deng and western officials. According to the majority of western leaders, national interests sometimes conflict; therefore the principal way to realize national interests is based on power. It is also inevitable that a powerful nation will damage a less powerful nation when pursuing national interests. Thus, national interests are not equal among different nations. But according to Deng, one of the first premises for realizing national interests should be to acknowledge the legal national interests of others. One cannot realize one’s own interests at the cost of violating other’s interests. In other words, one needs to respect the interests of one’s counterpart. Deng Xiaoping’s theory on foreign policy regards consideration of national interests as the first step in the development of foreign policy. Deng emphasized not merely that China’s foreign policy should begin with a consideration of national interests, but also that it must manifest the Chinese people’s understanding of others. The Chinese people know that other countries also pursue their own interests as a goal of foreign policy making. Hence neither China nor any other country should damage the national interests of others. In 1989, Deng said to the Thai Prime Minister: “China wants to maintain its national interests, its sovereignty and its complete territory. Likewise, China believes that a socialist country cannot violate other country’s interests, sovereignty or territory.” In the same year, Deng spoke with Richard Nixon about international relationships.

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349 Ibid., p. 105.
350 Ibid., p. 56.
353 Ibid., p. 140.
354 Ibid., p. 329.
He said that we should “focus on our own long-term strategic interest on the one hand, and respect our counterpart’s interest on the other... Every country should mutually respect, and treat each country equally regardless of the size or power of the other country.”

According to Deng Xiaoping, in the international community, interest conflicts between nations are natural. However, that does not mean that conflicts cannot be mediated. The method for solving conflict does not have to be military. A better method is to seek commonalities. If both sides can find their common interests, then compromise is possible. Thus interest conflicts can be solved in a peaceful way through cooperation. In April 1984, Deng suggested to the Japanese Prime Minister Nakasone “to consider or develop Sino-Japanese relations in the long run both sides needed to recognize that cooperation does not just benefit one side, but both sides. It benefits both countries and their people.” When Deng mentioned the Sino-Indian conflict in October 1988, he said: “Actually the Sino-India relationship is very simple. If both side’s interests are respected and neither side seeks only its own interest, then the problem can be solved.” In 1989, Sino-U.S. relations were deteriorating. In order to prevent the relationship from further worsening, Deng Xiaoping again suggested the method of considering both sides’ interests. He said to the special ambassador of the U.S President, “When two countries deal with each other, mutual respect and consideration of each other’s positions are necessary. Disputes should be settled in this way. Considering only one side is not good. Both sides need to compromise. It is then possible to find a good solution, a solution that both sides can accept. Resuming Sino-U.S. relations needs effort from both sides…”

The idea that settling interest conflicts by seeking common ground was the basis for Deng Xiaoping’s ideas of “one country two systems” and “shelving disputes and joint development.” In February 1984, Deng said to a Georgetown University delegation,: “There are many disputes in the world. We have to find a way to solve the problem. Over the years I have been thinking that we must find a peaceful way rather than using force to solve these problems... (In the case of Hong Kong or Taiwan) one China, two systems is the only way we can succeed without a war...For some territorial disputes, sovereignty can give way to joint development.” Pursuant to this Deng idea, the Chinese government announced the “one country two systems” policy for the Taiwan and Hong Kong issues. The government suggested settling the disputes over the Spratly Islands and Diaoyu Islands by way of “shelving disputes and joint development.” In order to normalize its relations with the U.S., the Chinese government also announced a policy of increasing confidence, reducing troubles, promoting cooperation and stopping confrontation.”

IV. The Formation of Deng Xiao-ping’s Views on National Interests

The formation of Deng Xiao-ping’s view on national interests had to do with his personal experience, his political and literary education, as well as his basic political views. Modern Chinese history is full of humiliation for the Chinese people. Deng completely understood how important national sovereignty was for a developing country. He clearly remembered how the imperialist powers violated China’s interests. In 1989, he said to Gorbachev in China, “From the time of the Opium War, there were approximately a dozen powers that bullied China. The worst was Britain.

355 Ibid., p. 330.
356 Ibid., p. 53.
359 Ibid., p. 49.
Prior to Britain, the Portuguese had forced China to lease Macao. Japan and Czarist Russia were the two countries that obtained the largest profit from China. When WW II was almost over, the U.S., England and the Soviet Union signed a secret agreement at Yalta, dividing spheres of influence that severely violated China’s interests.”

As soon as he learned that the G7 had decided to impose sanctions against China, he thought of history when the Eight-Power Allied Forces invaded China in 1900.

Deng Xiaoping’s political life followed a rough and bumpy road. This contributed to his understanding of the importance of political stability for China. Deng joined the revolution in France when he was 18 years old. In 1927, he returned to China from the Soviet Union and was the First Secretary of the Chinese Communist Party (CCP). After 1949, he was the General Secretary of the CCP. He watched the Chinese people suffering wartime chaos and political instability. The extraordinarily chaotic situation brought on by the Cultural Revolution made Deng further aware of the importance of political stability. He said to Prime Minister Nakasone of Japan: “The Cultural Revolution period is when I suffered the most in my life.” Because of this painful memory and because of his in-depth review of China’s socialist cause, he became convinced that political stability was the key to realizing national interests, and that under peaceful conditions the most important national interest would be the economic one.

Chinese traditional culture also had a major impact on the formation of Deng Xiaoping’s view of national interest. China is a nation emphasizing courtesy. Confucianism emphasized that in China, virtue should prevail. He also promoted the moral concept that if one does not suffer himself, he should not let others suffer. Based on traditional ideas, people should be convince by virtue instead of power. Deng applied these ideas when he promoted his viewpoints on mutually respecting national interests, of not defining friend or foe by one’s own ideology, and of the universal nature of peaceful co-existence. He opposed the imperialistic form of interfering in China’s domestic politics while at the same time promising that China would not interfere in other’s domestic politics. He firmly opposed the hegemonies of America and the Soviet Union. In the meantime, he announced that “China would never seek hegemony and China would never be the leader.”

As a communist, Deng Xiaoping accepted Marxist principles. The dialectical materialism of Marxism became his methodology for analyzing national interests. Summarizing the human behavior of pursuing interests, Marx said: “Everything that mankind strives for is related to their (economic) interests.” Because of this materialist theory of knowledge, Deng determined that a country’s foreign policy can only start from the country’s economic interest. With the logic of dialectics, he understood that the importance of a given national interest changed in different international environments and that there was unity between national interests and international interests.

In addition, Deng Xiaoping’s personal character as a politician also affected his view of national interests. As one of the outstanding politicians in the modern era, Deng’s sharp judgment helped him to discover the key to settling conflicts between national interests peacefully by seeking a commonality of interests. Moreover, Deng has also advocated many diplomatic principles for seeking common ground while isolating differences.

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360 Ibid., p. 292-293.
361 Ibid., p. 357-358.
362 Ibid., p. 54.
363 Ibid., p. 363.
364 Karl Marx and Fredrick Engels, The Works of Marx and Engels, (vol. 1), People’s Publisher, 1965, p. 82.
Chapter Nine -- Attaining National Interests

In Chapters 4 to 6, I analyzed China’s concrete national interests after the Cold War. In this Chapter, I will discuss how to achieve these interests in terms of six strategies: general, economic, national defense, diplomatic, unification and cultural. National interests have multiple aspects. Sometimes there are contradictions between them. There is usually a big gap between a nation’s power and its interest goals. Therefore, it is impossible for China to find a perfect foreign policy strategy. However, China can make its foreign policy strategy more rational by constantly adjusting or amending it. There are various strategies for realizing national interests. I cannot consider each and every one nor can I draft a general blue print for foreign policy strategy. I can only talk about the way to make the current foreign policy strategy even better. The main point of the discussion is to identify a tentative plan for current strategy or policy in the hope of stimulating further research in this area. The following analysis must not be considered as an actual plan for China’s foreign policy. This chapter discusses China’s foreign policy from an academic perspective, so it can only be said that the argument is my personal opinion.

1. General Strategy

The study of China’s strategy has been a hot topic since the beginning of the 1980s. Various tentative strategic plans made people dizzy and giddy. In the 1990s, strategic studies were replaced by more popular down-to-earth policy studies. In China, the study of international relations was mainly oriented toward concrete and in depth case studies and this is beyond reproach. But with the end of the Cold War, international relations have been pushed into a new era. China must comprehensively rethink its foreign policy strategy. China’s strategic adjustment has still not come to the end of an era because the new international environment has not yet been finalized and neither has China’s foreign policy strategy.

1. Development is more important than peace

The relationship between development and peace is both dialectic and dynamic. Generally speaking, peace is the basis for development and development helps to maintain the peace. There is little disagreement about this dialectic relationship between development and peace anywhere in China. Based on this acknowledgment, peace is placed in a primary position in the international community. Every country lists security as the primary goal of its foreign policy. However, the relationship between peace and development is not unchangeable. In different historical time periods, for different countries, the relative priorities of peace and development will change. Mao Zedong used the relationship between the egg and the temperature as an example to explain the relationship between internal and external sources of change.\footnote{Mao Zedong, Selected Works, (Vol. 1), People’s Publisher, 1991, p. 302.} In fact, this example can also be used to explain the entire process of change in relationships under various conditions. Both the egg and the temperature are basic conditions required for hatching chickens. Generally speaking, the egg is the first condition because without it hatching would be impossible. But without the correct temperature hatching would also be impossible. Thus under certain conditions, the relative importance of the egg and the temperature cannot be decided in the abstract but only in terms of the specific circumstances. The relationship between peace and development is the same. When peace is disturbed or threatened, it has a primary position. However, in a peaceful time period,
development becomes more significant than peace. Especially in countries that have sufficient security, the issue of peace is far less important than the issue of development.

In the post-Cold War world, China needs a strategic guiding principle that emphasizes development over peace. The danger of world war has declined. The least number of military clashes occur in the Asia-Pacific region compared to all other regions. China no longer faces a direct military threat. Hence for China, maintaining peace by increasing the pace of development rather than seeking peace at the expense of development is the primary task. Giving the question of peace priority or even making the two equal are two strategies that do not fit the post Cold War international environment in which China finds itself. The only way to benefit China’s overall national interest is to make the issue of development primary.

2. Nurturing common interests

Because of changes after the end of the Cold War, China needs to adopt a strategy that nurtures common interests. Since the end of the Cold War China has become the largest socialist country. The political disputes between China and a few major countries in the West have turned into an obstacle to international cooperation. China’s fast pace of economic development has made its neighbors suspicious. This will not benefit the development of good relations between China and its neighbors. China participates daily and intensely in the world economic system. Economic friction or conflicts tend to increase. Therefore, paying more attention to defining and nurturing common interests with others will help resolve or even decrease conflicts as well as obstacles to international cooperation.

Nurturing common strategic interests with the U.S. will help avoid conflict between China and the U.S. China-U.S. disagreements cover four major areas: human rights, adverse trade balances, military sales and the Taiwan issue. It is the absence of common strategic interests that allows these four major problems to make the political relationship between the two countries worse. For a long time, both Taiwan and Japan have had a large favorable trade balance with the U.S. The U.S. has always been dissatisfied with the human rights situation in South Korea and Saudi Arabia. France and Israel have had long-term disputes with the U.S. over the military sales issue. However trade relations with these countries have not suffered. Their disputes over human rights issues have not affected their military cooperation. There have been different standards for military sales, but the countries still mutually support each other on diplomatic affairs. All of this is true only because these countries share common strategic interests and good political relations with the U.S. Nurturing Chinese-American common strategic interests is not an easy task. It should start with improving the political relationship between the two countries because only a normalized political relationship can guarantee good international relations between the two.

To improve Chinese-American political relations, China can make four kinds of efforts. The first is to emphasize cooperation at international conferences and in its propaganda to foreign countries and to avoid a misunderstanding by America that causes it to see China as its number one international adversary. China should criticize the U.S. for being a world policeman in dealing with international affairs, but China must analyze each case, distinguishing between hegemonic and non-hegemonic behavior. The second is to reinforce the exchange of journalists between the two countries. China-U.S. relations began to deteriorate after the Tiananmen events in 1989. Unless popular American impressions of the Chinese government improve, it will be difficult for the American government to improve its China policy. America’s media have a powerful influence on its people and on the government’s foreign policy. Hence, if we can provide American journalists with more opportunities to do their jobs in China, then we can effectively correct the
bias against China in American society. It doesn’t matter that they report the success or failures of Chinese society. As long as there are more reports, a more objective or fair impression will emerge.

Because of too few TV reports on China, Americans know little about changes and progress in China. The third is to re-orient public opinion in America by expanding civilian exchanges, by inviting well-known actors, journalists, writers, sportsmen, scholars and social activists to China. Expanding people-to-people exchanges can help nurture the American peoples’ good feeling toward China as well as turning our public opinion in a direction that benefits the improvement of China-U.S. relations. The fourth is to try to regularize the China-U.S. summit meetings or high-level mutual visits to resolve bilateral conflicts and stabilize bilateral relations. Reaching new common views on strategic interests, based on the three communiqués on the China-U.S. relationship, can be accomplished during the high level mutual visits. China should work with the U.S. for a new communiqué to prevent Sino-American relations from deteriorating to military conflict. We should apply the principle of separating politics from economics in resolving disagreements between the two countries.

Developing a good neighborhood should start with seeking common economic interests. Facing prevailing protectionism of western countries, China and its surrounding countries have an important common interest of developing regional economic cooperation. To promote economic cooperation, China should make further efforts to solve all border disputes. Once they are resolved China’s neighbors will not be seriously concerned about China’s military modernization. China can then further develop friendly relationships with its neighbors.

Conducting multi-lateral cooperation will nurture various common interests. Some observers worry that western countries might limit China’s international activities by promoting various forms of multilateral cooperation. Actually this worry is groundless. Multilateral cooperation is a double-edged sword. On the one hand the participants themselves are constrained by the regulations. On the other hand they can use the regulations to constrain other participants. Thus the participants will benefit from the cooperation as well as have an impact on the direction of cooperation. Therefore, countries worry less about being constrained by multilateral cooperation after the Cold War, but they fear being excluded from multilateral cooperation. One positive example is that many countries hurried to participate in APEC. A negative example is American action to block China’s participation in GATT and in the new COCOM. Whenever China participates in multilateral organizations, it should work with the members of the organization to build a layer of common interests. In principle, China should welcome and support the suggestion to participate in multilateral cooperation organizations.

3. Strategic focus in the region

China is a regional power. Its strength level suggests that it should place its strategic focus in a nearby region rather than in the entire Asia Pacific Area. China should avoid becoming involved in disputes with its neighbors. To a certain degree, China should keep contact with all the legitimate parties in every country to prevent their internal political changes from affecting their relations with China.

It is important to emphasize bilateral cooperation with stronger or more sensitive countries in the region. We should improve strategic cooperation between China and Russia. A powerful Russian military force creates uncertainty in Western countries, including the U.S., Japan, and the European countries. Western vigilance against Russia made it impossible for Russia to become a real political ally of Western countries. At the European Security Summit in December 1994, Russia opposed NATO’s expansion toward the East, and refused to sign the plan for peaceful
partnership relations. Yeltsin said that Europe is in danger of becoming involved in a “cold peace”. But Clinton said that a veto of NATO expansion by a non-NATO member must not be allowed. This indicates that the lack of confidence between Russian and the West will get deeper. Although Russia’s economic situation is not good, it is still a permanent member of the Security Council of the UN. Strengthening Chinese-Russian strategic cooperation is in China’s security and political interests, and is favorable for the world balance of power as well. It is especially helpful in maintaining the strategic balance in the Asian Pacific Region. It will benefit cooperation between China, Russia and other countries.

We must also improve Sino-Japanese economic cooperation and political relations. After WW II, France ended its history of hatred for Germany. The two countries developed a partnership. Since Japan has not gone through a period of thorough introspection, it is still difficult for the Sino-Japanese relationship to develop to the level of the Franco-German one. However, it is possible and necessary to raise the level of Sino-Japanese political relations. Japan is China’s most important economic partner. Except for Russia, Japan is the only country in Asia that has the potential military power to invade China. This makes Sino-Japanese political relations extremely important. In order to improve the Sino-Japanese political relationship, China should strengthen its cooperation with Japan. Along with Japan we should accept the responsibility of assuming a joint leadership in regional economic and security cooperation. Further developing Sino-Japanese economic relations will help to improve the political relationship between the two countries. The increasing number of economic disagreements between the U.S. and Japan has created favorable conditions for the development of Sino-Japanese economic relations. Improving relations between China and Japan will help to improve our relationship with the U.S.

Strengthening cooperative ties with the ASEAN states is another useful step. ASEAN has clearly increased its role in the Asian Pacific Region. To prevent the U.S. and Japan from isolating China by using ASEAN, China needs to coordinate with ASEAN nations and carefully and skillfully handle several diplomatic tasks that include solving the Spratly Islands claims, increasing mutual visits between high ranking leaders of China and the ASEAN, clarifying China’s stance of not being a hegemonic leader, supporting ASEAN in establishing a free trade zone and a Southeast Asian Nuclear Free Zone, and finally dispelling ASEAN misgivings about China. In the meantime, China should oppose other countries that try to interfere in ASEAN’s affairs. We should also oppose expanding bilateral disputes to become international issues.

Maintaining peace and stability on the Korean Peninsula will help improve China’s strategic position in all of East Asia. The Korean Peninsula is the place in Northeastern Asia where the most military forces confront each other. North Korea is isolated from the international community. The economic gap between the two Koreas is increasing. Under these conditions, it is almost impossible for a war to break out. The main obstacle to Korean unification is the difference in political systems. In order to maintain stability in East Asia, China should support North Korea’s policy of stabilizing its domestic situation. On the issue of the Northeast Asia Nuclear Free Zone, China should continue to suggest that nuclear states make sure that they do not deploy or use nuclear weapons on the peninsula. In the meantime, China should encourage North Korea to peacefully solve the dispute with the U.S. over the nuclear issue. Improving China’s relationship with South Korea will encourage Japan to develop better relations with China, because Japan is not willing to stand by and watch a closer relationship between China and South Korea develop. The further development of relations between Japan, South Korea and China is also likely to force the U.S. to seriously reconsider its strategic relationship with China.

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In the northwest, China needs to consolidate its relationship with Russia. In addition, it also needs to have high-level mutual visits with Kazakhstan, Kyrgyzstan, Uzbekistan and other central Asian countries as well as Mongolia and Turkey. China should reiterate the harmfulness of separatist activities by convincing these countries that separatist activity not only harms China, but also their domestic politics. China needs to suggest various ways to limit separatism by cooperative measures. China needs to increase its cooperation with the central Asian countries on the issue of border disarmament and try to reach agreement as soon as possible. China should increase its investment in and aid to Mongolia by making that bilateral relationship develop into a genuine partnership.

China should develop a good neighbor relationship with India and try to convince it to stop its support for “Tibetan Independence.” Both China and India have huge populations, but they do not have significant common strategic interests. There is no major economic gap between the two countries nor do they complement each other economically. The situation on the Tibetan plateau is not favorable for cooperation with India which makes it very difficult to develop good China-India relations. China should take a more detached stance in dealing with the India-Pakistan conflict to encourage India to be more serious about implementing the Agreement on Maintaining Peace in Border Control Areas that the two countries signed in 1993. The purpose of this agreement was to encourage both sides to withdraw their military forces from the border areas, to create conditions for solving border disputes, to encourage India to further cooperate with China over the Tibet issue, and to find commonalities in dealing with South – North issues.

II. Economic Strategy

1. Accelerating systemic reform

China’s enterprises that try to compete in the world market are like athletes participating in international games. The keys to success are their ability and the quality of their performance. To help Chinese enterprises become more competitive in the international market and enter it more quickly, China needs first to solve the domestic problems that hinder its enterprises that try to expand abroad. China needs to have an economic and trade system that is in compliance with the world economic system. Today, China’s finance, statistics, trade, audit, accounting and legal systems are not consistent with international systems. This has caused serious difficulties for enterprises participating in international competition. In order to compete in the international system under current conditions, China should accelerate the reform of its economic system. China needs to encourage its enterprises to adopt general international commercial and management standards. For instance, private checks are commonly used internationally to pay bills, but this method is still not used in China, even though private checks had already developed in the Song Dynasty and were used as a payment method in several dynasties thereafter.

Foreign economic and trading enterprises should be reformed into stock companies. Continuing reforms of our foreign trade operations since 1987 have resulted in increased exports at a double-digit rate. But such reforms are still within the scope of the planned economy. Therefore the effect and profit of the reforms are short term. Further reforms are needed to maintain the high rate of increase in commercial exports. There are three schools of thought about how to reform: (1) Further reduce the administrative power of government and improve the contract system, (2) discontinue the Foreign Economic and Trade Department’s administration over foreign trade enterprises and establish a national corporation to manage or monitor national foreign economic or trade enterprises, and (3) foreign trade enterprises should become stock companies.
The first and second do not eliminate the planned economy characteristics. They would only cause the government to yield a little more profit to the enterprises. The contract system actually only works when the enterprise is profitable but not when the enterprise runs in the red. Establishing a national capitalistic management company only allows enterprises to control power over capital, but does not alter the ultimate management goal of following an assigned plan. Only under the stock company system can foreign trade enterprises take the initiative to enlarge the market for their products and to increase their profits. The stock company system has substantial merits for foreign trade enterprises. Under this system the enterprise can receive direct financing and this will contribute to the democratic and scientific nature and the accuracy of the management policymaking process. A board of directors nominates the chief executive officer of the company. This closely links the interests of company CEO with the company’s interest, providing high incentives for employee initiative. The stock company system can also further the separation of enterprises from governmental agencies and stop extensive bureaucratic interference from affecting enterprise initiatives. The stock company system will legally clarify the share of state property in a company, lay a base for increasing the value of state property and help prevent state property from disappearing.

We must reorient the direction of foreign trade enterprise reform to identify profit making as the ultimate purpose. There are three schools of thought about the basic purpose: (1) Lack of foreign exchange is a long term difficulty for China, so creating foreign exchange by exporting products is the fundamental task for foreign trade enterprises; (2) In the period when the economy is in transition to a market economy, foreign trade enterprises need to assume sole responsibility for profits or losses and they should accomplish the task of earning foreign exchange through exports; and (3) Foreign trade enterprises need to regard profit as their fundamental management goal. The first school talks about using government subsidies to cover the cost of purchasing foreign exchange. In the long run this does not help improve the foreign trade enterprise’s ability to compete with others in the international market. The second is an ideal scheme but the majority of enterprises still do not have the ability to earn a profit while engaging in foreign exports. The third will probably affect foreign exchange income least in the short term but in the long run it will help increase foreign exchange income.

In order to reduce the differences in statistics calculation for foreign trade between China and other countries, China needs to develop a new statistics system. The different statistics systems between China and western countries have a negative impact on foreign trade. The basic way to solve this problem is negotiation between related countries and to revise calculation methods. Therefore, China should deal with easier problems first, such as conducting negotiations with countries that have small differences in trade data with China before having negotiations with those trade partners who have large differences in data with China. According to the current situation, it will be easier for China to solve this type of problem with Japan than with Europe or the U.S.

We must increase the revision of economic legal regulations to further China’s economic interests. Maintaining economic independence is a common problem for all developing countries, but it is not so true for China. China has had systematic policies to protect its national economy but they don’t meet the needs of current economic reform. On the one hand, these measures lack transparency and therefore do not increase the confidence of foreign merchants who do business with China. These measures are also not in accord with international practices and hinder foreign cooperation with China. If China quickly develops new economic legal regulations and trade laws, it will help solve these problems. China should draft and pass anti-dumping laws, unfair trade
practice laws and other laws to protect the domestic market and investment as soon as possible. It is better to have these laws, and it is better to have them sooner rather than later.

2. Promoting free trade

Opposing trade protectionism is a key task for the establishment of a new international economic order. In 1974, the UN General Assembly passed The Charter on Economic Rights and Obligations. Its key points focus on the economic independence of developing countries and developing equality in the South-North relationship. After the Cold War, the main problem of the South-North economic relationship was no longer one of unfair price differentials between raw materials and manufactured goods, but rather one of western trade protectionism that hindered exports from newly industrialized states to the developed countries. China should emphasize that the establishment of a new economic order must favor a system of free trade. In 1992, China’s exports were less than 2.3% of the world market, whereas the U.S., Germany and Japan had respective shares of 12.1%, 11.6% and 9.2%. China’s period of high economic development has now begun and it needs an international market that grows very quickly. China needs an expansion of the market, not the protection of its own market. Without breaking through western trade protectionism China’s need cannot be met. Hence China must oppose trade protectionism.

Entering the World Trade Organization (WTO) is an important step in the direction of free world trade. The WTO is called the economic UN. The main obstacle for China to join WTO was the U.S. objection. China’s exports therefore cannot be effectively protected. China must adopt a tactical withdrawal in order to advance later and enter the WTO under reasonable conditions. Obviously, the U.S. wants to weaken China’s control over its own foreign trade and take advantage of China’s desire to enter the WTO. Although China wants to adopt a free trade policy, it will take time for China to do that. If China is accepted by the WTO, the time for China to adopt a free trade policy will be shortened. However, while China cannot join the WTO, it will continue protectionist policies. Because China is not a member of the WTO, it must follow a different path than WTO members when promoting worldwide free trade. China should set certain limits on imports and remind the U.S. of the consequences of keeping China out of the WTO; namely, that America will suffer an even bigger economic loss. This approach will persuade America to support China’s entry into the WTO and will also strengthen the voices of other western countries that demand the acceptance of China as a member of the WTO. The more eagerly China applies for WTO membership the more the western countries believe that China is at their mercy. If China does not show that much eagerness for WTO membership, China will be better off. Before entering the WTO, China should appeal to other international economic organizations for implementation of a free trade system. For China APEC is the main counterpart to WTO. China should appeal to the developed countries in the organization to open their markets to the developing countries by 2010.

China should also urge expansion of the free trade system to include the labor market. China has huge a population and its labor resources are abundant. Promoting the export of labor is one of the most important aspects of China’s foreign trade. In the process of realizing free world trade, every country should promote the expansion of the free trade system to include its areas of market advantage. America is a major agricultural country, so it requires a free trade system that facilitates the export of agricultural products. It demands that European countries decrease subsidies for agricultural products. The financial and service industries of western European nations are well developed, so they demand that China open its financial and service markets. In

the process of the development of worldwide free trade, China should link the free labor flow issue with other issues to gain a market advantage in the international labor market.

While encouraging the free trade system, China should pay attention to the conciliation among foreign trade companies of different sizes. In order to avoid a vicious competition for international market shares between Chinese enterprises, our government should guide Chinese companies with a plan for a division of labor. China should encourage large and middle-sized enterprises to focus on investment abroad, technology exports, labor exports and hi-tech product exports. Therefore, China should help these companies develop into multinational companies. In order to avoid failure in the international market, Chinese enterprises should organize syndicates to deal with increasing trade protectionism. Organizing syndicates is a better way than cooperation between different kinds of enterprises such as cooperation between technology companies, manufacturing companies and trade companies. Organizing syndicates with trade companies, manufacturing companies and research institutions can avoid vicious competition between these companies. Medium to large foreign trade companies should focus on exporting high tech products. They should not compete with small enterprises on simple products. Government should provide small enterprises, including township enterprises and private enterprises, with much more support and information concerning international market export competition, helping them increase sales channels. In the meantime, the government should encourage these enterprises to enlarge the scope of their business by way of annexing or combining in order to raise the level of their competitiveness in the international market.

3. Strengthen regional cooperation

For the purpose of opposing trade protectionism in Western Europe and North America, China should focus on the Asian market and develop a foundation of multiple export destinations. Shrinking some markets is not a good principle when developing market diversity, but creating or enlarging new markets is. Three ways to realize a diversified market are: (1) Expand the markets in the developing countries and lessen dependence on developed country markets, (2) Develop the West European market or the Japanese market to lessen dependence on the American market, and (3) Develop the Asian market to lessen dependence on European or American markets. Due to the limited foreign exchange finance ability of most developing countries, the first approach is not very realistic. European trade protectionism does not favor entry of China’s products, labor or technology into their markets. In 1993, the total volume of China’s exports to Japan exceeded 17% of all China’s exports. Therefore, the second approach may possibly cause dependence on the Japanese market in replacing the American market. The third approach is relatively realistic. The stable and rapid pace of economic expansion in the Asian countries has made possible a large increase in the imports of Chinese goods. China can establish multinational companies based on a horizontal division of labor to avoid the competition for the same markets between China and the ASEAN states. Making the Asian market a major export destination will provide China with relatively reliable support for its foreign trade.

While enthusiastically participating in APEC activities, China should also promote concrete projects for economic cooperation. China should take initiatives to negotiate with the related countries about the Bohai Rim Economic Zone, the Tumen River Economic district, and the sub-regional economic cooperation of Mekong River Delta. At the present Hong Kong is China’s main economic route to the world. China’s commodity exports to Hong Kong, its contract projects, and its investment and labor exports to Hong Kong are all highly regarded. In order to

accelerate China’s role in the world economy, China should establish an economic, communication and financial center in the north. Currently there are three possible approaches: (1) Accelerating the establishment of the Tumen River Economic Zone, (2) establishing an economic center in the Bohai Gulf, and (3) doing both at the same time. The UN supports the establishment of the Tumen River Economic Zone. Moreover, this economic zone is located in the middle of the border area between China, Russia and North Korea and it would therefore be relatively realistic for it to become a center for international trade. The Bohai Economic zone has an ideal geographic location to help the economies of three regions (Huabei, Dongbei and Shandong) enter international markets. The Bohai development would rely primarily on capital from Korea and Japan. The Tumen River is geographically far from Bohai, so the two economic zones could be established at the same time. If financial conditions only permit the establishment of one economic zone, then the Bohai Gulf one should come first, because this area is geographically closer to China’s economic center and the establishment of a trade and financial center there would be as meaningful as the development in Pudong, Shanghai.

III. Security Strategy

China’s security environment changed with the end of the Cold War and this has created new tasks for China’s national defense. China’s national defense modernization has also encountered new problems. In light of China’s basic military strategy and its active defense component, I believe that China should adjust its national defense strategy in three respects: (1) engage in disarmament negotiations, (2) reinforce the capability for theater war and (3) through military cooperation.

1. Disarmament

Disarmament is both in line with international disarmament trends and with China’s military modernization needs. After the Cold War, both America and Russia began to reduce arms. China should express its faith that disarmament will help maintain world peace. This will also show its neighbors that China will never be hegemonic. It also helps counter the “China threat” argument. Disarmament will not weaken China’s military power. Modern military power increasingly depends on advanced weapons rather than the numbers of combat personnel. America’s victory in the Gulf War relied on modern high technology rather than on the size of its military. Reducing military personnel costs increases the amount available for military equipment, thus accelerating military modernization and providing greater safety for China’s political, economic and cultural interests. According to Russia’s national defense law enacted in 1992, Russian military personnel cannot exceed 1% of its population. In 1995 the Russian military had approximately 1.5 million troops.\(^\text{369}\) The U.S. decreased its active troop level from 2.1 million to 1.4 million by the end of 1995.\(^\text{370}\) China’s population is greater than either America or Russia, but its military equipment is not as good. However, China is much less likely to become involved in a regional military clash. Therefore, China only needs to maintain about 2.5 million active troops and that is still one million more than either the U.S. or Russia. China will still maintain its position as the third strongest military power. Since China’s navy and air force are being reinforced and developed, disarmament would only be for its army.

2. Reinforce the capability for theater war

The key to theater war is advanced conventional weapons. Improvements in military equipment should focus on that aspect. China would be better off if it did not have too many strategic nuclear weapons. The main function of nuclear weapon is to deter countries that have the nuclear capability to attack China. Nuclear weapons cannot deter national separatists. This is because it is impossible for a country to use nuclear weapons within its own territory. If China had to use military force to unite with Taiwan, nuclear weapons would be useless because the people in Taiwan are Chinese. The goal of uniting with Taiwan is not to retrieve a waste land where no one can live. If China can maintain superiority over Taiwan with conventional weapons, then it can effectively restrain the development of Taiwan Independence. According to China’s current security situation, it is more likely that a military clash would occur on its southern border than on its northern frontier. Southern China has more mountains and faces the ocean. Hence ground weapons would play a much smaller role than naval forces or air power. Therefore, conventional naval and air forces should have priority for development.

The improvement of military equipment must focus on raising the level of military research and development as well as increasing military production capability. It is not necessary to accumulate excessive military equipment. During periods when war is less likely to occur, the main function of military equipment is deterrence. Excessive accumulation of weapons results in unnecessary waste. Modern military technology develops very rapidly. Unused weapons soon become obsolete. To maintain an appropriate level of military equipment, funds should be allocated to reinforce military research and to improve military production. Military modernization cannot be realized until the technology gap between China and the developed countries is narrowed. Maintaining a large military production capability costs less than maintaining large amounts of military equipment. Secondly, military production facilities can be used to produce civilian goods in peacetime, but already existing weapons can only be stored. A comparatively large-scale military production capability and ongoing technology development can provide sufficient weapons or military resources in a short period of time whenever needed. This is the foundation for winning a war. The reason the U.S. was able to fight back against Japan immediately after Pearl Harbor was because it had great capacity for building warships. China has basically finished converting defense industries into civilian industries. At this time it is necessary to consider maintaining or improving the capability to promptly resume military production while carrying out civilian production.

We should speed the establishment of a blue water navy, improve the naval deterrence capability and develop our ability to engage in theater warfare. The key to improving naval power is to establish a special fleet with aircraft carriers. The three ways to obtain carriers are by remodeling, purchasing or developing them. Remodeling or purchasing cannot ensure an advanced level of carriers. But developing a carrier has a high cost and is time consuming. Thus each of the three ways has strengths and weaknesses. China needs to have aircraft carriers to establish its blue water navy. China cannot rely only on developing an aircraft carrier. We should use two approaches. Self-development is the basis for improving China’s navy. Before development can succeed, China should purchase an older aircraft carrier from a foreign country to break through the barrier of having no carrier. China’s main purpose in obtaining a carrier is not to confront countries that have aircraft carriers. It is primarily for the purpose of maintaining the security of its oceans and its land territory. Therefore, a little less advanced aircraft carrier would still have a significant deterrent effect.
In order to strengthen its theater warfare capability, China should improve the cooperation between military regions and different arms of services. Today, China has eight military regions in charge of military training and operations while having different arms of services to provide technique instruction. Unification of command of different arms of services will improve the capability of command and the rapid response of its troops, reduce bureaucracy and improve efficiency. At the same time non-combat military personnel could be reduced and savings used to improve military equipment. The U.S. military force is divided into four major services: the Army, the Navy, the Air force and the Marine Corps. There is little chance that China, unlike the U.S., will become involved in overseas military clashes. Therefore, the Marine Corps does not need to be a separate service of the Chinese military. Because nuclear deterrence is still the most important assurance for China to avoid a comprehensive war, China should field a military that consists of four services: the Army, the Navy, the Air Force and the Strategic Force. Since there is little danger of a comprehensive war, China should reduce its military forces in its inland areas, but increase its military forces in border provinces. This will increase the speed of military projection to a given theater. The headquarters for every major military region should routinely prepare and study battle plans. When a war breaks out, the regional headquarters should promptly provide the battle plan to every service and coordinate command and control between all the services.

3. Reinforcing security and military cooperation

Another task is to develop military cooperation with neighboring countries and reduce the motivation for clashing with China. In the later part of the Cold War, China had good military cooperation with the U.S. at a very high level. It stopped after 1989. After the Clinton administration came to power, the U.S. government realized that the policy of isolating China was not successful and decided to resume military exchanges with China. Military contact and cooperation are not only in favor of China’s learning advanced military technology but also can have an impact on American military attitudes toward China, especially encouraging the American military to change their policy from involvement to non-involvement in the Taiwan issue. China should increase military exchanges with France, Germany and other West European countries to strengthen their internal ability to oppose the sale of weapons to Taiwan. China should increase its level of participation in international peacekeeping activities, which will foster military cooperation between China and the West. Besides, by participating in international peacekeeping activities, China can also better understand the process and the rationale or problems involved in international military interference. This experience can help protect against possible legal foreign interference in China, as well as provide experience with overseas combat, improving the Chinese military’s ability to fight overseas and develop its deterrent capability.

China should actively participate in establishing an Asia Pacific Collective Security Mechanism. In order to effectively further China’s security interests, China should pay attention to the following when developing its collective security policy:

1. In order to maintain international justice, China should initially support establishing norms for an Asia Pacific Collective Security Mechanism. Because of different political systems and ideologies in the Asia Pacific region, the European Security Council cannot be taken as a model for the Asia Pacific region. If a compulsory security agency were established in a short period of time, some countries’ security interests would not be protected. Establishing security system norms first would help countries with different ideologies or cultures to solve their conflicts peacefully. It would also help prevent a major war in the region. Finally, it would be a basis for a later compulsory security organization.
2. For permanent peace in the Asia Pacific region, China should continue to oppose every type of power politics. Countries in the Asia Pacific region should together oppose any invasion. They should use a collective approach to stop any potential invasion. Individual countries should not take unilateral military action. The number of military troops stationed in foreign countries should be gradually decreased. Efforts should be made to eventually eliminate all military troops and military bases in foreign countries. The Asia Pacific Collective Security System should not be a political alliance. Its members would not create any political or military alliance aimed at other countries. All the members should finally end military alliances against others. The members should not interfere in the domestic political or military affairs of the other members.

3. In order to maintain the current peaceful and stable environment in the Asia Pacific region, China should continue to advocate the peaceful resolution of every international conflict within the region. The Asia Pacific countries should acknowledge post WW II border disputes but maintain the principle of peaceful change. Historical issues should not be solved by military force. A regional security dialogue, to include a security fund and alert system as well as periodic discussions and exchanges of security related information, should be established. Each of the member countries should periodically submit its defense security report or defense white paper to the security assembly to increase the transparency of each country’s military equipment. To deal with crises they should establish a regional emergency security committee for promptly conducting investigations, mediating, peace making, negotiating, adjudicating, and peacefully resolving the crises according to methods agreed upon by the participating countries.

4. In order to improve mutual confidence among the Asia Pacific countries, each country should keep military capability at a low-level. Each country should make self-defense their national defense goal and keep military equipment at a defensive level. Offensive strategic weapons should be decreased as a first step. Major military powers should take the lead in disarmament. We should try to gradually change the current imbalance in military power in the Asian Pacific region and strive to equalize every country’s defense power based on the size of the country. Nuclear states should promise not to use nuclear weapons first. Non-nuclear states should promise not to develop nuclear weapons and to support the establishment of nuclear free zones. Each country should decrease its weapons export to sensitive areas in the Asia Pacific region.

5. In order to improve regional economic cooperation, China should continue to support the principle of separating regional economic cooperation from security cooperation. Taiwan and Hong Kong can play effective roles in regional economic cooperation, but it is preferable not to let Taiwan and Hong Kong become involved in regional security discussions.

**IV. Diplomatic Strategy**

**1. Strengthen study of sovereignty issues**

Comprehensive studies of sovereignty issues in light of post-Cold War conditions are limited. Dealing with such issues after the end of the Cold War has gradually become an important aspect of China’s foreign policymaking. Many issues concerning interference in China’s domestic politics are related to the sovereignty issue. In order to fully understand sovereignty and ensure the maximum protection of national interests, China needs to emphasize studies of sovereignty and international law. Traditional concepts and theories of sovereignty can no longer explain reality or guide practice. We should comprehensively study the nature and substance of sovereignty, the practice of sovereignty, and trends in the development of sovereignty concepts especially as combined with specific applications to China. Examples include unification issues, border
disputes, the open door policy, national interests, the new international order, and issues related to participation in regional and international organizations. The nature and substance of sovereignty, sovereignty in practice and current trends of thought about sovereignty are key areas for comprehensive study.

How can we organize studies from various perspectives and reach agreement on the issue of sovereignty? The issue of sovereignty is both sensitive and complicated. Different parochial interests cause different agencies to have different viewpoints on sovereignty. A nihilist will deny the significance of sovereignty. Parochial nationalists will oppose the open door policy in the name of sovereignty. Along with the rapid increase in China’s comprehensive national power, parochial nationalism is gradually expanding. This will result in negative pressure on China’s foreign policy. If the institutions of legislation, academia, diplomacy, military, security, economy, customs, and minority affairs do their own research first and then the researchers come together in a cooperative research project, we can expect a more complete understanding of the sovereignty issue and more easily reach agreement. Once a relatively widely shared viewpoint on the issue of China’s sovereignty has been found, the government might organize an international symposium and invite foreign scholars and officials. We should advocate China’s perspective through these forums. Propaganda agencies should then emphasize these findings in western countries and guide international public opinion based upon factual data so that it will be favorable toward China.

We must understand the relativity of sovereignty and adopt the principle that specific matters determine the nature of sovereignty. In order to oppose imperialist containment, China formerly regarded sovereignty in absolute terms (i.e., domestically sovereignty was regarded as the highest value; internationally it was defined as equality; no compromise in definitions was possible.) The definition of sovereignty has been weakened because of various changes in the practice of sovereignty. After the Cold War, the belief that national sovereignty is superior to human rights has gradually been replaced by the opinion that national sovereignty and human rights should be balanced. The concept of establishing a fair international order is replacing the idea that all countries are equal. The demand for expanding the UN’s peacekeeping activities has prevailed over the appeal for non-interference in domestic affairs. The idea of international economic interdependence has overwhelmed the idea that economic sovereignty cannot be shared. Defining sovereignty based on specific matters will help China assure flexible recognition of the four basic rights of sovereignty. Acknowledging the relativity of sovereignty will not lead to legalizing foreign interference in China’s sovereignty. On the contrary, it will help to explain the integrity of China’s foreign policy as well as to refute the argument that China has a double-standard.

We should know the limits of sovereignty and adopt the principle that sovereignty follows national interest. Sovereignty is an important component of national interest, but it is not the entire national interest. Any specific sovereignty issue may not be the highest national interest. When conflicts appear between maintaining sovereignty and other interests such as economic interests, whether to keep or discard sovereignty should depend on the importance of the interest. If we believe that accelerating economic development is both China’s long term and current primary national interest, maintaining sovereignty would be considered a means to enlarging the national economic interest rather than as a final end in itself.

We must recognize the dual nature of national self-determination and focus on maintaining friendly relations with large nations. There is no clear delineation between national independence and national separation. The principle of national self-determination is a double-edged sword. It can be used to promote the idea of national unification and it can also be used to support national
separation. International law does not proscribe national separatism nor does it have any principle that would prohibit the maintenance of national independence or integrity. If a government does not split internally, separatist groups might seek support from large outside countries. Without such support separatists cannot hope to split from their motherland. If China maintains good relations with UN Security Council member countries, separatists in China will not succeed.

We must recognize the significance of international recognition and support the “creation theory” of national sovereignty. After the Cold War, separatism was prevailing. The “declaration theory” does not favor China’s Taiwan and Tibet policies. Supporting the “creation theory” will help China discredit “Taiwan Independence” as well as “Tibet Independence” advocates in the eyes of the international community. According to the “creation theory”, a political entity that does not receive international acknowledgement is not a country, and therefore has no claim to sovereignty. According to this theory, even if China were to regard Taiwan as a political entity, Taiwan could not become a country nor obtain sovereignty.

Under the guidance of “shelving disputes, joint development”, maintaining the integrity of national territory cannot be separated from economic considerations. Maintaining the integrity of national territory has a two-fold significance: protecting survival security and economic recourses. The former is of vital significance, while the latter is less important. Currently the territorial sovereignty issues that China is facing are not livelihood issues, but are mainly related to economic interests. Therefore when solving problems of maintaining territorial integrity, China must consider its economic interests. Realizing territorial integrity also has two meanings. One is to effectively keep all national territory under control using military force. The other is to clarify the sovereignty of disputed areas using negotiation to attain territorial integrity. In China’s several thousands years of history, its boundaries went through an extremely complicated process of change. Hence maintaining territorial integrity should rely mainly on peaceful negotiation and signing agreements.

2. Implementing preventive diplomacy

We must take the initiative to publicize China’s perspectives and positions. While maintaining the Chinese strategy of keeping low profile, China should take the initiative to propose suggestions for world affairs. After the Cold War, international cooperation has become very popular. China is becoming increasingly involved in international cooperative efforts. By remaining passive China will not be able to effectively influence developing trends in international affairs. To influence the establishment of a new international order that favors China’s interest, China needs to expand the study of developing international trends and take the initiative in submitting suggestions to the international community. Even suggestions that are accepted will not be permanent because international circumstances change constantly. International incidents take place continuously. China must constantly provide input to influence those trend changes.

China must strengthen civilian propaganda to help the world better understand China. In the past China has promoted its positions mainly by its official news media. Official propaganda has the advantage to express government policies correctly and unanimously but it is difficult for international community to accept official propaganda. The international community is usually skeptical about each country’s official propaganda. People would rather believe civilian rumors than official pronouncements. Therefore China needs to strengthen its civilian propaganda. The best way for Chinese civilians to publicize China’s foreign policy and perspectives is to publish academic periodicals. Academic periodicals in English will have the most impact. They can be published extensively throughout the world and help strengthen China’s voice in the international
community. Currently China’s domestic academic periodicals on international relations are not very academic in nature and their articles have difficulty being placed in international publications.

It is important to understanding the dual nature of international interference. There are two kinds of international interference, legal and illegal. Legal interference is limited by sovereignty concerns. The sanctions against racism in South Africa and against Iraq’s annexation of Kuwait are examples. Legal interference includes humanitarian interference and interference based on treaties. Illegal interference usually means a strong country interfering in a weak country’s domestic politics. An example would be the U.S.’ bombing of Iraqi Intelligence Headquarters. The goal of legal interference in general is peacekeeping and achieving justice. But illegal interference is hegemonism. Under the principle of opposing domestic interference, China should support legal international interference.

The UN should discuss the definition of domestic interference. After the Cold War, the UN has increasingly become involved in military interference or economic sanctions. The West uses the UN’s spirit of democracy or human rights as pretexts for interfering in other countries’ domestic politics. Current international law contains a clear definition of “interference”. But it does not have a clear definition of “domestic politics”. If the UN Assembly could reach agreement on some definition of domestic interference, this would provide legal grounds for China to oppose domestic interference. Meanwhile, it would also provide a standard for the UN’s participation in international interference. If the UN were to accept the suggestion to discuss “domestic politics”, then China’s position and ideas might more readily prevail among third world countries.

It is also important for the UN to discuss the criteria for UN participation in peacekeeping operations to help prevent the West from interfering in the Spratly, Taiwan or Tibet regions of China in case a confrontation occurs. The UN Security Council should decide that peacekeeping activity should only be used in a domestic or regional military clash that lasts six months without being resolved. Large nations could take advantage of such a criterion. But for China it is better that there are clear criteria rather than no criteria at all. This is because without criteria, big countries can decide to interfere at any time. Even if China were involved in a regional military clash it would be for a short period of time. This criterion would help prevent the West from interfering in China’s domestic affairs.

The rationality of the new international order should receive priority. The current suggestions from developed countries regarding the new international order mainly stress international agreement, but developing countries focus on equality. Each side is biased. International agreement leads to a single approach based on the standards of the developed countries. This kind of international standard will never favor developing countries. However, blindly promoting equality harms the rights of a big country, especially a country with a huge population. Hence China must emphasize rationality on the issue of establishing a new world order. Rationality means finding a balance between rights and obligations or responsibilities. For example, since developed countries assert a right to impose sanctions against other countries for their human rights violations, they should provide capital to these countries to help improve the human rights situation and also their prison facilities and conditions. China should influence the establishment of a new international order stressing the principle of balancing rights and obligations. A country’s right in the international community should equal the duties or obligations the country assumes in the international community. This will benefit both the world and China. China should suggest that the Security Council reasonably consider the unique problems of large populations or the state of development as reform occurs.
V. The Strategy for National Unification

The central focus of China’s Taiwan policy should be to convince the international community and the Taiwan administration of the possibility of war between the two sides of the Strait. It should stress the point that any policy that supports the Taiwan administration in carrying out de facto independence will inevitably lead to a war that nobody wants.

We must publicize the determining factors that will lead to forced national unification in order to restrain the Taiwan administration’s movement toward “two Chinas”. This approach will help the people in Taiwan who stand for unification to gain significant support and also help them enhance their political power, which will encourage the U.S. to decrease its arms sales to Taiwan. Finally, it will remind other countries that arms sales to Taiwan may lead to war and that their economic interests in this area would suffer.

We must strengthen political negotiation, cooperate with the U.S. in the field of nuclear nonproliferation, and insist that the U.S. give up its arms sales to Taiwan. In 1994, China and the U.S. signed an agreement on banning the export of missiles with a range of 300 or more kilometers. At the same time, the U.S. began its high tech embargo and verbally promised to gradually decrease its arms sales to Taiwan. This exchange is what the U.S. needs for its diplomacy. When we examine how U.S. arms sales to Taiwan is related to its strategy and its domestic affairs, we see that if China strengthens its cooperation with the U.S. in the field of nonproliferation it will be possible to convince the U.S. to completely stop its arms sales to Taiwan. Without U.S. military support for Taiwan the Taiwan Independence Movement would surely restrain their activity on dividing China.

We must also encourage Japan to understand the importance of maintaining a one China policy. China has limited influence on the Japanese economy. Japan’s China policy is more political than economic. If the Sino-Japanese economic relationship were connected to Japan’s Taiwan policy, then Japan would be more careful in its Taiwan policy. If a war broke out in the Taiwan Strait, the economy of Japan as well as all of the South East Asian countries would suffer great losses. Therefore it is beneficial to remind Japan and the South East Asian countries that political support for Taiwan will promote war in the Taiwan Strait.

We must promote the idea that the international community should sign a treaty opposing a “hurried recognition” of Taiwan. The Taiwan Democratic Progressive Party (DPP) has stated publicly that it wants to establish “the Republic of Taiwan”. During the mayoral election in 1994, the DPP won the mayoralty of Taipei. This moved the DPP one step forward. It is more likely that the DPP, rather than the Nationalist Party (KMT) would declare “independence” after it comes to power. So China should prepare beforehand. Current international law does not limit hurried recognition. China should suggest that the UN regulate the time for recognizing any newly independent country in order to prevent Western countries from using “hurried recognition” if Taiwan declares independence.

We must study various models for reunification under the principle of “one country two systems”. Even under this principle the unification model may vary. China’s current thinking on the “one country two systems” for Taiwan is more flexible than a federated government model. China would allow Taiwan to have political, economic and police power, as well as the right to participate in certain non-political international organizations (Taiwan is already a member of APEC and the Asian Bank. It will join the WTO together with China). The Taiwan administration

is trying to take advantage of this flexible “one country two governments” policy by trying to return to the UN. China must study specific unification models to avoid ending with a “one China and one Taiwan” or the “two Chinas” result, which would ensure that both the mainland and Taiwan were separate sovereign countries.

In order to encourage political contact between the Mainland and Taiwan, China should suggest a political dialogue in the name of “the Mainland and Taiwan”. In order to indicate to the Taiwan people and the international community that China is willing to negotiate unification on the basis of equality, China should advocate that the two sides conduct unconditional negotiations without political identities. Regardless of the Taiwan administration’s response, President Jiang Zemin’s suggestion that the leaders of the two sides meet has created a new possibility for unification negotiation and has also avoided the troubles of labels: such as “the two parties” or the “two governments”.

We should encourage non-ruling parties in Mainland China to develop relations with the political parties in Taiwan. The Taiwan authorities oppose any political contact with Mainland China with the purpose to prevent the Taiwanese from accepting political stands of the Mainland. If the Chinese government allowed non-ruling parties to have relationships with parties in Taiwan, it would be impossible for Taiwan to later cut off political relations with the Mainland. Just as Taiwanese economic ventures on the mainland could strengthen China’s influence on Taiwan’s economy, if China were to allow Taiwanese political parties to have activities in the Mainland, the Mainland could enlarge its political influence on Taiwan in return.

We must increase opportunities for overseas Chinese who participate in the Mainland’s politics to minimize the voice of Taiwan independence in foreign countries. The KMT leaders annulled the voting right of the overseas Chinese in Taiwan elections for the sake of seeking the votes of those people who were pro independence. This caused many overseas Chinese to believe that they were abandoned. Therefore, they generally no longer support the Taiwan administration and have again become loyal to China. The number of overseas Chinese who returned to Taiwan to celebrate the “national day” decreased from 9,000 in 1993 to 3,000 in 1994. On September 25, 1994, 3,000 people participated in a New York parade to celebrate Mainland China’s national day. Quite a few organizers of the parade were originally from Taiwan. By providing the opportunity for overseas Chinese to participate in China’s political elections, China can strengthen the support of overseas Chinese in China’s politics and can also weaken the forces for Taiwan independence.

VI. Strategy for Maintaining Cultural Interests

The base of developing the Chinese culture is national economic development. Besides national power, proper policies can also play an important role in enhancing the influence of the Chinese culture.

We must support ongoing national studies. There was an idealist philosophy in the Song Dynasty, a “mind learning” in the Ming Dynasty and “simplifying learning” in the Qing Dynasty, but nobody mentioned “national studies.” “National studies” actually started during the period from the end of the 19th century to the beginning of the 20th century. It emerged as the modern nation state emerged in China. The gradual formation of a sense of nationhood accelerated the formation of the concept of “national studies”. “National studies” have covered strengths as well as weaknesses and have contributed greatly to the development of China. Understanding the country requires understanding its culture. Those who criticize the stable nature of Chinese culture and those who emphasize positive cultural aspects have acknowledged the uniqueness and
tenacious vitality of our culture. During the period of the “May Fourth Movement,” Chinese scholars seriously negated Chinese national studies and promoted political democracy in China. In the 1990s, Chinese national studies were positively advocated and became very popular. Scholars tried to discover spiritual strengths for improving China’s development. Scholars in the 1990s were more mature than the scholars in the “May Fourth Movement” period. They knew that objectivity was important and that they should not simply serve as advocates. They tried to develop comprehensive views in order to identify what should be adopted by China as well as what should be abandoned. Pang Pu said, “We should study these issues in detail: First, what is tradition? What should be preserved? What should be abandoned? What just cannot be abandoned? Second, what is modernization? What can we learn from the theory or experience of Western modernization? What should we not learn from it? How appropriate is the scope of Western modernization to break out of old traditions. In his The Diary of a Greasy Guy, (Lu Shun) summarized Chinese history with a couple of words: killing people. This had some truth but things are not so simple. If five thousand years of history had been only ones of killing people, then Chinese civilization would have ended long ago.” National studies will help people to properly understand the role of Chinese culture, to understand how great the culture is, and to remind people of their national identity.

China has lagged behind other countries during its modern history. Human nature was twisted during the Cultural Revolution era. As a result many people are wary about patriotism. There are also many people who lack any knowledge of patriotism. They think patriotism is a kind of false crown used to cover private interests. Publicizing patriotism should not rely only on the news media. It must be based on patriotic policy. In other words, government’s policies must embody the superiority of being a Chinese citizen. It cannot be reversed. China’s current policy should be reviewed and policies that discriminate against Chinese citizens should be adjusted. For example, in many areas, railroads keep sleeping berth train tickets only for foreign visitors. In a few economic development zones, the land in the best locations are sold only to foreign business people. People who have direct overseas relatives do not have to pay a national educational fee before going abroad to study, etc. Without adjusting these discriminatory policies, our citizen’s patriotism cannot be reinforced. Moreover, overseas Chinese may misunderstand the political position of the Chinese government. The overseas Chinese feel sad when they return to China and are treated like foreigners. They hope to see a strong and independent country. They often say that “one can understand patriotism only after leaving the motherland.”

Encouraging Chinese students who study abroad to come back to China has been a long-term national policy. However, students who have graduated and returned to China are still few. (This means the Chinese students who have earned a diploma abroad, not short-term students). Among the students studying abroad, the majority show outstanding scholarship among Chinese youth. They received their basic education in China and were sent to the best universities after examination. They then pursue graduate studies in the developed countries and stay in those countries to work. Thus not only has China’s educational investment not been rewarded, the developed countries’ control over advanced technology is reinforced. There are only two ways to attract Chinese students to return to China. The first is to provide salaries close to the levels of developed countries. The other is to provide working conditions for returning students that enables them to realize their personal dreams. A combination of the two is the most effective policy. When it is not possible to raise salaries, we should make efforts to provide a better working environment. The key to strengthening policies designed to attract the returning of students is to advocate a

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respect for knowledge. Only if the policy implementing agencies realize the importance of human talent, can attractive policies be made. Policies that guarantee job transfer flexibility for returning students, as well as freedom to go abroad easily will help encourage even more students to come back to China and make a contribution to the country.

Confucianism has great influence in Asia. Both Japan and Singapore have experience in managing a country or company using Confucian tenets. China should promote international academic exchanges on the ideas of Confucianism. We should especially communicate with Southeast Asian countries, absorb positive experiences and further develop Chinese culture.
Chapter Ten -- Conclusions

For all modern nation states, foreign policymaking begins with a consideration of basic national interests. Regardless of whether their understanding of national interests is correct or not, statesmen use national interests as a basis for making foreign policy. For China, understanding national interests is a serious political issue. In many countries, national interests are considered a straight-forward part of modern society. Few people doubt their rationality. In China, on the other hand, the rationality of national interests is complicated by the influence of international communist theory. Several problems have troubled China’s foreign policy making for a long time. They include the relationship between national interests and international interests, between national interests and individual interests, between socialist and capitalist countries, the geographical scope of national interests and others. This book has tried to clarify the concept of national interest, to analyze the layers and the content of China’s national interests, and to offer a few tentative plans for attaining them.

I. The Nature of National Interests

National interests do not have a class character. In the eyes of class theory advocates, class character is included in every aspect of human society. During the Cultural Revolution class issues were even employed to explain the use of cosmetics by women. According to class theorists, national interests also have a class character. The terms “nation” and “state” are both translated as “guojia” in Chinese. But these two words can express two different meanings in English. A nation means a nation state whereas a state refers to a government. The English version of the title of a book by Lenin is “State and Revolution” because Lenin talked about the government institution rather than nation state. A state machine or organization has class character because it serves the ruling class. But a national society does not have a class character because it cannot expel any class from its borders. The term national interest is translated into “guojia liyi” or “minzu liyi” in Chinese. This is a concept from the realm of international politics. These kinds of national interests mean interests that are shared by all the people. Therefore, they do not have a class character. For example, the security national interest for Americans or Chinese is the same and there is no class difference between the two. (This book discusses only national interests in the category of international politics). Because national interests do not have a class character, the foreign policy designed to attain them should be one that serves all people’s interests as opposed to the ruling class’ interests.

National interests do not conflict with individual interests. Mistaken ideas that such conflict exists are due to verbal confusion and narrow nationalism. “National interests (guo jia li yi)” in the domestic political category distinguishes collective interests from individual interests by the interest carrier. At this point, “guo jia li yi” is the same as “interests of the state,” but are not the same as “national interests”. “National interests” in international politics is defined as the interests of all the people. It is not a parallel concept with “individual interests.” Therefore, linguistically, these two kinds of interests are not parallel, and do not contradict each other. Simplistic definitions of nationalism have concluded that in a situation in which ancient heroes assured national survival by sacrificing their individual lives, national interests came into conflict with individual interests. But actually national survival protects individual lives. In maintaining the national existence, there are always people who sacrifice their lives; thus some individuals sacrifice, but not all people. National interests and individual interests should agree but if an apparent conflict occurs, there are
two possibilities. One is the case in which the national interest is not a real one but is only an interest of the rulers. The other occurs when the individual interest is not reasonable.

National interests and individual interests generally agree. National interests consist of specific individual interests. There is no contradiction between maintaining national interests and maintaining individual interests. National interests and individual interests are mutually dependent. The two cannot be divided. The disappearance of either of the two must be followed by the other’s disappearance. It is a one-sided argument that says: “The tributary river is full when the big river has water; the tributary river is dry when the big river has no water.” This is because the argument only mentions the relationship between the big river and its tributary in the lower reaches. But the relationship between the big river and its tributary in the upper reaches is not the same situation. That is, “when the tributary has water then the big river is full; and when small river does not have water, then the big river is dry.” Without the tributaries in the upper reaches, the Yangzi River would be dry. The relationship between national interests and individual interests is very much like that: without individual interests there would be no national interests; without national interests, individual interests could not be protected. National interests and individual interests are mutually based upon each other. Thus the two are equally important. It is merely a political need rather than an objective description that emphasizes only one of the two. Since national interests and individual interests coincide, a foreign policy of attaining national interests must emphasize national interests, but it cannot neglect individual interests. A foreign policy that neglects individual interests is not a policy that attains national interests.

National interests are the basis of international interests. International interests are the common interests of different countries, thus we can regard them as national interests in the form of collective interests. The relationship between national interests and international interests is equivalent to the relationship between individual interests and collective interests. Every country has its own interests and that makes it possible for common interests among countries to appear. Without the national interests of each individual country, there could be no common interest among countries. International interests are a combination of the interests among different countries; therefore they are considered as national interests in a different form. They are also considered as national interests in the form of collective interests. However, each country’s national interests do not completely agree with the interests of others; there are many conflicts between them. When a country’s national interests run against the collective interests of a few other countries, then a conflict between national interests and international interests occurs. Actually, this is also the contradiction between one country’s national interests and the national interests of a few other countries. A country can only support international interests that agree with its own national interests and cannot support international interests that conflict with its own national interests. Therefore, a policy protecting national interests does not necessarily favor international interests. But a policy in favor of international interests will benefit national interests.

National interests are dynamic; they develop and change. They are born after the nation state is established; they change along with the development of the nation state. National interests change in two ways: content and scope. National interests can be divided into economic interests, security interests, political interests and cultural interests. Under different historical conditions, each of these interests has a different substance. In the 1950s, China considered its main security interest to be the prevention of a U.S. military invasion. But in the 1990s, for the same security interest, China paid more attention to maintaining a peaceful environment that favors economic development. National interest is not limited to a country’s territory. If each country’s national interests were limited to its own territory, there would not be so many international conflicts in the
world. The more a country participates in international affairs, the more extensive the country’s scope of interest in the world. During the “cultural revolution” era, China’s foreign trade volume was very small. Accordingly, it did not have any overseas economic interests. In the 1990s, China has trade relations with over a hundred countries. China’s overseas economic interests have greatly expanded. Because of an increase in the degree of economic interdependence in the world, every state’s economic national interests are expanding. National interests have crossed boundaries, so that realizing them will increasingly be affected by other countries’ domestic changes. Therefore, any policy designed to maintain national interests must take other countries’ political, economic and security conditions into account.

II. Layers of China’s National Interest

The evaluation of national interests depends mainly on factors such as the external environment, one’s own strength, level of technology and subjective knowledge. The external environment means the threat to a country’s security, international political pressures and the outside economic constraints. The external environment is the biggest influence on a country’s national interests. During the Cold War, every country saw security as its primary national interest. But after the Cold War, economic development became the most important national interest for most countries. Power is a relative concept, not an absolute one. The degree of a country’s power is relative to the strength of other countries. A so-called strong or weak nation is stronger or weaker only when compared to others. A country with greater power will clearly have many more national interests than others. At the end of WW II, even the issue of food for people was a very difficult task for the Japanese government. Political interests were quite limited in its foreign policy. Since the Cold War, Japan has become the world’s second strongest economic power. Accordingly, one of its important national interests has become trying to be a political power. The progress of technology has pushed forward the evolution of history. Changing times will clearly cause changes in the specific content of national interests. The level of technology has a direct affect on the specific content of national interests. In the information era, intellectual rights are an important national economic interest, but they were not recognized at all during the early part of the industrialization era. Subjective knowledge is a perception of the objective world. It is also the foundation for further understanding the objective world. After implementing the open-door policy, China’s knowledge concerning the effects of national interests on relationships between countries grew. Only then could China correct its foreign policy that had previously focused on ideology.

After the Cold War China’s national interest priorities changed. Economic interests became the primary interest. The direct military threat to China has disappeared, which has greatly lessened the urgency of the strategic interests. After the Cold War international economic competition intensified and China increased its degree of dependency on the world economy. The urgency of China’s expanding economic interests has greatly increased. There is a major gap between China’s economy and that of the developed countries. After the Cold War economic power became the foundation of comprehensive national power, so that China’s most urgent task became narrowing the economic gap. As the information era gained momentum, education and technology gaps between China and the developed countries intensified the importance of economic development in China. After reviewing the “cultural revolution” period, China recognized that economic development is the foundation of a strong and prosperous nation. Its economic interests have therefore become the interests that attract everyone’s attention. Because economic interests have become China’s most important interest at present, and because they have the largest utility, the
main task for China’s foreign policy should be to attain economic interests. Realizing economic interests should be taken as the standard for judging the rationality of a foreign policy.

China’s security interests are still important, but the urgency of those interests has lessened. The effective value of security interests is lower than that of economic interests. After the Cold War, the danger of military invasion disappeared and China improved its relations with its neighbors. China established diplomatic relations with Korea, resumed diplomatic relations with Indonesia, and has normalized relations with Vietnam. Thus China has established good neighborly relations with its neighbors. After the Cold War, Russia’s military declined and this has stabilized China’s position as the third strongest military power in the world. Additionally, China’s external security environment has improved. Accordingly, the urgency of China’s security threat has greatly declined. However, China’s military modernization is still far from meeting the need to achieve national unification and protect its economic security. Therefore, it should be said that China’s security interests are still important. As the open door policy is further implemented, China will have increasing expectations for peaceful unification and will develop the concept of economic security. To achieve unification and maintain economic security, China must have modernized conventional military forces. Although China’s security interests are still important, their urgency has declined and their comparative value is smaller than that of economic interests. Therefore, China’s security strategy should yield to the needs of economic interests. The most important goal for China’s security strategy is to change from repelling invasion to preventing military conflict or confrontation using a strong deterrent power. China’s security task has become more difficult.

Since the Cold War, the importance of China’s political interests has further declined but their urgency has become more obvious. Their effective value is obviously lower than the value of economic interests. China recognizes that in the post-Cold War world ideological disputes are obsolete and has therefore started to emphasize equal and mutual beneficial cooperation. Thus, for China economic interests rather than political ones are the most important aspect of international relations. Technological progress has made the world a global village and increase mutual political influence among countries. Information on the political situation in other countries is now more accurate and more extensive than in the past. The foundation for political cooperation has expanded. The intensity of disputes has declined. However, post Cold War political pluralism and a new trend of international interference have posed new challenges for China. Because of the development of international cooperation, international organizations interfere more frequently in the politics, economics and security affairs of many countries. Conceptually, many matters that should not have been asked about by others have now become international issues. Applying the concept of national sovereignty encounters more and more limitations. Human rights, environmental, trade policy, and military transparency issues are examples. Therefore, China will have to adjust its policy in a relatively short period of time to accommodate the new international environment. Besides, China is one of only a few socialist countries in the world. Its political system differs from the majority of countries. China’s political resources are limited and its political interests are now more urgent. Hence China should once again work on the sovereignty issue to develop a new strategy for solving sovereignty disputes that will benefit the expansion of its economic interests.

Both the importance and the urgency of China’s cultural interests are lower than its economic, security and political interests. Therefore, the effective value of China’s cultural interests is also lower than the value of other interests. Moreover, it will be the lowest for a long time. The evolution of the history of human civilization runs counter to the assumptions of Samuel
Huntington, an American scholar. It is not that civilization’s conflicts intensify daily, it is that acculturation increases every day. Customs of everyday life, from language, food and clothing to social systems such as political behavior, military strategy and economic management, are growing increasingly similar. The relaxation of the intensity of cultural conflict has reduced the urgency of China’s cultural interest. Additionally, China is a culturally ancient country with abundant cultural resources. Thus, currently China has no serious cultural crisis. Chinese culture itself has strong absorptive power and great vitality. Along with rapid economic development and technological progress, acculturation is increasing, and China’s cultural development will be improved. Although culture effects economic development, it is not considered a fundamental factor affecting it. This is the reason why the importance of cultural interests cannot be considered parallel to the importance of other interests. While the effective value of cultural interests is lower than that of other interests, it should not be said that cultural interests are unnecessary. Cultural interests are important to China’s development, so that it is also necessary to protect them. But we should assign a reasonable priority to this interest and not sacrifice other interests for it.

III. China’s Real World Interests

China’s population of 1.3 billion determines the special nature of China’s economic interests. China’s population constitutes one fifth of the world’s population. This means that if the total volume of China’s economy is less than 20% of the world’s, then China’s per capita share would be lower than the world average level. However, because of the huge population, China’s major economic indexes are all lower than world averages. This is particularly true for economic resources (except human resources). How can we solve this problem? The most basic way is to develop intellectual resources and raise China’s technological level. If China properly utilizes its intellectual resources, there would be no other country in the world that could compete with China on technological innovation. In the modern economy, technology has increasing commercial value. New technology products can earn substantial profits. Whoever takes the lead in developing new technology will have the biggest market share. Expanding exports is China’s basic economic interest. Technology export and labor export should gradually become China’s major economic interests. This is because export of technology and labor helps increase the living standard of the 1.3 billion population. In order to raise China’s technology level, China needs to import technology including equipment, knowledge and technicians. Importing technology can accelerate China’s intellectual development. Hence import of technology is a strategic interest of China. Intellectual development and nurturing skilled personnel are basic to China’s economic interests. China’s economic policy, technology policy and education policy must favor importing technology, enhancing educational investment and attracting Chinese students studying abroad to return to China.

Maintaining national unity is an important aspect of China’s real world security interests. After the Cold War separatism emerged in many countries, regardless of whether they are developing, developed, socialistic or capitalistic. Areas include Quebec in Canada, Northern Ireland in England, and Eritrea in Ethiopia. The collapse of the former Soviet Union as well as the Chechnya issue, the split of Czechoslovakia, the military clashes in the former Yugoslavia as well as the Taiwan and Tibet problems are all examples. To maintain national unity, China needs to strengthen its military power. It is even more important to strengthen security cooperation. Security cooperation can increase mutual confidence between China and other world powers, including its neighbors. By improving political cooperation, other countries may lessen their support for Chinese separatism. The separatists’ divisive activities cannot succeed without foreign support.
China’s military power is sufficient to maintain national unity. In order to strengthen its security cooperation with other military powers, China should enthusiastically participate in multilateral security cooperation efforts because multilateral cooperation is more stable than bilateral cooperation. China should actively support post-Cold War collective security cooperation efforts because collective security arrangements are more reliable than individual security systems.

After the Cold War, human rights and sovereignty issues became high profile issues among China’s political interests. Western countries energetically criticize China’s human rights situation. They even applied political and economic sanctions against China. Human right issues have caused many sovereignty disputes. Since western political ideas on human rights issues are dominant in the world, maintaining China’s human rights and sovereignty interests have become a serious political issue. To effectively maintain China’s sovereignty and human rights position, an understanding of China’s human rights reality must first be improved. These two issues must be dealt with equally. If China wants its human rights policies and sovereignty to be respected in the international community, it will have to promote representation rights. Despite a population of 1.3 billion, China’s weak economy keeps it from obtaining what it should have, namely, equal representation in the international community. Accordingly, in dealing with the issue of UN reform, China should demand adequate consideration of balanced representation for large populous countries.

The major aspect of China’s cultural interest is nurturing national identity. China was left behind in modern history. Its culture met criticism from scholars throughout China. The May Fourth Movement era, the Great Cultural Revolution era and the early stage of the reform and open door policy era are the three periods when traditional Chinese culture met with severe criticism. Unfortunately these criticisms have all ignored the good aspects of Chinese culture. Why Chinese culture is the only ancient culture still alive today has not been seriously considered. If the culture did not have any positive aspects, then why does it have such strong vitality?

China needs to encourage all of its people to work together to strive for the support and aid of all overseas Chinese for its modernization. China also needs to maintain its national unity under difficult conditions. All this can make national identity become a very real cultural interest for China. However, in order to nurture national identity, China must carry forward Chinese culture. Domestically, China must pay attention to moral correctness, establishing new social concepts and improving its people’s moral educational level. When dealing with foreign affairs, China needs to intensify cultural exchanges and magnify Chinese cultural influences. In the meantime, China needs to enrich its own culture by adopting the good parts of foreign cultures.

**IV. Strategies for Maintaining National Interests**

China’s national interests are complex. Accordingly, its policies for maintaining national interests must be comprehensive. In order to most effectively realize national interests, China should consider adjusting its foreign policy in five areas: cooperation, development, participation, opening the door further and reform in depth.

Strengthening cooperation is a major strategy to realize national interests. After the Cold War, confrontation between major countries in the world is obviously less intense than it was during the Cold War period. At the same time cooperative efforts have become more encouraging. This does not mean that politicians in every country have fundamentally changed their human nature, but it does mean that those politicians have recognized that cooperation rather than confrontation is more beneficial to national interests. This conclusion is based upon their experience in the Cold War. China’s main national interests also require China to intensify its
cooperation with foreign countries. Economic development requires regional cooperation. Maintaining national unity requires cooperation with all the world’s major countries. Human rights issues require cooperation with the developed countries. Nurturing national identity needs cooperation among all Chinese people. In general, the cost of cooperation is lower than the cost of confrontation. In terms of lowering diplomatic costs, cooperation rather than confrontation is also an ideal strategy. Cooperation can increase international support for China, so China’s political power can be strengthened. This can place China in a favorable position when dealing with conflicts with other countries.

Economic development is the highest goal for foreign policy making. The Chinese people have been striving for more than a hundred years to rid themselves of poverty and backwardness and make the country a rich modern one. Today the people have realized that in order to enrich the country, economic development must be carried out. Throughout the world, peace and development are equally important. But in China, since security is basically ensured, economic development has become the most important interest for all Chinese people. Therefore, China must give economic development top priority when making foreign policy. Benefiting economic development has become the standard for testing the rationality of every foreign policy. Policies that do not favor economic development should be promptly adjusted. The key is to review the relationship between economic development and other interests, such as the relationship between sovereignty and economic interests, between human rights and economic interests, between territorial integrity and economic interests, between security and economic interests, between ideology and economic interests, and between the political system and economic interests.

We must take the initiative to maintain national interests by energetically participating in international affairs. China’s national interests are increasingly tied to changes in the world. The influence of changing international affairs is growing. Taking the initiative when participating in international affairs, rather than remaining passive, results in different outcomes. The former can help guide the development of international affairs in favor of China. But the latter only causes China to be dragged along by changing international circumstances. China should provide the international community with new ideas. China should constantly bring up suggestions for discussion in the international organizations in which China is a member. If a country does not take the initiative to provide ideas or suggestions to the world, then it cannot become a true world power. China should also bring up suggestions to solve bilateral conflicts. A proactive policy does not equate to a hegemonic policy. A proactive policy means that a country constantly and promptly brings up new ideas, but does not depend on forcing others to accept ideas.

We must accelerate the implementation of the open-door policy and enlarge the scope of China’s interests. In order to enlarge the scope of national interests, the open-door policy must be vigorously implemented. If a country closes its door, then its national interests are limited to those within its territory. An open door policy not only includes international exchanges on commodities, capital, technology and information, but also the exchange of human resources and ideas. Fostering the latter two exchanges should be the long-term strategy for China’s development. Only when the quality of people’s ideas and skills improves, can China turn its population burden into a dynamic factor or recourse. Only by constantly producing new ideas can society constantly advance. China’s open-door policy has brought about a significant effect on imports but we still need to make greater efforts to improve exports. In the next century, China’s open-door policy should focus on exports. This means expanding its commodities exports, technology exports, labor exports, increasing overseas investment, and enlarging international academic exchanges. China should emphasize personal and cultural contact with foreign countries. It is an effective way to
enlarge national interests with people going abroad because individual’s interests are closely related with national interests. It is also an important way to increase China’s international status by exporting Chinese culture.

We must deepen reform and strengthen our power to realize national interests. Attaining national interests depends on power. Without power, achieving national interests can only be a beautiful dream. For China, deepening reform is the basis for strengthening power. Economically the market economic system has not yet been fully realized. Politically, the construction of the legal system is still not finished. Militarily, the organizational system and equipment still do not meet the requirements of modern theater warfare. Culturally, national cohesiveness still needs to be reinforced. The main focus of economic reform is still to achieve accord with the international economic system. Only when China’s enterprises practice management according to international economic standards, can we increase international compatibility. Compliance with the international economic system should start with property issues. The main focus of political reform should be the cadre system. It should become one under which the most capable and most representative cadre take charge of important tasks. Only then can the government’s power to lead be strengthened and the policies of the central government be effectively implemented. In order to meet the requirements of modern theater warfare, the military must strengthen its reform of specialization and professionalism, reduce its personnel costs, improve military equipment, and improve its rapid response capability. National cohesiveness still depends on nurturing patriotism. Patriotism is nurtured most effectively by policy rather than propaganda. China’s foreign policy must embody the value of Chinese citizenship, making sure that its people share equal rights with foreigners. Only then can patriotism among people be effectively reinforced.