

THE STRATEGIC TRIANGLE
A REALIST INTERPRETATION

by

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ABSTRACT

As the title suggests, the basic theme of this thesis is a theoretical analysis of the relationship between the People's Republic of China, the United States and the Soviet Union--a triad known to many as the Strategic Triangle in current international relations. This task is implemented in a realist framework. The theoretical origin of this thesis is outlined at the beginning; power relationships and the growing significance of economics in international relations are highlighted.

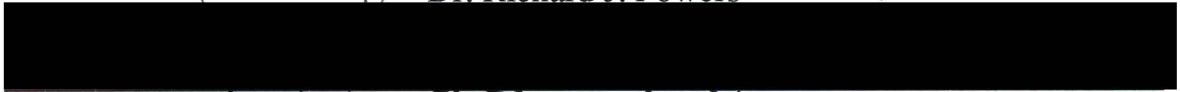
This thesis attempts to analyze three major events in the formation and the evolution of the Triangle: the Chinese "Lean-to-One-Side" policy towards the Soviet Union, the Sino-Soviet split in the 1950s and the Sino-American *rapprochement* in the early 1970s. The Taiwan problem is addressed only briefly. It is argued here that power (national interests) was the central element in explaining dramatic policy changes of the three states. Based on this argument, this thesis suggests that there is a problem of Chinese "overdependence" on the United States in current Sino-American relations. One resolution of this problem is to reinforce multilateral economic relations with other countries including the Soviet Union.

After an assessment of current economic conditions of the three countries, this thesis attempts to draw some broad lines of future change of the Triangle. It is concluded that Sino-American relations, though plagued with some problems, may remain stable. While improvement of political relations between China and the Soviet Union may be limited, economic cooperation between the two countries may drastically increase from the current level.

Examiners:



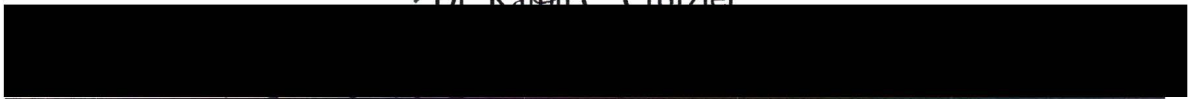
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The first thing to mention is that I came from a different culture, and with a different academic background. The English language is not my first language. In the field of social science where subtle distinctions of concepts and ideas depend so much on the language used, I have had a lot of problems which my fellow students do not have. Like every one else, I am here stating my appreciation for my professors and friends when the finishing line of this program comes in sight; unlike my fellow students, however, I am more indebted than they to my hard-working professors. My professors have done a great deal of extra work during my study here. Any one who has benefited so much from their work will understand how genuine my appreciation is.

Comparing my first paper written in Canada and this thesis, I realized how much progress I have made. My record of progress, of course, is also a record of my professors' contributions. I am indebted to many, but first to my supervisory committee, especially Dr. Richard J. Powers, who went through draft after draft of my work with immeasurable patience. I always felt guilty for repeating similar mistakes, and for making Dr. Powers suffer through them over and over again.

As the only foreign student in this department in the last three years, I have been given special attention--which I do not totally deserve. The help of those who taught me and some who did not, the lively discussions with my fellow students, have made this program very rewarding for me.

Needless to say, the mistakes and inadequacies in this thesis are solely my own responsibility.

INTRODUCTION

This thesis is a case study of the Triangle of the People's Republic of China, the United States and the Soviet Union.

Theoretically, this paper is intended to test the applicability of the realist theory to the Triangle. Realist theory on economic relations as the means for foreign policy goals is briefly examined. This paper argues that the United States has attempted to achieve its foreign policy goals through economic means in the past. The People's Republic of China will be increasingly vulnerable if no modification of its current policy of "Overdependence" on the U.S. is made. To serve the fundamental purpose of this paper, a theoretical review of the realist school in international relations is made in the first chapter. The dichotomy of the "realist" and the "utopian" in international studies has been highly simplified in this study because of the limited purpose and the size of this paper.

It is almost unanimously agreed that the developments of Sino-American relations are to be understood in the context of the triangular relationship between the People's Republic of China, the United States and the Soviet Union. The big Triangle, however, has undergone major changes since its emergence. A Sino-U.S. confrontation in the 1950s was replaced by a Sino-Soviet confrontation in the 1960s and 1970s when both China and the Soviet Union turned their side of the border into huge military camps. The ensuing border clashes and the

serious threat perceived by the Chinese leaders prompted a diametrical change in Chinese foreign policy which finally led to the Sino-American *rapprochement*. Soviet support of the Vietnamese invasion of Kampuchea and the Soviet invasion of Afghanistan in the late 1970s have produced a strong protest from the People's Republic of China and a series of punitive actions from the United States. China and the United States were pushed to join their effort against the Soviet expansion and Sino-American relations have proceeded quickly on the track of friendship.

Sino-American relations, however, have become multi-dimensional rather than solely security relations, though security considerations were the most important factor originally. After the Chinese government started its Four Modernizations drive, especially during the 1980s, economic and cultural relations between the two countries have expanded substantially. There seems to be a diametrical switch in Chinese foreign policy from "Lean-to-One-Side" toward the Soviet Union in the 1950s to an "Overdependence" on the United States in the 1980s, despite the fact that China and the United States are two totally dissimilar countries politically and ideologically.

Sino-American economic relations have been widely regarded as entirely positive in the government press of the two countries. This paper argues, however, that the "Overdependence" policy may in the long run be equally as disadvantageous as the "Lean-to-One-Side" policy. To support this argument, brief examinations of the "Lean-to-One-Side" policy in the 1950s and the cause of Sino-Soviet split are made in the second chapter. After an examination of the

necessity and advantage of switching to the other side in the 1970s, an analysis of the Chinese U.S. policy in the 1970s and 1980s is made in the third chapter. The focus is on the vulnerability of the P.R.C. in its current economic relationship with the United States, and the impact of such vulnerability on China's strategic position in the Triangle. The Taiwan problem, China's past Third World policy and the Four Modernizations Program are also briefly addressed.

An alternative strategy in the triadic relation of the three states is suggested in the last chapter. Instead of keeping distance from Moscow as Beijing has done, it is suggested that Beijing should take a prudent step toward improving Sino-Soviet relations, especially economic relations. This is not only desirable strategically, but also practical economically. An improvement of Sino-Soviet relations does not necessarily erode the stability of the current Sino-American relations. It may, on the contrary, be exploited to reinforce Sino-American relations if well handled, and thus increase China's flexibility in dealing with the two super powers.

This proposition might sound paradoxical on the first sight, since the Sino-Soviet split was the preceding event and the logical reason for Sino-American *rapprochement*. Now for the purpose of reinforcing Sino-American relations, it is argued that a step toward reestablishment of Sino-Soviet relations is helpful. Given the changes of international relations in the last twenty years, a thorough examination of the tradeoffs in strategic and economic aspects of the triad today seems to lead us to such a conclusion, however ironic it may sound.

The data for this thesis comes from several sources. Concrete quantitative data, where used, are drawn from Chinese and American statistical year books, although the exact definitions and categorizations used in different countries, and perhaps in the same country from year to year, may vary. As the paper is intended to be a strategic rather than an economic study, a large amount of data are found in historical events and government documents. The sources for such data are Chinese, American, Hong Kong and Taiwanese journals, newspapers and general periodicals. Though one cannot rely on the press for "scientific" analysis, the press as the basic means of political socialization and communication is no doubt an important indication of official policy and government concerns. In addition, substantial second-hand material is drawn from the works of reputable political scientists in this field.

The four chapters are followed by a short summary. It is concluded that the best strategy for China is to develop multiple relationships with other countries (including the Soviet Union) rather than rely solely on economic relations with the United States.

CHAPTER 1

Realist Argument on Foreign Policy and Employment of Economic Instruments

Since the daily press probably covers political events more thoroughly than any other, political science needs a theoretical tool for analyzing a topic even more than do other areas in the social or natural sciences. Otherwise the discussion may easily fall into a mere duplication of press coverage. In an attempt to avoid this situation, the first chapter of this thesis will offer a brief examination of the realist argument on international relations and foreign policy. Successive chapters will demonstrate how the realist argument can be applied to the strategic relations between China, the United States and the Soviet Union.

1.1. Necessity of Conceptual Clarification

Before proceeding to any discussion of different theories, however, it is necessary to clear up some of the conceptual confusion. This is because with the world-wide spread of competing political systems and technological developments in communication, international relations are no longer the "sport of kings".¹ Access to information on international relations is now quite widely open

¹ This is a metaphor used by Rosenau in his Introduction to the book *New Directions in the Study of Foreign Policy*, Charles F. Hermann, Charles W. Kegley Jr. and James N.

to the public compared to conditions in states under the feudal system. Events of domestic or international significance make headlines in newspapers and appear in local T.V. news programs almost everywhere in the world. On the one hand, telecommunications have given interested people a chance to keep track of the current events happening at home and in the world that concern their lives, thus enhancing public participation in public affairs. (Of course, there is still quite a lot of confidential information that circulates only among top government officials and others.) On the other hand, telecommunications have produced some negative effects. They have, for example, created a false impression for a lot of people who feel that they understand the political issues at stake well enough to have a well-founded opinion, when in fact they may not have the time or the understanding to develop a systematic knowledge based on each day's limited information. While not everybody has sufficient knowledge to challenge an argument in a specialized natural science field such as physics or biochemistry, many seem to feel knowledgeable enough to discourse on politics and, in particular, on international politics. Some people may staunchly support or vehemently criticize certain policies of some governments without being at all clear about the basic concepts concerning the subject they are discussing.

To analyze events in international relations and explore their theoretical underpinnings, it is necessary, at least, to define clearly the key terms that will appear in this paper and demonstrate the theoretical orientation of the approach

that this paper intends to adopt.

The terms "foreign policy" and "international relations" are basic to this paper. My discussion on conceptual problems will therefore start with the relationship of these terms. The succinct definitions and distinctions offered by K. J. Holsti are helpful in clarifying common conceptual confusions about these terms and grasping the fundamental differences between them. In *International Politics, A Framework for Analysis*, Holsti says that

Most studies in "world politics" or international politics have in fact been studies of foreign policy. They have concentrated on describing the interests, actions, and elements of power of the great powers. ... Distinction between the terms ... is roughly the difference between the *objectives* and *actions* (decisions and policies) of a state or states and the *interactions* between two or more states. The student who analyzes the actions of a state toward the external environment and the conditions--usually domestic--under which those actions are formulated is concerned essentially with foreign policy; the person who conceives of those actions as only one aspect of a pattern of actions by one state and reactions or responses by others is looking at international politics, or the processes of interaction between two or more states. *[italicized in the original]*²

"International politics", however, is not the equivalent of "international relations", which is the term we intend to discuss. In clarifying the distinction between these two terms, Holsti says further that

the term *international relations* may refer to all forms of interaction between the members of separate societies, whether government-sponsored or not. The study of international relations includes the analysis of foreign policies or political processes between nations; however, with its interest in *all* facets of relations between distinct societies, it would include as well studies of international trade unions, the International Red Cross, tourism, ... The student of international

² K. J. Holsti, *International Politics, A Framework for Analysis*, Englewood Cliffs: Prentice-Hall, Inc., 1983. p19

politics is not concerned with these types of relationships or phenomena, *except where they impinge upon official government objectives or where they are employed by governments as instruments of inducement to achieve military or political objectives.* [italicized in the original]³

As a consequence of the the vast improvements in communication and transportation in recent history, international relations have expanded substantially in areas other than governmental relations. Such a change merits the attention of students of international studies. Joseph Nye and Robert O. Keohane discussed extensively the non-governmental connections between separate societies in the early 1970s under the rubric of "transnational relations", which has since been widely accepted in the west to refer to non-governmental or quasi-governmental relations.⁴

Besides governmental and intersocietal business and financial relations, upon which Nye and Keohane center their attention, interactions across boundaries can also be cultural and/or religious relations. Although terms such as "global religious organizations" and "far-flung foundations" are also included in transnational relations by Nye and Keohane's definition, their discussion in the pioneering essay "Transnational Relations and World Politics" is mainly on the impact of multinational business enterprises on the government, and their data are drawn mainly from big international organizations such as IBM in Brazil and Standard Oil Com-

³ Ibid, pp19-20

⁴ Joseph S. Nye, and Robert O. Keohane, "Transnational Relations and World Politics: Introduction," *International Organization*, Vol. 25, No. 3 (Summer, 1971), pp329-349

pany in Paris, etc.⁵. For the convenience of our discussion and a clear understanding of the terms, it might be helpful to separate cultural relations from transnational relations when the latter phrase is used mostly to refer to economic and financial relations. In a simplified illustration, the relationship of the terms would thus look as follows:

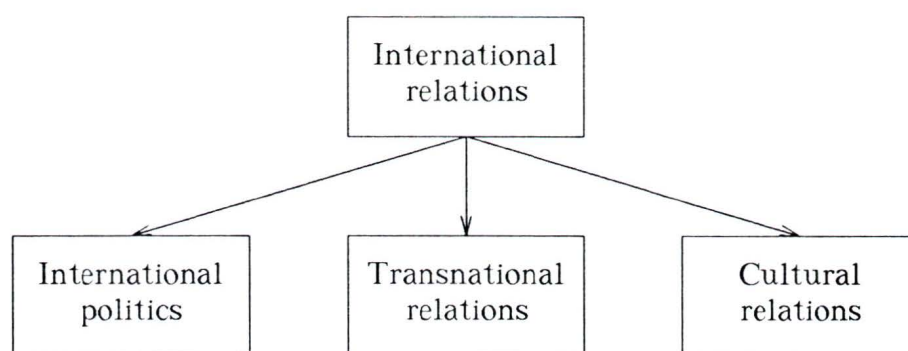


Figure 1.1 The Concept of International Relations

Nye and Keohane speculate that international economic relations are becoming increasingly independent of government control;⁶ this is not to say, however, that the government is entirely removed from international economics. On the

⁵ Nye and Keohane, p335-6

⁶ This is found in their essay "Transnational Relations and World Politics: Introduction", one of the earliest essays exploring transnational problems following the changes in postwar years. The central concern of the essay is on the "loss of control as a result of transnational relations." See *International Organization*, Vol. 25, No. 3 (Summer, 1971), pp331

For an updated discussion on this topic, see James N. Rosenau, *The Study of Global Interdependence: Essays on the Transnationalization of World Affairs* London: Frances Pinter Ltd.; New York: Nichols Publishing Company, 1980 and Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* Princeton: Princeton University Press, 1984.

contrary, international economic relations still possess significant potential in influencing and being influenced by governmental relations. Rosenau points out that

The new nongovernmental entities may never become as powerful as national governments, and they may never become preoccupied with as many diverse issues as do governments, but their attempts to move toward goals are salient enough features of the world scene to shape the course of events and cause governments to interact with them.⁷

Nye and Keohane noted clearly as long as seventeen years ago⁸ that as students of international relations, we do not explore transnational relations simply "because they are there"; "...it is the light they cast on governmental relations that concerns us."⁹

It is for the same reason that this paper examines the economic aspect of the strategic triangle. With the broad argument that the world has become more interdependent economically, this paper sets out to examine what this means for Sino-American relations, namely, how the United States has used economic leverage to influence government decision-making in China, and what steps are available for the Chinese government to avoid such a situation.¹⁰

⁷ James N. Rosenau, *The Study of Global Interdependence: Essays on the Transnationalization of World Affairs* London: Frances Pinter Ltd.; New York: Nichols Publishing Company, 1980. p2

⁸ In 1971. See Nye and Keohane article previously cited.

⁹ Quoted and paraphrased from Nye and Keohane, p331

¹⁰ There is one chapter on Sino-Soviet relations, both to give a historical background and for comparison with Sino-American relations.

Cultural relations, though being separate from transnational relations and given the status of a component unit, will not be given nearly as much attention. Cultural relations may not have as much or as direct an influence on governmental decisions as economic relations. Furthermore, unlike financial discussions where there is the convenient and acceptable measuring rod of the dollar to use in examining the situation, cultural relations have so many variables and aspects that the use of them as a measuring device would be far too debatable to have any real value and would only exacerbate an already complicated situation.

Figure 1.1 is a limited tool to help solve our conceptual problems. It gives us only a western academic terminology in international studies. Confusion arises, however, not only from the differences between laymen and academics, but also from the differences between the west and the east. The scope of international relations, for example, is apparently different in the People's Republic of China.

International relations as a discipline has a different scope in the "non-western non-democratic" countries. Studies of international relations have a different emphasis in university teaching from those in research institutes in China. It is not hard in the latter case to understand that unchallengeable Marxist-Leninist orthodoxy in international relations still dominates university teaching, because Marxism is one of the four fundamental principles that the government insists upon.¹¹ Michael B. Yahuda observes that international

¹¹ The four principles are:

1. Leadership of the Chinese Communist Party.
2. Socialist route.

Power is the central issue to the realist, but the sources of power available to a state to advance its interest may be categorized differently by different scholars.

Klaus Knorr holds that power takes three forms:

1, Military power, which includes "nuclear deterrence, an increase in the military budget, the mobilization of reserves."

2, Economic power, which takes the form of withholding or promise of economic advantages through trade, investment, currency support, and development aid.

3, Political penetrative power, which includes various overt or clandestine activities such as "propaganda, fomenting of political unrest and strikes, support of opposition parties or revolutionary groups", etc.²⁰

For Holsti, besides military, economic and political vehicles, instruments of power available to a state to achieve foreign policy goals also include diplomatic bargaining and power over opinion.²¹ Different authors may disagree on the ways and degree that the economic instrument can be employed; one can hardly find, however, a book on international relations in which the economic instrument is completely excluded as one of the basic instruments of foreign policy goals.

tries in the eastern bloc as well, by surprise.

²⁰ Klaus Knorr, *The Power of Nations, The Political Economy of International Relations*, New York: Basic Books, Inc., 1975. p6

²¹ For a detailed account, see Holsti, Part III, Chps.4-11, pp97-310

Though the realist approach will be adopted, it is to be cautioned that there are limitations in realist theory when it is carried to the extreme. Carr points out some limitations of the realist approach that we should guard against. In the strategic relations between China, the United States and the Soviet Union, Carr's point that consistent realism excludes a ground for action²² merits our special attention. The shifts in relationships between the three countries can hardly be regarded as entirely passive adaptations to objective forces without their own purposeful action of any kind. The future development of Sino-American relations, as will be demonstrated, could possibly be reinforced by developing a multilateral economic relationship that includes the Soviet Union.

To guard against the limitations of the realist argument, however, does not mean a reversion to utopianism. In critiquing utopianism, Carr notes that one of the characteristics of utopianism is that it overemphasizes the element of wish or purpose as its analytical tool.²³

The utopian approach usually presents long-term goals that are directed by a strong purpose. Such desired ideals may coincidentally come true in some specific events with developments in technology. One may argue, for example, that landing on the moon was utopian to the technology hundreds of years ago, but now it has become a reality. The inference that utopian ideals will ultimately be

²² Consistent realism holds that the world can only be understood but not changed with purposeful actions of human beings. See E. H. Carr, p89.

²³ Ibid, p5

reached over the long run can hardly be made, however. There are difficulties in the generalization of such reasoning, especially into the disciplines of social science. One simple example is that the elimination of war on earth is desired, but war has been going on at least regionally in the world for thousands of years. The long term goals of the utopian reflect man's ultimate desire, but in many cases these cherished goals are not reachable or are sacrificed to short term objectives.

This paper posits that the guiding principle of international relations is still the maximization of national interests, as the realist has it. In studying current international relations, and predicting its development in the foreseeable future, the realist school still provides the best answer.

This is too brief an examination of the realist argument. The realist philosophical basis and its argument in international politics are far more sophisticated than this. What this brief synopsis does is provide a broad theoretical orientation for a further discussion of the economic instrument of power, which will then be applied to our analysis of Sino-American relations.

1.3. The Economic Instrument

This paper's concern with economic matters is not strictly from an economic viewpoint, i.e., in terms of profits, but on their impact on international politics. In international politics, profit may sometimes be the goal of economic policies,

because a strong economy would increase the power available to a government in its relationship vis-à-vis other countries. But unlike profit in economics where profit is the ultimate goal, profits may not always be the ultimate goal in international politics. When one power supports a country that is geographically important but economically poor through foreign aid, the foreign policy goal is not profit seeking but rather strategic benefit. The economic instrument has been widely employed in international relations. Few textbooks exclude economic strength as one of the main sources of power as above mentioned. On economic strength as a source of power, Carr has noted that

Economic strength has always been an instrument of political power, if only through its association with the military instrument. Only the most primitive kinds of warfare are altogether independent of the economic factor.²⁴

He believes that

To cripple the economic system of an enemy Power was as much a war aim as to defeat his armies and fleets. ... "War potential" has become another name for economic power.²⁵

Here great importance has been attached to economics by Carr. Economic strength may not always be associated with the military, however. In *Explaining Foreign Policy*, Lloyd Jensen demonstrates that power in foreign policy mainly comes from three sources, which are: geopolitical power, military power and

²⁴ Ibid, p113

²⁵ Ibid, p116

economic power.²⁶ He seems to agree with the suggestion that "economic power has increased in importance", because of the limits of the use of nuclear weapons out of the fear of annihilation, and because of the fear that the use of conventional weapons may escalate into a nuclear war.²⁷ Elaborating on the utilization of economic power, he lists some subtle economic weapons that can possibly be used: "... reduction of investments, delay in delivering spare parts, snags in licensing, decreasing loans and grants, and refusal to refinance existing debts". Some of these weapons are seen in use in Sino-American relations and will be examined in this paper. Besides making a list of these, however, Jensen goes further to say that these weapons "tend to be more effective than trade boycotts in influencing the policies of other states."²⁸

Donald Puchala and Stuart Fagan are among the scholars who surveyed the probable course of international relations from the changes undergone in the 1970s. They present a theme similar to Jensen's when they argue that the world's political problems will increasingly revolve around trade, aid, and financial affairs.²⁹ Examining the foreign economic relations of the three powers, we will see that this statement is generally true.

²⁶ Lloyd Jensen, *Explaining Foreign Policy*, Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1982. p205-21

²⁷ Ibid, p218

²⁸ Ibid, p220

²⁹ Donald Puchala and Stuart Fagan, "International Politics in the 1970s: The Search for a Perspective," *International Organization*, xxvii (Spring 1974), p249 and pp262-3

1.3.1. Chinese Foreign Economic Relations

Economic payoffs as a means to effectively influence behavior are not new in recent history, though their large scale and world-wide use started only a few decades ago.³⁰ Application of economic weapons for political goals can be traced, for instance, to traditional Confucian values in ancient China, which even now plays an important role affecting Chinese behavior³¹, although Marxism was imported a long time ago and is now the dominant doctrine officially.

While the central aspect of Confucian thought is the harmony of society based "on hierarchic organization and performance of proper roles from top to bottom" and on the teaching "that each individual should follow the social norms of conduct, the ancient Confucian *li* or 'principles of social usage'",³² there is apparently an economic aspect of *li* besides its moral codes, especially in foreign relations of the Middle Kingdom before the Western powers came to China in the late 19th century.³³ M. Frederick Nelson argues that aside from the religious and symbolic base that the tribute of the lesser nations contained, the tribute mission

³⁰ "Carrots and sticks" is a well-known analogy in this regard.

³¹ There still exists a hierarchy in the contemporary Chinese society and such hierarchy can not be measured simply in terms of money, i.e., income. The privileges of the state or party officials of various kinds could never be gained by average people, however much money they can make. Because the high-ranking leaders of the state and the party benefit a great deal from such inequality, they will discourage any attempts to change it so long as they have the power to do so.

³² John K. Fairbank, *Professor Emeritus*, Edwin O. Reischauer, Harvard University, *China: Tradition & Transformation* Boston: Houghton Mifflin Company, 1978. p317

³³ "Foreign relations" is a contemporary term in Chinese political studies because there were no "foreign" entities but vassals or barbarian states for the Middle Kingdom.

would never "cease to resemble an economic transaction."³⁴ Such an economic transaction was not a simple trading relationship. On the one hand, ancient Chinese rulers demanded tribute from their vassals; on the other hand, they also rewarded them economically, in many cases much more in value than the symbolic tribute, for the purpose of bringing them under control.

Application of the economic instrument for the purpose of reward or punishment was also seen in the very early contact of China and the United States with the exception of the Treaty of Wangxia.³⁵ Some people argue that the very beginning of Sino-American relations in the early 19th century was largely the result of a liberal movement in the United States;³⁶ others say that the missionary movement also played a part.³⁷ It is true that the motivation for American

³⁴ M. Frederick Nelson, "The World Outlook of the Chinese Empire," in Joel Larus (ed.), *Comparative World Politics*. Belmont, Calif.: Wadsworth Pub. Co. 1964. p40

³⁵ Chinese motives for the Treaty of Wangxia in June 1844, for example, were to placate and "buy off" the Americans and use them to as counter balance to the English invaders.

³⁶ Jensen presents such a theme. He believes that the missionary movement and the Open Door policy in American foreign relations were just a continuation of the liberal movement in different forms. This is seen in the following quotation:

After the American civil war this [liberal interventionism] took the form of strong missionary movements, particularly in China. Such interventionism was also represented at the turn of the century in the Open Door policy toward China, in which the United States insisted that it should be allowed to share in the exploitation of China along with the European powers.

See Jensen, p83

³⁷ Paul A. Varg's "Missionaries", presents a detailed account of the American missionary enterprise in China. He argues that the emphasis on China was accorded only after the Sino-Japanese War (1894-95) when the United States had presumably become a first-class power and "must act like one or suffer shame." The missionary movement in early Sino-American relations, although believed to be the earliest contact between China and the United States, played only a small part in the western intrusion that led to the final breakdown of the traditional Chinese society. The main part of the western intrusion, as

traders, about whom we care the most in this discussion of Sino-American economic relations, was essentially the "profits from opium, tea," The China market that the American traders had in mind, however, turned out to be only a "never realized myth".³⁸

Marxism is known as an economic approach in political study, but it primarily deals "with developments within national economies".³⁹ For the same reason, Kubálková finds that "Marxism and international relations, as topics, do not blend easily".⁴⁰ Stephen D. Krasner holds that it was V. I. Lenin's *Imperialism* that "assumed a place of first importance for Marxist scholars."⁴¹ Interpretating the early stage of imperialist economic policy, Lenin offers an argument on the economic approach:

...Lenin saw capitalist states engaging in imperialist activities in order to distribute the oversupply of capital and goods that capitalist economies inevitably produced. By engaging in such imperialistic endeavors, the capitalist systems were able to forestall their inevitable collapse. But this imperialism brought them into conflict with other capitalist states, and the end result was war between imperialist nations, as evidenced by World War I.⁴²

concluded by Varg, is the "impact of commerce, colonialism, and other forms of economic penetration." For details, see *Encyclopedia of American Foreign Policy*, Alexander DeConde, (ed.) New York: Charles Scribner's Sons, 1978. Vol.II, pp567-74

³⁸ John King Fairbank, *China Watch* Cambridge, Massachusetts and London, England: Harvard University Press, 1987. p19

³⁹ Stephen D. Krasner, *Defending The National Interest*, Princeton: Princeton University Press, 1978. p20

⁴⁰ Kubálková, V. and M. Cruickshank, *Marxism and International Relations*, Oxford: Clarendon Press, 1985. p1

⁴¹ Krasner, p20

⁴² Jensen, p160

A systematic application of Lenin's imperialist theory to early Sino-American economic relations is done by W. LaFeber⁴³. His application of Lenin's imperialist theory in the case of Sino-American relations is, however, too abstract,⁴⁴ and his point that the Americans were strongly motivated by the distribution of surplus to China is hardly convincing when American trade with China amounted to only an insignificant two percent of American total trade for that period.⁴⁵ This beginning of Sino-American relations, though not significant economically for the United States or China, is a convenient starting point for a discussion of later Sino-American relations.

The economic power of foreign aid helps to influence the behavior of the receiving country to the benefit of the donor, though not necessarily at the expense of the receiving country (the Marshal Plan after World War II is an example of the sort of aid that is mutually beneficial or more beneficial to receiving countries); on the other hand, however, receiving countries are often in a vulnerable position economically. This vulnerability may have a substantial negative influence on a country's foreign policy. The plunder of China and the unequal treaties imposed on it by the western powers in the late 19th and early 20th century undoubtedly harmed China's interests, which helps to explain why

⁴³ See W. LaFeber, *The New Empire: An Interpretation of American Expansion 1860-1898*, Ithaca, N.Y.: Cornell University Press, 1963. This book is not solely a story of the American expansion in China, but one covering American expansion in South America, China and the Pacific islands.

⁴⁴ Following LaFeber's book, every single event seemed to have been planned, and thus everything could be explained in his theoretical model.

⁴⁵ Figure comes from Fairbank, *China Watch*, p21

China has stressed self-reliance in its efforts to build its economy in the 1950s.⁴⁶ Such a devastatingly negative experience with Western contact can sometimes produce over-reaction as in the case of China. Jensen has a comment on such over-reaction when he says that "until recently the Chinese have been particularly reluctant to receive technological and economic aid from the outside, even though it would help them exploit important resources like oil."⁴⁷

China, though not nearly as rich as the two superpowers, has also employed the economic instrument at different times to reach its foreign policy goals, namely, to ensure its leading position in the third world, even though it was one of the lowest in per capita incomes in the world. It offered, for example, "\$2,194 million of aid from 1954 through 1971 to numerous less developed countries".⁴⁸

1.3.2. Cases of the Soviet Employment of Economic Weapons

Cases of Soviet employment of the economic instrument are familiar to us, though economic means to influence other countries are denounced as an imperialist technique in orthodox Marxism. P. J. D. Wiles observes that

⁴⁶ One prime example of China's emphasis on self-reliance is probably the Great Leap Forward movement starting in 1958. Although the self-reliance effort was not totally successful, and there did not seem to be as much fanfare in the 1960s and the 1970s, it has never been officially called off.

⁴⁷ Jensen, p92

⁴⁸ Knorr, p167. For more details see A. Doak Barnett, *Communist China and Asia*, New York: Harper & Row, 1960. p244-45 on China's foreign aid to Communist countries in 1953 and non-Communist countries in 1956.

Marxist philosophy inhibits the practice of trade warfare against other countries, which was seen as one of the characteristic evils of capitalism.⁴⁹

Right after the Second World War, the Soviet Union started to ensure its control of the eastern European countries with economic means, in addition to its establishment of military control. It "set up joint stock companies in the defeated Axis countries of Bulgaria, Hungary, East Germany, Rumania, and Austria, with the local government as a partner."⁵⁰ The CMEA, the Council for Mutual Economic Assistance, which was formed in 1949, was regarded by Paul Marer as "Stalin's reply to the Marshall Plan and to the economic integration of the West European countries that the plan was intended to promote".⁵¹ He believes that the expanded East European economies during the 1960s should be attributed to

increased trade with the USSR (in the case of Yugoslavia increased trade with, and some assistance from, the West were more important), involving a rapidly growing exchange of inexpensive Soviet energy and raw materials for East European machinery and other manufactured products.⁵²

The distribution of Soviet subsidy by country was as follows:

⁴⁹ P. J. D. Wiles, *Communist International Economics*, New York: Praeger 1969. p499

⁵⁰ Klaus Knorr, *The Power of Nations, The Political Economy of International Relations*, New York: Basic Books, Inc. Publishers, 1975. p136

⁵¹ See Paul Marer, "The Political Economy of Soviet Relations with Eastern Europe" in Sarah Meiklejohn Terry, ed., *Soviet Policy in Eastern Europe* New Haven and London: Yale University Press, 1984. p159

⁵² Ibid, p.182. His study of the later period of 1971 to 1978 shows that "on trade in fuels, nonfood raw materials, semimanufactured goods, and agricultural products combined, the USSR implicitly provided a net cumulative subsidy of about \$14 billion to the six East European CMEA countries. This amount was somewhat greater than 10% of cumulative total Soviet exports to these countries during the period." Quotation and figure are from Paul Marer, "The Political Economy of Soviet Relations with Eastern Europe" in Sarah Meiklejohn Terry, ed., *Soviet Policy in Eastern Europe*. p179

	Total	per capita
	(billion \$)	(\$)
Bulgaria	3.5	390
Czechoslovakia	2.6	170
GDR	4.8	290
Hungary	1.0	100
Poland	2.1	60
Romania	-0.1	-0.5

Table 1.1 Soviet Subsidy to East European Countries.⁵³

A prime example of economic punishment inflicted by the Soviet Union is the Soviet pressure exerted on Yugoslavia. When Yugoslavia asserted its independence from Moscow's control in 1948, it was put under gradually tightening economic pressure from the Soviet government. The Soviet Union punished Yugoslavia with all means available, which included "recalling Soviet technical experts, renegeing on a loan agreement", and finally "cutting off all trade and aid...." At the time more than half of Yugoslavia's trade was carried on with the Soviet Union and other communist countries in eastern Europe, and Yugoslavia "was completely dependent on them for technical assistance and credits."⁵⁴ Though the Soviet economic pressure could not be regarded as successful, it made Yugoslavia suffer badly. The Soviets "failed simply because Yugoslavia turned to the West and found alternative supply and market sources."⁵⁵

⁵³ Source: Ibid.

⁵⁴ This is a paraphrase from Knorr, p.135. For a detailed account of the story, see Freedman, Robert Owen, *Economic Warfare in the Communist Bloc*, New York: Praeger, 1970. Ch.2

⁵⁵ Holsti, p218

History never repeats itself, but sometimes we do find some similarities between different events. When China's relations with the Soviet Union appeared to be beyond repair with economic as well as military pressure imposed on China, China was not forced to accept Soviet terms but instead found alternative ways for technical assistance and trade from the industrialized West and Japan to modernize its economy.⁵⁶ These examples of failure, however, do not negate the argument that economic means form an important part of a state's foreign policy apparatus. The point of the argument is not that economic means always work, but that such use has been intended for foreign policy ends, which may be achieved and can inflict damage on the intended target.

1.3.3. The Economic Weapon Used By the U.S.

The economic instrument has been frequently used by the United States in recent history. The United States was the first to start large scale economic aid programs to other countries after World War II. The Marshall Plan of the United States, which was designed to help reconstruct the war-torn European economy, was one of the biggest economic aid programs in recent history. It was estimated at \$ 12 billion.⁵⁷

Large economic programs were carried out later to assist the developing countries in Southeast Asia and Latin America to build up their military forces

⁵⁶ After at least a 15-year gap between 1960 and 1976.

⁵⁷ Figure comes from Holsti, p227

and industrial infrastructure. The influence of the United States over Panama and Cuba during the first half of this century, and the recent economic sanctions on Panama over the drug dealing charge against Panamanian leader Manuel Antonio Noriega are cases of economic punishment. Noriega did not relinquish his power as the U.S. government demanded, but the Panamanian economy did suffer extensively under the economic pressure imposed by the U.S. government. The nearly \$7 million revenue generated by the Panama Canal per year was withheld by the American government and an estimated \$50 million in Panamanian Government funds were frozen in four New York banks.⁵⁸ The motivation behind the economic punishments in Latin America is presumably to encourage a western style democracy in the backyard of the United States.

In recent history, economic means have been utilized by the United States not only in its relationship with European, Latin American and developing countries, but also in its competition with the two communist giants: the People's Republic of China and the Soviet Union. An example in this regard is the American embargo on the export of strategic goods to the Soviet Union and the People's Republic of China. Henry Kissinger's linkage strategy--linking economics and diplomatic behavior--is widely known to people familiar with Soviet-American relations.⁵⁹

⁵⁸ For reports of the economic hardship Panama suffered, see two articles in *The New York Times*: Neil A. Lewis, "U.S. Withholds a Canal Payment In New Steps to Oust Panamanian" and Larry Rohter, "In Cash Squeeze, Panamanians Switch to Barter", in *The New York Times*, March 12, 1988. p1&6

⁵⁹ The theme of "linkage strategy" is interpreted by Neil R. Richardson in his "Dyadic Case Studies in the Comparative Study of Foreign Policy Behavior". There is

Although the utility of linkage theory may be questioned, Kissinger apparently predicated his linkage strategy for détente on precisely this causal relationship. He "believed that the provision of economic incentives would trigger a causal process in Soviet policy-making circles that encouraged reciprocity in diplomatic form. ... Kissinger was counting on such a reckoning by his Soviet counterparts in order to succeed in linking economic and diplomatic relations."⁶⁰ Thus, despite the attack on the "doctrine of linkage that tied trade relaxation to Soviet foreign policy behavior", ..."The Nixon Administration held to its course."⁶¹

another theme of "linkage strategy", however, by Morton H. Halperin, which defines "linkage strategy" as

an effort to negotiate with the Soviet Union on a broad range of international issues---from the Middle East to strategic arms limitation negotiations to Indochina to the security of Central Europe. ...Thus relations with other nations are seen largely as they affect the overall relationship with the Soviet Union and contribute to world stability.

See *Sino-American Relations, 1949-71*, documented and introduced by Roderick MacFarquhar. Newton Abbot: David & Charles, 1972. p7

⁶⁰ Neil R. Richardson, "Dyadic Case Studies in the Comparative Study of Foreign Policy Behavior", *New Directions in the Study of Foreign Policy*, Charles F. Hermann, Charles W. Kegley, Jr. and James N. Rosenau, (eds.) Boston: Allen & Unwin, 1987. p6

⁶¹ The ground for the attack is not a denial of the linkage between trade and foreign policy, but a concern that the linkage would work the other way round, namely, "trade with the Soviets was not a favor to them but to us (the Americans); it would promote peace; it would speed the liberalization of the Communist regime..." Thus trade and foreign policy are still linked in the opposing theme. Examples of the linkage policy in practice given by Kissinger include: the U.S. granted no export licenses between 1969 and 1970, when U.S.-Soviet relations were turbulent; the U.S. eased restrictions slightly after the first breakthrough in SALT in May 1971 and the completion of the Berlin negotiations in August 1971. "The Soviets were given to understand that our relative flexibility would not survive a foreign policy challenge." The above quotations are from Henry A. Kissinger, *Years of Upheaval*, Boston.Toronto: Little, Brown and Company, 1982. p247 For more, see pp247-51

One other way to examine the different purposes of the various countries in offering foreign aid is to look horizontally at the overall distribution of countries that received economic aid instead of looking vertically at one certain country.

It is found that "most aid programs are obviously not undertaken solely for humanitarian purposes, for a vast portion of the aid goes to a few countries."⁶² While there are many themes used to justify economic programs of this kind, such as political stability and potential economic development on the basis of economic criteria, it is concluded by Holsti that

When donors manipulate aid programs for immediate political advantages, economic and humanitarian criteria, although still relevant, give way to political desiderata.⁶³

The economic instrument is sometimes regarded by people as the determinant of foreign policy; that, however, is not the position of this paper. The economic instrument and other foreign policy instruments are not mutually exclusive. Foreign policy making is a very complicated matter which involves many elements other than economics. It is by no means the intention of this paper to assume a simple causal relationship between economics and foreign policy making, but to examine the role that economics plays in that process. Because of the purpose and the limitations of the paper, such other factors as domestic

⁶² This method has been used by Holsti, see his *International Politics, A Framework For Analysis*, p231

⁶³ Quotation from Holsti, p231. For a detailed discussion on this point, see Holsti, p231-33: Political Objectives of Foreign Aid.

politics, while acknowledged, will not be extensively explored.

1.4. The Significance of the Post-War Changes to the Study

As the strategic triangle did not come into being until some time after the Second World War,⁶⁴ the changes with world-wide significance that took place after the war are particularly noteworthy. One such change is that the technology in communication and transportation substantially improved, which has led to a boost in international economic transactions. International trade has consequently been significantly increased during the post-war years.

There is little doubt that the world has been growing smaller and more interdependent in recent years. ... Economic transactions involving trade and the establishment of foreign subsidiaries and branch banks have accelerated at a rapid pace.⁶⁵

It is commonly agreed that the world has become more and more interdependent.⁶⁶ The degree and scope of economic control has increased a great deal and has become more complex and mutually influencing, paralleling other areas of increased worldwide interdependence. Economic instruments of power have therefore improved a state's ability to reward or punish another state either in

⁶⁴ Lowell Dittmer discussed succinctly how China, the United States and the Soviet Union are qualified to be a "strategic triangle" in his essay "The Strategic Triangle, A Critical View", see Chapter 2 of *The Strategic Triangle, China, the United States and the Soviet Union*, Ilpyong J. Kim (ed.), New York: Paragon House Publishers, 1987. pp29-47

⁶⁵ Jensen, p218

⁶⁶ A succinct discussion on this point is seen in K. J. Holsti's "The Necrologists of International Relations", *Canadian Journal of Political Science*, Vol. 18, 1985, p675-95.

terms of degree of positive or negative response and/or in terms of subtlety.

The term "interdependence" is used not only in contrast to other less international activities, but in contrast to the financial dominance by a single country as seen in the British dominance in the 19th century and the United States' dominance in the early post-war period. The world economy has become very much diffused. Japan and West-European countries have long recovered from their war-torn economy and are now capable of challenging the American dominance. The point is not that they are free of any American influence, but such influence is no longer predominantly flowing one-way. Thus global economic interdependence has risen in recent years. American farmers, for example, may suffer losses from the agricultural subsidies of the European Economic Community (EEC). Even the Arab countries are able to cause trouble for the industrialized west as seen in the success of the oil-producing countries in the 1973-74 oil embargo.

Although interdependence among states is primarily an economic phenomenon, its military and political implications are also important. Contemporary international events that have some kind of reference to economics are many, since economics is closely related to, and to some extent determines, or so Paul Kennedy argues,⁶⁷ the ultimate outcome of military confrontation. One example, which concerns one member of the triangle, the United States, is the Guam doctrine, which was a foreign policy position initially presented in Guam

⁶⁷ See Paul Kennedy's book *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House, 1987.

by President Nixon in 1969, and later relabelled with a phrase acknowledging Mr. Nixon's authorship. One of the key points of the Guam doctrine is that the United States "shall look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defense."⁶⁸ The reason for the United States to ask the states of Asia to assume more responsibility for their own defense, as Jensen sees it,

appears to have been motivated as much by economic considerations, particularly the adverse balance of payments confronting the United States, as by growing public opposition to the use of American troops abroad in ventures like the Vietnam War.⁶⁹

The Asian countries cannot depend on the United States for substantial aid. The United States now counts on the countries concerned to supply their own military spending for regional defense, except in areas considered vital to American security where the United States would automatically respond.

The relevance of economics to international relations is not something new. However, the steadily increasing economic transactions in the world have rendered such relevance of even greater significance, making the study of international relations all the more complex. Rosenau says, "As in any field whose frontiers are rapidly expanding, students of foreign policy have had to confront a

⁶⁸ For reference, see Henry A. Kissinger, *White House Years*, Boston . Toronto: Little, Brown and Company, 1979. p225

⁶⁹ Jensen, p180

number of new problems as the pace of interdependence and change quickens."⁷⁰

While continuing our focus on the classical literature of international relations, Rosenau has advised that we avoid becoming so preoccupied with the old problems as to obscure the new ones that require our attention. He is concerned with the new directions and recurrent questions in the study of foreign policy and says that,

As for the new theoretical and methodological problems posed by the advent of an ever more interdependent world, two are particularly noteworthy. One involves the increasing relevance of economics to the conduct of foreign policy." ... "But perhaps the most challenging consequence of growing interdependence concerns the continuing erosion of the distinction between domestic and foreign issues, between the sociopolitical and economic processes that unfold at home and those that transpire abroad."⁷¹

The empirical study of the economic aspects of international relations and foreign policy for the second purpose may be desirable but is beyond the purpose of this paper. In view of the complexity of the task, the goal of examining the influence of the economic variable may be relatively easier to achieve in a case study.

On the importance and the "heuristic" potential of the case study, two French political scientists Mattei Dogan and Dominique Pelassy have some valu-

⁷⁰ James N. Rosenau, "Introduction: New Directions and Recurrent Questions in the Comparative Study of Foreign Policy", *New Directions in the Study of Foreign Policy*, Charles F. Hermann, Charles W. Kegley, Jr. and James N. Rosenau, (eds.) Boston: Allen & Unwin, 1987. p3

⁷¹ Ibid, p3

able observations. "The case study is normally conceived within a theoretical perspective", say Dogan and Pelassy. "It is meant to illustrate constant features of certain broadly significant situations or processes." One advantage of the case study is that it allows "the researcher to study the subject in depth."⁷² Neil R. Richardson holds that the "case study can complement correlational research", and sees the advantage of the case study in meeting "the need to examine intensively aspects of foreign policy decision making, a task not easily achieved by designs using numerous empirical cases."⁷³ Given the complexity of the problem with which this paper intends to deal, the case study is a useful initial approach; its findings could, perhaps, stimulate the imagination of others. Because of the weight that the strategic triangle has in current international relations, such a study has importance in its own right.

⁷² These parts of quotation are from Mattei Dogan and Dominique Pelassy's book *How To Compare Nations, Strategies in Comparative Politics*, (Chatham House Publishers, Inc., 1984). p109. Their point on the case study is good for the purpose of this thesis, though the book is not concerned with international relations, but comparative politics.

⁷³ Neil R. Richardson, p168

CHAPTER 2

Sino-Soviet Relations: The "Lean to One Side" Policy And The Sino-Soviet Rupture

The "Lean to One Side" policy, declared by Chairman Mao Zedong in 1949¹, was the cornerstone for the foreign policy of the People's Republic of China from its founding to the Sino-Soviet split in the late 1950s.² This policy lasted for only a short period from its declaration in 1949 to the Sino-Soviet split, but its consequences remained for many years after that. For the purpose of examining the consequences of the "Lean to One Side" policy, it is appropriate first to devote some attention to the general issues in Sino-Soviet relations during that decade.

¹ The Lean to One Side policy was first seen in Chairman Mao's speech of June 30, 1949. For the text of the speech, see *Selected Works of Mao Tse-tung, Vol.4*, Peking: Foreign Languages Press, 1961. pp415-17

² The military clash between the two countries was in the late 1960s, but the first open break of the friendly relations between the two started in June, 1959 when the Soviets decided to stop all aid to the PRC and to withdraw all its experts from China.

Peter Berton distinguishes four periods in the evolution of the Sino-Soviet dispute with the beginning in 1956:

"(1) 1956-1960, the period from the Twentieth Party Congress of the Communist Party of the Soviet Union (CPSU) to the withdrawal of Soviet technicians from China;

(2) 1961-1963, from attacks by proxy to open and direct polemics;

(3) 1964-1969, from personal attacks on leaders to armed clashes on the Sino-Soviet border; and

(4) Since 1970, a state of stalemate accompanied by polemics, occasional border incidents, and continuous diplomatic and economic contacts." See Peter Berton, "A Turn in Sino-Soviet Relations?" in James C. Hsiung ed., *Beyond China's Independent Foreign Policy, Challenge for the U.S. and Its Asian Allies*. New York: Praeger Publishers, 1985. p28

Following the approach outlined in the first chapter, this chapter discusses the issue mainly in terms of power, and the utilization of the economic instrument.

The record of Sino-Soviet relations showed ten years of close friendship followed by another ten years of bitter animosity. A clear understanding of this record requires extensive research work. With the advantage of a free press³ in the West, Westerners have access to more complete information and thus feel, on many political issues, better informed and less biased than people in the communist countries. This presumed informational superiority, however, may not by itself provide a clear perspective on Sino-Soviet relations.

The general Western picture of Sino-Soviet relations tends to be oversimplified and to some extent distorted. This is in part because of the West's historically strong ideological resentment of communism. The conventional view is that since both the Soviet Union and China are communist states, it was natural that they would ally against the West and, by the same logic, any dispute between them would be short-lived. It came as a surprise to many that the internal strife between the two communist giants could become so bitter that it resulted in armed clashes.

Compared to many other areas of international studies, the study of Sino-Soviet relations has remained fairly underdeveloped. The reasons are various. Lack of data is one difficulty that many scholars encounter in their exploration of the history and recent developments in Sino-Soviet relations. Complete texts of high level bilateral discussions between the two countries, for example, are in

³ Free of government restraint, not necessarily free of bias. There are not strict party lines that Western media have to follow, although Western media have their own problems.

many cases held secret and not easily accessible for academic purposes. Unlike in the West where most, though not all, government documents are open to the public after a certain time lag, most texts of high-level Sino-Soviet talks have never been and may not be made available to the public for a very long time to come. Even figures on economic relations given by the two countries, because of each country's propaganda needs, may appear different.⁴ This condition has not changed very much now, although both countries have adopted a more liberal policy in their relations with the west.

Citing the above difficulties, however, does not mean that this area is unapproachable. In fact, many scholars have made important contributions to the study of Sino-Soviet relations. Few of their studies, however, can actually be regarded as entirely original in the sense that most authors owe some credit to others' writings either in their data⁵ or in their theoretical approaches. This brief study is certainly no exception. This author owes much to the laborious work and penetrating studies on the periods to be addressed, especially the works of such authors as Seweryn Bialer, Paul H. Borsuk, John Gittings and Henry W. Shaefer.

⁴ Different measurement is, of course, another main source of such difference.

⁵ First hand data for communist studies is generally not as easy to obtain as that for study on Western countries.

2.1. The Sino-Soviet Rupture and Its Consequences

The change from the "Lean-to-One-Side" in the first decade of the Chinese communist government to a Sino-Soviet rupture appeared to be very dramatic. One may wonder whether there was a process during which the relations of the two countries gradually cooled down before the rupture. Was the cooperation between the two countries so steady in the beginning and, in contrast, the rupture so sudden? What was the fundamental reason for the change? A close examination of history will be a first step in answering these questions.

2.1.1. An Historical Sketch

The Soviet Union and the People's Republic of China are two contiguous countries with a long history of some sort of relations. The conflict between the two nations can be dated far back in their history. Noguee and Donaldson hold that

... One can trace the roots of the Sino-Soviet conflict in the history of both countries as far back as the conquest of Russia by the Mongolian Tartars during the 13th and 14th centuries. Some see this two-century domination of Russia by the ancestors of today's Chinese as the source of a deep-seated fear by the Russians of their oriental neighbor....⁶

This is an interesting point to make, but it is not an easy task to prove the current presence of such "deep-seated fear". It is difficult, too, to relate directly

⁶ Joseph L. Noguee and Robert H. Donaldson, pp223-4

the ancient history of Sino-Soviet relations to a discussion of the current Strategic Triangle.⁷ One exceptional case worth mentioning in the history of the two countries, however, is that from 1857 to 1864, Russia took more than 1.5 million square kilometers of Chinese territory from the Qing Empire; and after World War II forced the Chiang Kai-shek regime to accept secession of the Mongolia Republic from China.⁸ Since the state structure of both countries is relatively young,⁹ their recent historical conflicts were not too long ago to be remembered. This partly explains why the boundary disputes still have not been officially settled.

Ironically, it appears to be relatively easier to explain the Sino-Soviet cooperation than the Sino-Soviet split although the two countries had a contentious past. It was widely known that Mao Zedong saw the world after the Second World War as polarized between the socialist and the imperialist camps and held that there was no way in between. Mao wrote in April of 1946 that

The forces of world reaction are definitely preparing a third world war, and the danger of war exists. But the democratic forces of the people of the world have surpassed the reactionary forces and are forging ahead.... Compromise on all international issues ... is impossible so long as the United States, Britain and

⁷ The Triangle of the People's Republic of China, the United States and the Soviet Union.

⁸ See Meng Xi, "*Zhong Su Miyue Huiyou Zaixian?* (Sino-Soviet 'Honeymoon' Once Again?)" in *Jiushi Niandai (the Nineties)*, May, 1987. p96

⁹ Russia is a relatively young "nation" since about 1600. The Soviet regime came into being in 1917 and the People's Republic of China was founded in 1949. It may sound strange to say that the two nations with thousands of years of history are young as modern states, but the fact is that the government of the Soviet Union is only 72 years old, and the People's Republic of China is only 40 years old.

France continue to be ruled by reactionaries.¹⁰

According to his view, China had no other choice but to align itself with the Soviet Union. Thus he went to Moscow on an official visit on December 16, 1949, two months after the PRC was officially founded. Mao was joined by Zhou Enlai, then Chinese Prime Minister and Foreign Minister, on January 20, 1950. Negotiations between the two Governments culminated with the signature of a Treaty of Friendship, Alliance and Mutual Assistance on February 14.¹¹ The "Lean to One Side" policy was thus officially begun.

It was not only Mao's belief that the world then was highly polarized. Some of the Western leaders also believed that there was no road between the two blocs. Paul Kennedy believes that in his 'Truman Doctrine' speech of March 1947, American president Harry Truman portrayed a world faced with no choice in between the two different sets of ideological principles.¹² Kennedy himself believes that

Liberalism and Communism, being both universal ideas, were "mutually exclusive"; this permitted each side to understand, and to portray, the whole world as an arena in which the ideological quarrel could not be separated from power-

¹⁰ Mao Tse-tung, "Some Points in Appraisals of the Present International Situation", *Selected Readings from the Works of Mao Tse-tung*, Peking: Foreign Languages Press, 1967. p279

¹¹ For the text of the treaty see: Alan J. Day (ed.), compiled by Peter Jones and Sian Kevill, *China and the Soviet Union, 1949-84*, Keesing's International Studies. London: Longman, 1985. p1

¹² According to Paul Kennedy, the Truman doctrine was meant to refer to East Asia originally, but was "occasioned by the fear that Russia would enter into the power vacuum created by Britain's withdrawal of guarantees to Greece and Turkey". See Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House, 1987. p371

political advantage. One was either in the American-led bloc or the Soviet one. There was to be no middle way;...¹³

It did not seem hard to understand the Sino-Soviet friendship under such circumstances. Both China and the Soviet Union were communist countries; they were bound to join hands to confront the western countries. Few people were surprised by the Sino-Soviet alliance. The behind-the-scenes story, however, may make it necessary to reevaluate an otherwise simple and clear situation.

According to Meng Xi, the Sino-Soviet alliance of 1949 was not the necessary result of a common ideological belief. On the contrary, it was a reluctant choice for both Stalin and Mao.¹⁴ There are two main reasons that Meng offered to explain Mao's quandary:

First, Meng believes that Stalin never wanted to see a strong neighbour at his back, even if it was a communist power.¹⁵ Stalin tried hard to keep China, Russia's competitive rival in the international communist movement, under his control. Many believe that representatives of the Comintern (which was largely controlled by the Soviets) to China were there to remind the Chinese communists of the Soviet leadership. Mao resented bitterly many ideas of these representatives. One example was the Xi'an Incident in December of 1936 when two

¹³ Paul Kennedy, p372

¹⁴ Meng Xi, p93

¹⁵ By culture and geographic center, which includes population and economics, the Soviet Union is a European country, although it strides over Europe and Asia. Its major concern has been in Europe, thus China is a neighbour at its back.

Guomindang generals, Zhang Xueliang and Yang Hucheng, imprisoned Chiang Kai-shek and demanded that he cease the civil war and unite with the Communist Party. Mao never wanted to see Chiang being freed. But under pressure from the Soviet Union, Mao reluctantly went to Xi'an for a talk with the two generals to set Chiang free. Another example was Stalin's suggestion during the Chinese civil war that the communist regime give up the idea of armed struggle with the Guomindang and stay north of the Yangtze River.¹⁶

Secondly, Mao never trusted the Soviet Union. He purged the pro-Comintern party leader Wang Ming and in fact gave consent to the idea of establishing relations with the United States to balance off the Soviet Union.¹⁷ Only

¹⁶ Alan Lawrance holds the same idea. He believes that

Soviet policy makers did not anticipate the relatively rapid victory of the Chinese Communists in the Civil War. Only the day before the capitulation of Japan, 15 August 1945, the Soviet Union signed a Treaty of Friendship and Alliance with the Chinese Nationalist Government. ... The USSR maintained relations with the Nationalists throughout the Civil War and not until the victory of the Communists was almost complete in 1949 did Stalin cease to recognize Chiang Kai-shek as the *de jure* ruler of China.

Quote from Alan Lawrance, *China's Foreign Relations Since 1949*. London and Boston, Routledge & Kegan Paul, 1975. pp21-22. It was agreed at the Yalta Conference that the Soviet Union sign a treaty with the Chinese Nationalist Government.

In addition to historical factors, Peter Berton brings in the racial factor in the mistrust between the two countries. See his discussion on Territorial, Racial, Historical, and Other Factors in "A Turn in Sino-Soviet Relations?", in James C. Hsiung (1985), p25-27

¹⁷ After the communist troops successfully crossed the Yangtze River and took over Nanjing in April of 1949, the American Ambassador to Nationalist China, Leighton Stuart, suggested that the Guomindang regime was too corrupt to be America's partner in Asia, and the United States should switch to the communist regime instead. The communist regime responded positively by sending Huang Hua, a former student of Stuart's at Beijing University, to Nanjing for a talk. Huang later invited Stuart to Beijing for a talk with the communists on behalf of Mao and Zhou. The invitation was rejected by Harry Truman. This episode was not publicized in China and was documented in Hong Kong and the West only. See Xi Meng's "*Si Tu Lei Deng Yu Zhong Guo* (Leighton Stuart and China)", in *Jiu Shi Nian Dai (the Nineties)*, Hong Kong, January 1987, p74-78.

when these efforts all failed did Mao make the choice to align with the Soviets.

Modern Chinese history after the downfall of the Qing Dynasty in 1911 was one of almost forty years of turmoil.¹⁸ Emerging from half a century of war, the new communist regime was extremely weak. Although the vast country was well under control militarily, the new communists were aware that they were facing many serious problems. Some of those problems were: the economy's productive machinery worn out or destroyed in war needed to be replaced and net additions had to be made; and a nation-wide administrative structure had to be established from virtually nothing. The most important task for Mao was to build up China's national economy in order to finance and supply its defensive needs so that it could stand up and avoid the constant concern about foreign intrusions. In this light, China was badly in need of support for its industrialization.

Given the size of China, only two countries were possibly able to provide the needed support: the United States and the Soviet Union. The best strategy for China was to have support from both. As mentioned,¹⁹ China did give serious considerations to overriding ideological differences in order to obtain American

¹⁸ Although the Republic of China (nationalist China of the Guomindang) was established in 1911, it was not able to totally wipe out the warlords and to end the war between them in the north and south of China. Following the eight-year Sino-Japanese War between 1937-1945, civil war broke out between the Guomindang and the Communist troops, which dragged on until 1949 when the communist power finally took control of the mainland.

¹⁹ See footnote 17.

support. Such effort failed, however, because of the American refusal. Chairman Mao therefore reluctantly chose to line up with the Soviet Union. The alignment did not last long because Mao started a series of efforts to seek independence from the Soviet Union.

Mao's pursuit of independence manifested itself internally in China's domestic policies. One major program toward that end was the Great Leap Forward movement.

In the summer of 1958 the 'three red banners' were proclaimed as the guide-line for China's future progress towards socialism. These comprised the 'general line' for building socialism, which established a theoretical perspective based on the doctrine of permanent revolution, the 'Great Leap Forward', which called for rapid industrial progress, and the 'People's Communes' movement, which applied the Great Leap to agricultural policy.²⁰

China has a long history during which it was more than the "Middle Kingdom" in name only, but the real center of the Asian world. Some believe that Mao's traditional Chinese education may have something to do with the independent policy he eagerly pursued. Playing down personality but focusing on the state as the unit of analysis, Borsuk believes that China would not be prepared to "voluntarily subordinate itself to Soviet authority on any issue"²¹ as soon as it was able to stand on its own feet.

²⁰ John Gittings, p93. The Great Leap Forward movement will be more fully discussed later.

²¹ Paul H. Borsuk, "Soviet Foreign and Security Problems and Policies", in Ellison, p77

Internationally China tried to become a political power independent of Soviet authority and began to seek a position of Third World leadership. To this end, China made consistent efforts over a course of almost two decades: from the Bandung conference in the mid-1950s to the denunciation of the Soviet attitudes on the Taiwan Strait and Cuban missile crises in the 1960s. Its economic aid to some revolutionary regimes in the Third World even lasted to the early 1970s.

The five principles of peaceful coexistence²² marked the beginning of China's Third World policy. They were first formulated in an agreement between China and India signed on April 29, 1954. At the Bandung conference of Afro-Asian countries in April 1955, Zhou Enlai supported a resolution calling for the total prohibition of manufacturing nuclear weapons and universal disarmament.²³ Zhou made good use of the conference to establish China's link with the nonaligned movement led by Nasser of Egypt, Tito of Yugoslavia and Nehru of India.²⁴

²² Five principles of peaceful coexistence: Mutual respect for territorial integrity and sovereignty; non-aggression; non-interference in one another's domestic affairs; equality and mutual advantage; peaceful coexistence and economic co-operation. Alan Day (ed.), compiled by Peter Jones and Sian Kevill, *China and the Soviet Union, 1949-84*, Keesing's International Studies. London: Longman, 1985. p5

²³ Alan J. Day, p7

²⁴ Professor Harry Harding's "China and the Third World" is a thorough study on China's policy towards the Third World countries from the 1950s to the 80s. See *The China Factor: Sino-American Relations and the Global Scene*, Richard H. Solomon, ed. The American Assembly Columbia University. Englewood Cliffs, New Jersey: Prentice Hall, 1981. p257-295

In 1957-58, Chairman Mao started an effort to drive the Guomindang forces out of Quemoy and Matsu--two offshore islands off Fujian province. Because of Khrushchev's disagreement on assaulting areas of U.S. influence, China regarded the decision as another major event in its pursuit of independent foreign policy. An almost daily bombardment of the offshore islands by the Chinese army began on August 23, 1958. The then US Secretary of State, John Foster Dulles, quickly responded by declaring on September 4 that the U.S. would support the Nationalist government and resume its supply to KMD. By the middle of September a powerful U.S. air and naval force had been assembled in the Western Pacific.

Under the obligation of the Sino-Soviet Friendship Treaty, Khrushchev came to China's help and warned President Eisenhower on September 8 that

an attack on the Chinese People's Republic, which is a great friend, ally, and neighbour of our country, is an attack on the Soviet Union, while stressing his wish to "find a common language with you [Eisenhower]" ...²⁵

Chairman Mao was disillusioned despite Khrushchev's oral support. He regarded Khrushchev's aid as "too verbal and too late"²⁶ and understood that Khrushchev did not want to take the risk of confrontation with the U.S. over a Chinese territorial issue. He revealed later that

Khrushchev had proposed at this time that China and the USSR should form a joint war fleet. This proposal was rejected by the Chinese leaders, who, according to Mao, regarded it as an attempt by the USSR to control the Chinese coast and to

²⁵ Alan J. Day (ed.), p11-12

²⁶ William E. Griffith, "International Politics and the Sino-Soviet Dispute", in *The Sino-Soviet Conflict, A Global Perspective*, Herbert J. Ellison, ed., University of Washington Press, Seattle and London, 1982. p139

facilitate an eventual blockade of China.²⁷

In terms of the Soviet efforts at bringing China under its control, one other incident deserving our attention is the Soviet invasion of Czechoslovakia in August of 1968, although it did not seem to be directly related to Sino-Soviet relations. Of course, the Soviets had their own rationale in invading Czechoslovakia, namely, to bring it under control when it was deviating from the Soviet dictation.²⁸ Its implication, however, was clear enough for the Chinese; as a Chinese idiom has it: "Kill the chicken to frighten the monkey". The implication became more explicit when the Soviets "quickly thereafter proclaimed a Brezhnev Doctrine that could be used to justify follow-up military action against China (among other socialist countries)."²⁹

However, forcing China to accept Soviet terms with outright military power would not be so easy for the Soviet Union despite its success in doing so in the Czech case. China is a much larger country in size, population and in terms of economy than Czechoslovakia. This is one of the situations in which the economic instrument is more useful than the military one, because of the

²⁷ Alan J. Day (ed.), p12

²⁸ The Soviets justified their invasion by asserting that their interference was requested by the Czechs.

According to a Tass statement, published in *Pravda* and *Izvestiia* on August 21, party and state leaders of the Czechoslovak Socialist Republic (CSR) had "requested" the Soviet Union and other allied states to give the fraternal Czechoslovak people immediate aid, including assistance with armed forces.

See Alfred D. Low, p245. Few took the Soviet explanation as correct.

²⁹ Lieberthal, in Ellison, p7

former's subtlety and effectiveness.

A matrix derived from the influence theory of J. David Singer is made to compare the Czech and the Chinese cases. When party B³⁰ is pressured or threatened by party A, party B may have three possible options under different conditions as shown in the following chart:

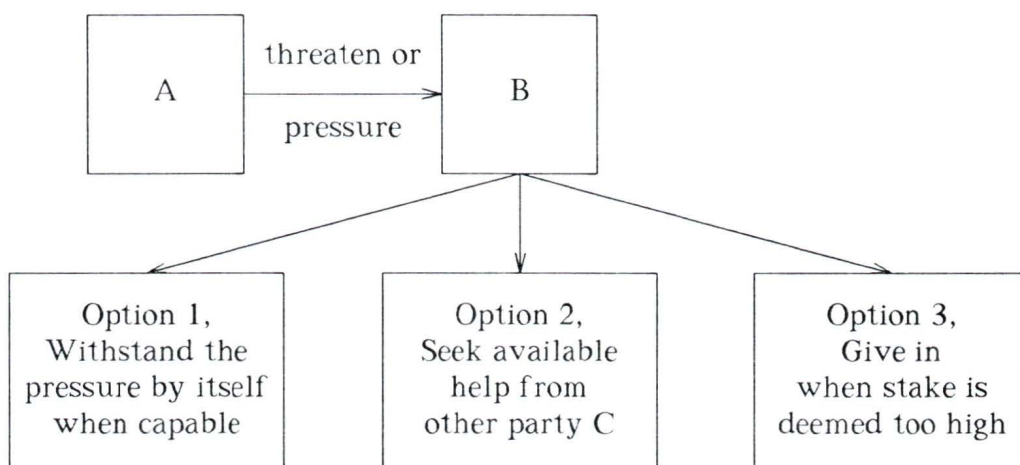


Figure 2.1, Options under Threat in a Priority Sequence³¹.

The conditions for the three options are respectively:

Option 1: B believes that it has enough power to handle the issue by itself, therefore it chooses to counter the pressure and is ready for any consequence of its action.

³⁰ A and B are used here to mean influencer and the influencee respectively.

³¹ This priority sequence is determined by the combination of a "preference ordering" and an "estimated likelihood". Singer has a detailed theoretical analysis of "The Influencee's Decisional Calculus" in his article "Inter-Nation Influence: A Formal Model", James N. Rosenau ed., *International Politics and Foreign Policy*, Collier Macmillan Publishers, 1969. pp380-91.

Option 2: Geographically and politically, B may expect support from a third party C to offset the threat or pressure, and therefore may succeed in countering the pressure.

Option 3: Neither of the previous two exists, and B perceives a possible total defeat. B is not willing to risk a defeat that would harm its interests even worse than yielding to A's demand.

Considering its position relative to the Soviet Union, Czechoslovakia did not seem to have a choice beyond the third option. It was geographically inside the Soviet sphere of influence (surrounded by the Soviet bloc countries of GDR, Poland and Hungary on three sides) and had a slim chance of obtaining outside support.

The PRC, however, had reasons to be more sanguine than the Czechs were about the second option. Though China was not an equal power with the Soviet Union militarily or economically, it was not nearly as vulnerable to the Soviet Union as the Czechs were owing to its size and geographic location. China has a long coastline, which had made it vulnerable to Western attacks in the past but in this occasion provided easy access for outside powers to intervene. There was a possibility of Western interference, or at least help, had the Soviets turned their bluff into actual large-scale action, since China was a big power tying down a large number of the Soviet troops on the east front of the Soviet Union and *en facto* reducing the Soviet pressure on Western Europe.

China successfully countered the Soviet pressure, which was in fact only a minor-scale border clash on Zhenbao Island³². Its suffering in domestic economic development, however, was more severe than its direct loss in military action. Internationally, after the failure of the "Lean-to-One-Side" policy and before Beijing's Washington connection was established, the PRC went through a period when it had few friends in the world. It was so isolated that in 1968, China kept diplomatic relations with only two countries, Egypt and Albania.³³

The ancient Chinese of the Three Kingdoms³⁴ have already experienced three-player games and have derived tactics that the communist leaders may have drawn upon. The policy of leaning entirely to one side in dealing with two other powers was never considered a sound strategy by anyone in Chinese history. The Chinese communist leaders have set a lesson that their successors should long bear in mind.

³² The series of armed clashes began in the spring of 1969 and ended in May of 1978. The position of this paper is that the Soviets attacked the Chinese first. One different interpretation is that Marshal Lin Biao started the border clash for domestic political purpose. With the border clash, the position of the military in government was believed to have been significantly improved. There is not much ground and no widely known documentary proof for this supposition. As an opposing force of the pro-West leader Zhou Enlai, Lin Biao was known as pro-Soviet. He died in an air crash (or downing, according to an unofficial report) on his escape to the Soviet Union after an unsuccessful *coup d'état*.

³³ Kenneth Lieberthal wrote that in 1968, "China's sole ambassador posted abroad was Beijing's envoy to Cairo". "The Background in Chinese Politics", in Ellison, p3. This is probably an error, because Albania was a staunch ally of China after the Sino-Soviet split. It differed diametrically with China on China's approach to the United States and opposed any move against their ideological principle; but the final break of the brotherhood between the two countries did not occur until 1978.

³⁴ The Three Kingdoms of Wei (A.D. 220-265), Shu Han (A.D. 221-263) and Wu (A.D. 222-280).

2.1.2. The Issue of Power

While it can not be rejected as total propaganda, government rhetoric released by countries stating their domestic situations and their perceptions of the world does not shed much light on our understanding of the issues discussed. Alfred D. Low speculates that "If one is to believe Moscow and Peking, ... their dispute is nothing but ideological; both strongly deny that national and power aspects enter into it at all."³⁵

The period from 1949 to the Sino-Soviet rupture was complicated, in that the development of confrontation was scarcely noticed when the two countries seemed to be enjoying a stable political cooperation on the surface. When the seeming political cooperation was overwhelmed by open confrontation, the contrast seemed to have become very sharp all of a sudden and the change quite dramatic.

The dispute between the PRC and the Soviet Union involved more than a single cause and cannot be adequately explained solely by examining any single element such as the personality clash between Mao and Khrushchev, or the ideological difference between the two parties. When the dispute first came into the open, it appeared to be only a minor ideological difference of an abstruse nature. This ideological rift then spread quickly into all other areas of Sino-Soviet relations. What appeared on the surface to be only a minor irritant proved to be

³⁵ Alfred D. Low, p23

symptomatic of a far deeper illness in reality.

Ideological debate was the major issue at the beginning, at least on the surface or in public. During the debate the state-controlled media of the two countries mass-produced an exceptionally large number of articles attacking each other. John Gittings' study shows that

In the brief period of February to July 1964, according to *Pravda's* statistics, the Chinese *People's Daily* alone published some 500 items attacking the Soviet communist party and other pro-Soviet parties. Over a slightly longer period of time (July 1963–July 1964), according to Chinese statistics, the Soviet press published 'more than 3,000 anti-Chinese articles and other items'.³⁶

The ideological debate then escalated from the early state of accusation of ideological deviation from orthodox Marxism-Leninism to the stage of blunt, rude exchanges of recriminations and later outright abuse in which the two hostile countries accused each other of having betrayed socialist principles.³⁷ Finally, in March of 1969, the two countries came to armed clashes over an island on the river bordering the two countries.³⁸

³⁶ John Gittings, *Survey of the Sino-Soviet Dispute, A commentary and Extracts from the Recent Polemics, 1963-1967*, London: Oxford University Press, 1968. pxi

"A series of seven articles replying to the Soviet party's open letter of July 14, 1963, appeared between Sept. 6, 1963, and Feb. 10, 1964, in the *People's Daily* and *Red Flag*." For more, see Day, Alan J. (ed.), compiled by Peter Jones and Sian Kevill, *China and the Soviet Union, 1949-84*, Keesing's International Studies. London: Longman, 1985. p47

³⁷ Alfred D. Low, *The Sino-Soviet Dispute, An Analysis of the Polemics*, Associated University Press, 1976. p340

³⁸ The island is known as Zhenbao Island by the Chinese and Damansky Island by the Soviets. It is a small uninhabited island of one and half miles in the River Ussuri. A detailed story on the formation of the Sino-Soviet boundary, the disputed areas along the Sino-Soviet Frontier, the border treaties between the two countries and the border incidents in the 1970s is found in Tsien-hua Tsui, *The Sino-Soviet Border Dispute in the*

For the purpose of bridging the gap between rhetoric and reality, the real problems obscured by the ideological dispute should be clarified first. The Sino-Soviet dispute was multi-dimensional and thus a multi-dimensional approach should be adapted. Joseph L. Noguee and Robert H. Donaldson have summed up the factors involved in the Sino-Soviet dispute and believe that

They include such factors as a conflict in ideology, the personality clash of Khrushchev and Mao Zedong, antagonistic nationalisms, the conflict of different levels of economic development, the rivalry for leadership of the socialist camp, the interaction of provocative and inept diplomacy, and last, but certainly not least, traditional national conflicts of interest. All of these were relevant to some degree. No one factor can be considered decisive.³⁹

Noguee and Donaldson have made a rather complete list of the the main factors, though one may make it more precise and comprehensive by adding some alternative factors to it. The relevant data have been made more comprehensible and their interpretation has been made easier with the passage of time. Over the last twenty years, some of the factors have undergone changes while others remained virtually intact; therefore we now have understood a few of the factors and thus are able to exclude some of the possible causal relationships by logical reasoning.

The armed clashes and the economic pressure exerted by the Soviet Union on the People's Republic of China are absent now. Instead, the two parties are engaged in peaceful talks and enjoying an increasing trade. Meanwhile, some

1970s, Oakville, Ont.: Mosaic Press, 1983.

³⁹ Joseph L. Noguee and Robert H. Donaldson, *Soviet Foreign Policy Since World War II*, 2nd ed., New York: Pergamon Press, 1984. p223

other factors, such as ideological and territorial differences, still remain unsolved and may not be solved to the satisfaction of both parties in the foreseeable future.⁴⁰

If we separate the relevant factors into the two categories of "change (and outcome)" and "continuity", we can then categorize the factors in the following table:

Table 2.1, The Changing Factors in Sino-Soviet Relations:⁴¹

	1960s	1980s
Change	<p>A</p> <ol style="list-style-type: none"> 1. Armed clashes 2. Economic pressure 3. Personality clash 4. Rivalry for leadership of the socialist camp 	<p>B</p> <p>Negotiations</p> <p>Increasing trade</p>
Continuity	<p>C</p> <ol style="list-style-type: none"> 1. Territorial dispute 2. Ideological differences 	<p>D</p> <p>Territorial dispute</p> <p>Ideological differences</p>

In table 2.1, there is no significant change from Box C to Box D over the last

⁴⁰ The territorial problem will be referred to again later in this chapter and the increasing trade after the 70s will be further discussed in chapter four.

⁴¹ A note to the "Ideological differences" in the category of "Continuity": The two countries now have ideological differences of different nature from what they had in the 1960s. The fact that they still have differences, however, did not change.

"Territorial dispute" means the dispute on Zhenbao Island, not Siberia.

twenty years.⁴² Even if changes do occur in the future, they will come after the changes from Box A to B. We may therefore exclude those factors in Box C (those which remained intact in the last twenty years) from a discussion on changes from Box A to B.

A number of factors have been eliminated. Armed border clashes and the territorial dispute were presumably interrelated, though they appear in different categories in this table. The clashes did not result in one side being totally defeated and agreeing to give up the disputed area or the loss of territory by the other side. On the contrary, the two sides have since then engaged in peaceful talks.

Considering that neither side was overwhelmed (seeing no chance to win) or defeated militarily, there may be two different explanations for the peaceful ending. One, the fighting came to a halt because both sides were exhausted and neither was able to win; two, the fighting was a minor power show in a broader power relationship of the two countries. The first explanation apparently could not be true, but the second seems to be a plausible answer.

The same method of keeping one factor under control to find relationships between others can be applied to economic relations of the two countries. The

⁴² The problems in this category are still there, although there is no major fighting now and the press are not making sensational stories. There has been an interesting story not very widely known. The story has it that the Soviets built a few dikes on their side of the river to redirect the current so as to change the thalweg (middle channel); the Chinese did the same as a counter measure. As a result, some part of the river has been altered. There is no published document on such stories.

basis of Sino-Soviet economic cooperation has not changed very much. The Soviet economy is still heavily directed towards East European countries rather than Asian countries. China has become much stronger economically than it was twenty years ago, but it is almost entirely a result of its economic reform and its opening to the West rather than the work of the Soviet aid.⁴³ Economic rules, therefore, are not the single factor that has generated the change in Sino-Soviet economic relations.

Again, one has to look for other elements to explain the economic situation. If the points made in the historical sketch are valid, the following argument will hold plausibility: hunger for power in its domestic and international aspects, and the clash of national interests, are the cause of the Sino-Soviet rupture.

This argument does not in any way, however, dismiss the depth of the differences between the two countries. While the complexity of the Sino-Soviet dispute is acknowledged, this section does not examine the nooks and crannies of every aspect. Only two important aspects, namely, the power relationship and the use of the economic instrument for foreign policy goals, are intended to be thoroughly discussed. While power is argued to be the central element in explaining the rupture, it will be seen that economic instruments of power were utilized by the Soviets to do maximum harm to China.

⁴³ Some of the old industrial projects constructed under Soviet help are still in use, but they are being phased out bit by bit. The latest and advanced projects are all constructed under Western standard, and many with direct Western help, such as Shanghai Baoshan Steel Plant--the biggest one currently, Shanghai Volkswagen and Audi passenger-car producing line, etc..

2.2. Economic Instrument as Used by the Soviets

Henry W. Schaefer notes that

Sino-Soviet economic relations are difficult to analyze with the economist's concepts and tools. The erratic and unpredictable course of economic ties between the Soviet Union and the People's Republic of China has been essentially the result of political developments. As a consequence, familiar economic criteria such as comparative advantage, terms of trade, or debt ratios do not readily come to mind when one thinks about the trends and prospects for Sino-Soviet economic relations.⁴⁴

Undoubtedly, economic interactions have their own rules to follow. Schaefer's point is that economic rules are not sufficient in explaining the economic phenomena in the Sino-Soviet case. Evidence for the period before and after the Sino-Soviet rupture shows that the relevance of economics to the political development was of great importance in understanding the dramatic change in the policies of the two countries.

Contradictions of economic interests between the two countries had existed before any economic relations ever took place between the two current governments. After the communist parties in the two countries were founded in 1921, their first significant economic contact proved very unpleasant for the Chinese communist regime. Because the Soviet Union participated in the defeat of Japan in the last few days of the Second World War, it considered itself entitled to certain long-term privileges in Manchuria. The Soviet forces in Manchuria therefore shipped away every piece of industrial equipment before turning over the

⁴⁴ Henry W. Schaefer, in Ellison, p112

territory to the Chinese communist forces. According to an official U.S. study, the Soviet removals from Manchuria "amounted to at least \$900 million."⁴⁵ Although when the People's Republic of China came into being in 1949, the Soviet Union later turned back to China "43 factories and some 276 other pieces of property it had seized in Manchuria"⁴⁶, the bitter memory was hardly eliminated.

Despite the unpleasant beginning, however, China pursued a pro-Soviet economic policy in accordance with its general "Lean-to-One-Side" guideline. There were two common economic explanations for this policy.

The first one was a legacy that was seen at the early stage of the economic relations between the two communist countries. It held that

The alliance with Russia might enable Communist China to learn more quickly about Western science and technological "know-how." By sending technicians and experts, Soviet Russia might help China bridge the gulf between its underdeveloped condition and the rapid and advanced industrialization that was her goal.⁴⁷

The second was a belief that trade manipulation was a policy tool readily available to planned economies when political gains were anticipated. This point lent some support to the above legacy. The American embargo on China in the early 1950s further pushed the Chinese to a dependence on the Soviets economically. China therefore became more and more dependent on the Soviet Union and

⁴⁵ Glen Alden Smith, *Soviet Foreign Trade, Organization, Operations and Policy, 1918-1971*, New York, Washington and London: Praeger Publishers, 1973. p214

⁴⁶ Glen Alden Smith, p214

⁴⁷ Alfred D. Low, p57

its East European allies in economic terms.⁴⁸

The massive Soviet economic and military deliveries during the First Five Year plan (1953-57) constituted substantial help to the development of China's economy and defense. Sino-Soviet economic relations became vital in some sense to China in the 1950s when China's development program was dependent in important ways on the Soviet Union. Robert Michael Field holds that the Soviet aid "provided the wide range of the basic heavy industrial facilities that is a necessity for any modern industrial nation. As the initial projects [provided by the Soviets] were completed toward the end of the First Five Year period, they began to have a significant impact on the growth of [China's] heavy industry."⁴⁹

Items	Trucks	Rolled steel	Steel	Crude oil	Coal mining
Percentage	100%	90.4%	82.8%	51.4%	22.7%

Table 2.2, Share of Soviet Projects in

the Planned Expansion of China's Industrial Capacity⁵⁰.

⁴⁸ "In February 1950 the Soviet Union granted China a \$300 million credit for Soviet goods to be delivered between 1950 and 1954. In 1954 this credit was extended by another \$130 million." See Glen Alden Smith, p215

There is also a rough measure in Dwight Perkins: China's trade with the Soviet Union and the East European countries accounted for three-quarters of China's foreign trade in the early 50s. "The Economic Background and Implications for China", in Ellison, p92.

⁴⁹ Robert Michael Field, "Real Capital Formation in the People's Republic of China, 1952-73", in Alexander Eckstein ed., *Quantitative Measures of China's Economic Output*, Michigan: The University of Michigan Press, 1980. p238-9

⁵⁰ Source: Partially adapted from Robert Michael Field, p239.

In the short span from 1950 to 1959, the PRC, with the help of the USSR, rehabilitated her national economy and created industries that were completely new for China, including the aircraft, automobile, tractor, power and heavy machine-building, instrument-making, electrical and radio engineering industries, and also important branches of chemical production.⁵¹

The following tables shows the importance of China's trade with the Soviet Union.

Year	Exports	Imports	Balance
1950	190	135	55
1955	645	1,055	-410
1960	850	815	35
1965	225	191	34
1970	20	25	-5

Table 2.3, China's Trade with the USSR⁵²

(in million U.S. dollars).

⁵¹ Alfred D. Low, p116

⁵² This table is partially adapted from Dwight Perkins, "The Economic Background and Implications for China", in Ellison, p93. Dwight Perkins noted about his original source that "The Soviet trade data and the trade data for the communist countries were taken from separate sources, and the methodologies used to estimate these two sets of figures are not entirely comparable." His original sources included United States CIA and Congress reports.

Year	Total Trade (exports plus imports)	Trade with the USSR (exports plus imports)	Percentage
1950	1,210	325	26.9
1955	3,035	1,700	56.0
1960	3,990	1,665	41.7
1965	3,880	416	10.7
1970	4,340	45	1.0

Table 2.4, Soviet Trade as a Share of Total Chinese Foreign Trade⁵³

(in million U.S. Dollars).

While the grounds for the above explanations hardly changed, the two tables show that Sino-Soviet trade (both total volume and percentage of trade) decreased sharply during the 1960s and the 1970s. It is apparent that the first proposition cannot account for the change. One has to look for an explanation of this change from a perspective other than the first proposition, which was based solely on economic rules. The correlations between the dwindling economic cooperation at the time and the political split can not be ignored by any careful student.

The Chinese side of the polemics following the break in 1960 does not help much in understanding the issue. On the contrary, they might lead one to a faulty conclusion, i.e., economic relations were not much related to political relations between the two countries.

⁵³ Sources: same as the last table.

The Communist Party of China (CPC) charged, for instance, "that the prices on many goods and items of equipment imported from Russia were much higher than in the world market and that Soviet goods were of a low quality".⁵⁴ Such charges did have some elements of truth⁵⁵, but it apparently was not the main cause of the sharp decrease in trade. The root of the Sino-Soviet economic friction lay in the political dimension. As a matter of fact, the dissatisfaction with economic relations on both sides was grounded in political elements from the beginning.

Soviet economic aid, for example, came with strings attached. The machinery seized by the Soviets in Manchuria was not returned, and economic aid was not delivered unconditionally. Together with the \$300 million credit to China, the Sino-Soviet Friendship Treaty of 1950 also stipulated that joint companies be established for the exploration of resources in Xinjiang province (Northwestern China) and for ship-building and civil aviation in Manchuria (Northeastern China). It also stipulated that "in case of war, Port Arthur was to be jointly operated."⁵⁶

⁵⁴ Correspondence between Central Committee of CPC and the Central Committee of CPSU, Alfred D. Low (1976). p117

⁵⁵ The exchange rate of the ruble to Renminbi, for instance, was made artificially weak. This means that China paid an extra-high price for the Soviet products. This may also mean, on the other hand, that it could be easier for China to export its product under the market mechanism. We can see from Tables 2.4 and 2.4 that the the latter did not happen. This was partly because under the command economy, the market mechanism does not work as well as under the free market economy, partly because China was not able to produce many high quality goods for export purpose at that time.

⁵⁶ See Alvin Z. Rubinstein, *Soviet Foreign Policy Since World War II, Imperial and Global*, Little, Brown and Company, 1985. p70

An abstract of the Sino-Soviet Friendship, Alliance, and Mutual Assistance Treaty

In very broad terms, the high price and low quality of Soviet goods as well as joint operations were economic means to one end: the establishment of a Soviet base of influence in China. Elaborating on his argument of the political purpose behind Soviet economic policy to China, Schaefer notes that

...For economic as well as political reasons, the Soviets were pressing China to sign a long-term trade agreement and to accede to a "socialist division of labor" under the Council for Mutual Economic Assistance (CMEA). With China's efforts to become self-sufficient: the Great Leap Forward movement, China refused to do so.⁵⁷

On the Soviet motivation and expectation of its economic aid to China, Schaefer also comments that

The Soviets evidently saw the initial sacrifices involved in underwriting the PRC's first five-year plan as worthwhile if the payoff were to be sufficient on economic and, especially, political grounds. It was probably hoped that the Chinese economy could be developed to the point that it could repay credit and provide a long-term source of goods of sufficient hardness and of reasonably high quality, but the real payoff was certainly to be political.⁵⁸

of 1950 is found in Calvin Suey Keu Chin, *A Study of Chinese Dependence Upon The Soviet Union For Economic Development As A Factor In Communist China's Foreign Policy*, Union Research Institute, Kowloon, Hong Kong, 1967. pp34-8. For the original text of the treaty, see *Zhongsu Youhao Xintiaoyue (The New Sino-Soviet Friendship Treaty)*, ed. by the New China Current Events Compiling Society, Peking: New China, 1950.

⁵⁷ Henry W. Schaefer, in Ellison, p113

⁵⁸ Henry W. Schaefer, in Ellison, p116

The security consideration of the Soviets was believed to be important. Historically, Manchuria has been a base of Japanese threat to Russia's security. Geographically, Manchuria is "an access to ice-free outlets to the sea" and a shortcut to Vladivostok. In addition, "the abundant resources of Manchuria could be made to supplement the raw materials and food demands of the Soviet Far East in case of war." Paraphrased and quoted from Chin, p29.

The Soviet concern over Manchuria is so deep that an economic approach cannot provide sufficient explanation.

There are two main events in the area of Soviet assistance that pushed the two sides further down the road toward a rupture: First, was the Great Leap Forward (GLF) movement, a movement aiming at economic independence which made the political payoff expected by the Soviets farther from reach; Second, was the issue of developing nuclear weapons, one that hurt Chairman Mao's pride and made China more determined to depend on itself.

The Great Leap Forward was, in economic terms, a policy of constructing small and medium plants all over China while abandoning the previous policy of relying for industrial output primarily on large industrial complexes built with Soviet aid.

The Communist Party Politburo formally approved ... the "Great Leap Forward" policy for the rapid industrialization of China, the target for steel production for 1958 being raised to 10,700,000 tonnes, compared with 5,900,000 tonnes produced in 1957.⁵⁹

There were many background factors behind the GLF. Fairbank believes that "The immediate occasion for the GLF was the CCP Central Committee's realization that the Stalinist model of industrial growth was not suited to Chinese conditions."⁶⁰

When Chairman Mao tried to assert economic independence with the GLF, Khrushchev became an outspoken critic of this movement. Mao reacted strongly

⁵⁹ Alan J. Day (ed.), p12

⁶⁰ John King Fairbank, *The Great Chinese Revolution: 1800-1985*, New York: Harper & Row Publishers, 1986. p299

to Khrushchev's criticisms.⁶¹ In addition to a clash of different policies, the personality clash between Mao and Khrushchev further widened the political cleavage that already existed.

The Soviet change of mind in their assistance to China to help develop nuclear weapons was more serious a blow than their criticisms of the GLF. China originally did not intend to go it alone in developing its nuclear weaponry. Parallel to the broad campaign of the 50s to learn from the "Soviet big brothers" to build up China's socialist economy, the Chinese military was engaged in cooperation with the Soviets toward developing the Chinese nuclear program. The Soviet government announced on January 17, 1955 (and confirmed in April of that year) that it would give aid to "help them [the Chinese] promote research into the peaceful uses of atomic energy"⁶² and would "provide China with a cyclotron and a nuclear reactor as well as fissionable material for research."⁶³

Soviet aid in the nuclear field had met with Mao's wish, because he had always expected that "China would acquire the unshackled ability to mobilize and use effective military power, for only that power would distinguish the new

⁶¹ Mao wrote some very sarcastic poems ridiculing Khrushchev, which were made public in the late 1960s.

⁶² John Wilson Lewis and Xue Litai, *China Builds the Bomb*, Stanford University Press, Stanford, California, 1988. p41 The original text is seen in "Statement of Soviet Government," p53 The text of the Chinese State Council resolution on this offer is in *People's China*, No.4. Feb. 16, 1955, supplement.

⁶³ John Wilson Lewis and Xue Litai, p41

state from its humiliated predecessors."⁶⁴ To China's dismay, however, the Soviet nuclear aid

was slow in coming and had strings attached. Only Soviet self-interest, the Chinese believe, had kept even that aid flowing. For example, further advances in the Soviet nuclear program depended on obtaining uranium ores from China, and to get those ores the Soviets, in the winter of 1955-56, had pledged unofficially to provide China "full-scale assistance."⁶⁵

On June 20, 1959, the Soviets sent a formal letter to the CCP's Central committee stating that "because of negotiations on a test ban then under way in Geneva, Moscow would not supply the prototype bomb or blueprints and technical data on the bomb."⁶⁶ During the remaining months of 1959, the Soviet experts who were critical to the Chinese nuclear program went home "on furlough" and never again came back to China.⁶⁷ This Soviet action was a critical blow to the Chinese government and its expectations.

The even more explicit full-scale application of the economic weapon to punish China came on July 16, 1960, when the Soviet Government informed the Chinese Government of its decision

... to withdraw the following month all Soviet technicians working in China. This unilateral decision, which aroused greater resentment in China than any other action of the Soviet Government, with the possible exception of the repudiation of the agreement on nuclear weapons, struck a crushing blow at China's economy at a time when the country was suffering from a series of natural disasters described by Beijing Radio as "without parallel in the past century," includ-

⁶⁴ Lewis and Xue, p35

⁶⁵ Lewis and Xue, p61

⁶⁶ Ibid, p64

⁶⁷ Ibid, p72

ing drought, typhoons, floods, and plagues of locusts and other insects. According to later Chinese statements, 1,390 experts were withdrawn, 343 contracts concerning technical aid canceled, and 257 projects of scientific and technical cooperation ended, with the result that many projects in progress had to be suspended and some factories and mines which were conducting trial production could not go into production according to schedule.⁶⁸

The nature of the dramatic withdrawal of Soviet aid is clear, but the Soviets have never explicitly admitted the real political motive behind their policy change. They continued to regard their "withdrawal" largely in economic terms and justified it "on the grounds of China's perfidy for never having accepted its designated (by the Soviets) political and economic role as the newest member of the socialist community."⁶⁹

The immediate damage caused by Soviet economic policy was devastating. In the late 1950s and early 1960s, China's national economy suffered severe setbacks. Of course the setbacks had a lot to do with "the CCP leaders' fallacious thinking when they launched the GLF"⁷⁰ and the anti-rightist campaign as well as the natural disasters of 1958-61. The Soviet government's decision to withdraw its technical advisers, to destroy all the blue prints for China's half-done projects and to insist on prompt repayment of debts severely exacerbated an already harsh situation.

⁶⁸ Alan J. Day (ed.), p21

⁶⁹ Henry W. Schaefer, in Ellison, p114

⁷⁰ See Fairbank, *The Great Chinese Revolution, 1800 - 1985*, p300

The "Lean-to-One-Side" policy was costly to China both in political and economic terms. The early friendship and the later heated armed confrontation between the two countries have long passed, yet a review of the early period of history is necessary for testing the validity of the general rules of power struggles as applied to the triad of the P.R.C., the U.S. and the U.S.S.R.. The above review may also help to sharpen our understanding of the current behavior of the two communist members of the great power Triangle.

CHAPTER 3

Sino-American Relations: Rápprochement And Overdependence

The Sino-Soviet split left China with few choices. There were two broad alternative goals that China could and did make efforts to reach: (1) a continued effort toward the establishment of its Third World leadership, and (2) a move towards the other side of the superpower configuration: the United States.¹

In the end, China failed in the first option and chose the second. The process of a Sino-U.S. *rápprochement* started in July of 1971 following Dr. Henry Kissinger's secret visit to China. U.S. President Richard Nixon paid an official visit to the People's Republic of China from January 21 to January 28, 1972. The visit culminated in the issuance of the Shanghai *Communiqué*, in which both countries agreed to "stay in contact" and "would open up new prospects for the relationship between them."² Full diplomatic relations between the two countries were established on January 1, 1979.

¹ The two alternatives were mutually exclusive in that if China reconciled with the "American Imperialists", it would have very likely alienated many Third World countries.

Logically, one can add "isolation" to this list as another alternative, but contemporary Chinese history showed that isolation was not a solution to its national security problems and there was no serious consideration on the Chinese side for an isolationist policy.

² For the complete text of the Shanghai *Communiqué*, see Appendixes in Richard H. Solomon, *The China Factor*, Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1981. p296-300

Why did China fail in assuming the leadership of the Third World? Was the Sino-U.S. *rapprochement* a long term rational choice? How have Sino-American economic relations developed? Answers to these questions will be dealt with in the following sections. It is concluded that while it was a rational choice for China to move towards the United States, the advantage of this political shift will be diminished if China becomes economically overdependent upon this relationship.³

For the above purposes, the focus of discussion will be placed on the strategic and economic aspects of Sino-American relations in the context of the Strategic Triangle of the People's Republic of China, the U.S. and the Soviet Union. It is considered necessary that the Taiwan question, the main impediment to the development of Sino-American relations, be briefly addressed as well.

This analysis will set a basis for an overall prognostication and suggestion on the future development of the Strategic Triangle.

3.1. Sino-U.S. Strategic Relations: A Rational Choice

U.S. Senator J. William Fulbright said at the *Pacem in Terris III* Convocation that

China alone of the great powers has a claim to membership in the Third World.

³ Overdependent in economic terms only. How the term "overdependent" is meant will be clarified in the section on Sino-U.S. economic relations.

As an economically less-developed nation itself, China has the potentiality of serving as the model for Asian, African, and Latin American nations to whom the experience of economically developed nations like the Soviet Union and the United States may seem irrelevant. It seems possible, therefore, that neither of the missile-wielding superpowers will prevail in the competition for influence in the Third World, but that the role of an exemplar will fall to China as one of their own.⁴

Professor Harry Harding goes further to say that the "common bonds" linking China and the Third World should also include history and ethnicity. Because of a common experience, he holds, "China's self-identification has been more with the Third World countries than with the socialist states of Eastern Europe or the Soviet Union" even before the Sino-Soviet split.⁵

While China did enjoy a particular advantage in linking itself to the Third World compared to the U.S. and the Soviet Union, as Fulbright and Harding have discussed, the advantage did not automatically or successfully lead to sustained Chinese leadership of the Third World. Although the proclamation of the Five Principles of Peaceful Coexistence in 1953-54 and the Bandung summit meeting

⁴ Fred Warner Neal and Mary Kersey Harvey ed., *Pacem in Terris III, A National Convocation to Consider New Opportunities for United States Foreign Policy*. Vol. I. Center for the Study of Democratic Institutions, 1974. p33

⁵ Harding observes that

While never completely colonized by the West, China was nonetheless a victim of foreign invasion, economic penetration, and cultural humiliation in the late nineteenth century, becoming what Chinese Communist doctrine describes as a "semicolony" of the Western powers. In the Chinese view, their country's historical experience is, therefore, more comparable to that of the Third World than to the experience of any European country.

See Harry Harding, "China and the Third World, From Revolution to Containment", in Richard H. Solomon ed., *China Factor*, Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1981. p258

in 1955 could be regarded as initial successes, later events did not entirely turn in China's favor.

Then Chinese leader Mao Zedong's radical view of revolution and his militant foreign policy alienated many Third World countries, although his purpose was to establish Third World leadership. This was seen in the deterioration of China's relations with many Third World countries: with Indonesia over China's role in sponsoring the Indonesian Communist Party (PKI) and the overseas Chinese to establish a communist Indonesian government;⁶ with India over the Sino-Indian border dispute; and with Egypt over its suppression of the Egyptian Communist Party.⁷ China's relations with the Third World countries became so strained that by the end of the 1960s, "Peking remained on friendly terms with only a few governments, notably Albania, Vietnam, Tanzania, and Pakistan."⁸

The underdeveloped nature of the Chinese economy and a common history with most Third World countries gave China Third World membership in theory, as Fulbright and Harding suggest, but this same underdevelopment and common history also had negative effects on China's foreign relations in practice. Zhang Peiji, Director of the International Trade Research Institute of the PRC, notes that

⁶ This was coupled at the end of 1960s with Suharto's competing desire to become the acclaimed leader of the Third World.

⁷ A more detailed discussion can be found in Harding, p262

⁸ Harding, p264.

Experience has proved that foreign trade is an important component of China's national economy. At the same time, foreign trade activities are important to the implementation of China's foreign policy, developing our foreign relations, strengthening our unity and co-operation with other Third World countries, opposing hegemony, and defending world peace. Foreign trade plays a positive role in the two fields--economic and diplomatic.⁹

Foreign policy goals such as "opposing hegemony" and "defending world peace", could not be sufficiently sustained by the limited economic capacity that China had at that time, and China had to rely largely on ideological communications for the purpose of establishing its Third World leadership, which partly accounted for the failure of China's Third World policy.

On the significance of the Third World, Mao Zedong concluded in the late 1950s that "the contradiction between American imperialism and the developing nations was at least as important as the struggle between the United States and the socialist camp".¹⁰ In the late 1970s, the Third World was again believed to be the "main force" in resistance to the Soviet Union, which China regarded as the primary threat to its security.¹¹ This, however, might be an overestimation of the significance of the Third World, especially when one carefully examines the functions that the Third World countries were able to perform. Their "power", especially military and economic power, may have been more illusory than

⁹ Zhang Peiji, "Introduction and overview" *China's Foreign Trade*, Zhang Peiji and Ralph W. Huenemann (eds.), Co-published by Oolichan Books and The Institute for Research on Public Policy, 1987. p5

¹⁰ Harding, p258

¹¹ Ibid.

real.¹²

One important thing that the Third World countries could do, and later many did, was vote for the restoration of the PRC's position in the United Nations. Limited by their economic resources, they could not do much more to assault Soviet revisionism and American imperialism other than voting against the two superpowers at the United Nations¹³.

The failure of China's Third World strategy left it with the second and only choice, provided China did not seriously consider an isolationist policy: a shift toward the United States. As in many other bilateral agreements, both China and the United States would receive certain gains and suffer certain losses with changes in their relationship, and each side took a certain amount of time examining this shift in their *status quo* from their own perspectives.

3.1.1. The Chinese Perspective

Chinese foreign policy, like that of other states, is shaped by its perception of the "international environment", a term appearing quite often in the Chinese press. The Sino-U.S. *rapprochement* was then to be understood as a reflection of

¹² It may have been an illusion that, by winning over the Third World, China was capable of opposing the two superpowers, backed by the NATO and the Warsaw Pact respectively.

¹³ The numerical advantage of the Third World applies to the UN General Assembly only. In the Security Council, the United States and the Soviet Union have the privilege of the veto power, thus limiting the numerical strength of the Third World.

changes in the "international environment" of that time.

The similarity in interpreting the period of the 1950s-70s by Professors Akira Iriye and A. Doak Barnett is evident. They both hold that it was a series of events between 1955 and 1970 that forced Beijing to modify its perception of the international framework and redefine who were China's friends and enemies.¹⁴ China's alignment with the United States, by and large, should be understood as an act to create a counterweight to Moscow's hegemonic tendencies, which had become the main threat to China.¹⁵ In a similar manner, Dr. Henry A. Kissinger wrote in his memoir *White House Years* that

Impelled by the obvious menace of the Soviet buildup on the 4,000-mile common border, China wanted to reduce the number of its adversaries and to obtain another counterweight to Soviet pressure.¹⁶

Considering China's failure in achieving Third World leadership and the size and power of the Soviet Union, the United States was the single best alternative.

¹⁴ These events would include: The U.S.-Soviet summit conference of 1955, the Test-Ban Treaty of 1963, the Sino-Soviet border conflict and American retrenchment in Asia.

¹⁵ See Akira Iriye, "The United States in Chinese Foreign Policy" and William Barnds, "China in American Foreign Policy", William Barnds ed., *China and America*, New York: New York University Press, 1977. pp11-52 and pp196-241 and A. Doak Barnett, *China and the Major Powers in East Asia*, Washington: Brookings Institution, 1977. p163

The Soviets became the main threat, whereas the United States became a less formidable enemy to China. Dr. Kissinger says that

Chou [Zhou] En-lai had understood us. He had even grasped by early 1970 what so many domestic critics had failed to acknowledge: that we were on the way out of Vietnam. And he coupled this with an unmistakable hint that China had no intention of entering the Vietnam war or, for that matter, of attacking any other vital American interest.

See Kissinger, p689

¹⁶ Henry A. Kissinger, *White House Years*, p685

This was not only because of the superpower status of the United States, but also because of its position and influence in the Western world. A *rapprochement* with it would not only partly balance off the Soviet menace, but would very likely reduce the number of China's enemies in the West by a large amount. This was what some Western-educated Chinese leaders headed by Zhou Enlai¹⁷ had expected. The presumably most powerful pro-Soviet leader, Marshal Lin Biao, died in 1969 and the main barrier to a Sino-U.S. relationship from within the Chinese government was finally removed. Chairman Mao, the most important figure then in China's policy making, believed that China and the United States needed each other in resisting Soviet expansionism.¹⁸

3.1.2. The U.S. Perspective

From the U. S. perspective, President Richard Nixon and his National Security Advisor Dr. Kissinger, the two American architects of Sino-U.S. *rapprochement*, believed that world peace and security¹⁹ were largely determined

¹⁷ Both the late Chinese premier Zhou Enlai and the current leader Deng Xiaoping were educated in France. Other important designers of the Sino-U.S. *rapprochement* such as Huang Hua, a long time senior foreign service officer from the Yanan period, was the student of Mr. Leighton Stuart, American Ambassador to Nationalist China. Also involved in the designing phase were Chi Chaozhu, an American educated Chinese, and a host of other foreign service officers educated in St. John's University, an American missionary school in Shanghai.

¹⁸ He asked President Nixon and Dr. Kissinger when meeting them: "If neither side had anything to ask from the other, why would you be coming to Peking? If neither side had anything to ask, then why...would we want to receive you and the President?" See Kissinger, *White House Years*, p1060

¹⁹ These are very vague terms. They cover the American intent to keep the American status.

by the relationship between the United States and the Soviet Union. Thus Sino-American *rapprochement* was designed, according to Morton H. Halperin, under such a "linkage" strategy.²⁰

Halperin observes that other international and domestic events, such as the Sino-Soviet split and American disillusionment in the Vietnam war, were not the fundamental driving force, but only served to make it easier domestically for Nixon to act.²¹

Considering the weight a Sino-U.S. *rapprochement* would carry, few expected the dramatic manner in which this process was actually started. John K. Fairbank notes that in 1971 "Washington sent more men to the moon than to China, even though China is closer and more populous, and the trip less costly and dangerous."²² Less than two months after Chairman Mao Zedong's issuing of the declaration "People of the World, Unite and Defeat the U.S. Aggressors and

²⁰ Morton H. Halperin defines the "linkage" strategy as

...an effort to negotiate with the Soviet Union on a broad range of international issues---from the Middle East to strategic arms limitation negotiations to Indochina to the security of Central Europe. ... Thus relations with other nations are to be seen largely as they affect the overall relationship with the Soviet Union and contribute to world stability.

See *Sino-American relations, 1949-71*. Documented and introduced by Roderick MacFarquhar. David & Charles, Newton Abbot. 1972. p7. Kissinger's view of linkage strategy was discussed in the first chapter. Halperin has applied Kissinger's definition to the Chinese case.

²¹ Ibid., p7

²² John King Fairbank, *China Watch* Cambridge, Massachusetts and London: Harvard University Press, 1987. p125

All Their Running Dogs",²³ Dr. Kissinger, representative of President Nixon, went to Beijing for a secret visit between July 9-11, 1971 on his way to Paris via Islamabad.²⁴

The secret visit led to a joint statement in which both sides simultaneously announced China's invitation to President Richard Nixon for an official visit and Nixon's acceptance. Nixon said in his speech over American nationwide television and radio networks that

As I have pointed out on a number of occasions over the past three years, there can be no stable and enduring peace without the participation of the People's Republic of China and its 750 million people. That is why I have undertaken initiatives in several areas to open the door for more normal relations between our two countries.²⁵

This statement, however, was meant for the public and did not give all the reasons in Nixon's mind why normal relations between the two countries were thought necessary.

In a report to Congress on U.S. Foreign Policy for the 1970s on May 3, 1973, President Nixon made it clearer when he stated that

The driving force behind this process is not personalities, or atmosphere, or a sense of adventure, or transitory tactical benefits. Our two nations undertook this course in full knowledge of our differences. We chose to change our rela-

²³ Issued on May 20, 1971, Kissinger, p695.

²⁴ A very detailed story of Kissinger's secret visit to Beijing (Peking) is given in his own memoir under the subtitle "The Journey to Peking" See *The White House Years*, p733-787

Dr. Kissinger lied to the press, telling them that he had a bad cold so that he could disappear for three days to make his secret trip while the others thought he was in bed.

²⁵ Kissinger, p759. The announcement was said by many to have shocked the world.

tionship because this served our fundamental national purposes.²⁶

In addition to a "stable and enduring peace", "fundamental national purposes" were brought in. It is to be noted that these two terms may not always be the same. While many countries may use terms similar to "stable and enduring peace" to justify their actions, such terms may mean quite different things. The Soviet Union would, for example, regard the United States as the major threat to world peace; the PRC and the United States²⁷ clearly regarded the Soviet Union as the major threat to world peace.²⁸

Other U.S. officials in later administrations who were known for pushing a China priority policy²⁹ would include the National Security Advisor in the Carter administration, Dr. Zbigniew K. Brzezinski; Secretary of State in the Carter administration, Cyrus Vance; former White House Chief of Staff in the Reagan administration, General Alexander Haig, and former U.S. Vice President, now

²⁶ Ibid. p282

²⁷ At least the Chinese proponents of the *rapprochement*, President Nixon and the American scholars cited above.

²⁸ One of China's three basic demands in its negotiations with the Soviet Union is the withdrawal of Soviet forces from Afghanistan, the other two being to reduce the large number of Soviet troops stationed on the Sino-Soviet border and to stop backing the Vietnamese invasion of Kampuchea. The Soviet Union sees these events differently. It "insisted that its presence in Afghanistan was a matter affecting only the internal security of a third country, which could not, therefore, be discussed with China." Day, Alan J. (ed.), compiled by Peter Jones and Sian Kevill, *China and the Soviet Union, 1949-84*, Keesing's International Studies. London: Longman, 1985. p168

²⁹ For analytical convenience, I classify U.S. policy into two categories: China priority policy is the approach that advocates forging a China-U.S. partnership against the USSR; while the USSR priority is the approach that emphasizes the importance of U.S.-Soviet relations against that of Sino-American relations.

President, George Bush.³⁰ After the short Ford administration, full diplomatic relations with China were established on January 1, 1979, under the Carter administration.

The alleged strategic advantages for both China and the United States in their *rapprochement* in the 1970s rested upon gaining greater leverage in opposing the Soviet Union, though there were opponents to such a move in both governments.³¹

On the U.S. side, President Ronald Reagan was known originally as a staunch supporter of the Taiwanese interests. Although an outspoken critic of the People's Republic of China and an advocate of strong ties with the Chinese nationalist "old friends" in Taiwan in his election campaign, after becoming American president, Ronald Reagan never significantly shifted the current American policy from closer ties with Beijing.

³⁰ Secretary Vance visited the PRC as President Carter's first emissary to China in August, 1977. In April, 1978, Dr. Brzezinski visited the PRC to nurture the U.S. China connection against the Soviet Union. General Haig, who later served in the Reagan administration, was also among the top U.S. officials involved in the initial stage of Sino-U.S. *rapprochement*. He headed the advance trip in January, 1972, before President Nixon's official visit of China. George Bush was the U.S. *chargé d'affair* to China in 1974 and 75 under the Gerald Ford administration before full diplomatic relations with China was established during the Carter presidency.

³¹ Kissinger commented on the Shanghai *Communiqué* that
It brought together two previously hostile nations not because they desired to settle bilateral problems [indicating Taiwan] -- these could have been postponed for a substantial time -- but to deal across the gulf of ideology with common security concerns.

See his *White House Years*, p1086

3.1.3. Strategic Advantage For China and the United States

The stability of Sino-American relations, though argued here to be advantageous for both parties, has been challenged in academic studies. Paris H. Chang of Pennsylvania State University observes that the People's Republic of China "has no eternal allies nor perpetual enemies; only its national interests are permanent."³² From such an assumption, Chang proceeds to say that "the Sino-U.S. *rapprochement* in the early 1970s was not a marriage made in heaven, but one of expediency."³³ The long-term stability of the Sino-U.S. *rapprochement* may be questioned in this view.

The determination of permanent national interests in a country's foreign policy making is, apparently, also true in the case of the United States. A simple example is the United States' relationship with Britain. Britain was America's deadly enemy when the Americans were struggling for their independence. However, soon after Britain granted America independence with the Definitive Treaty of Peace of 1783 and the subsequent Jay Treaty of 1794, Britain was no longer America's enemy. In fact, Britain became a close ally of the United States, a condition that has extended through two World Wars and continues to this day. There may be a parallel situation with Sino-American relations. The People's Republic of China used to be an irreconcilable communist enemy, but

³² Paris H. Chang, "U.S.-China Relations: From Hostility to Euphoria to Realism" *The Annals of the American Academy of Political and Social Science*, Philadelphia, November, 1984. p157

³³ *Ibid.*, p163

now has become a friendly country. Despite this dramatic change, a key U.S. national interest since World War II, namely, to deny the Soviet Union a clear political and military superiority, has remained permanent.

There is one more example concerning the United States. During the Second World War, the United States joined forces with the Soviet Union and resistance elements in the now Eastern Bloc states to fight against the Axis powers and win the war; in post-war years, the United States, together with all of its war time enemy countries (i.e., West Germany, Italy and Japan), has been in opposition to these same countries. It seems clear that such pronounced realignments do not impair subsequent stable relations for a time between two former adversaries. While foreign policies may shift, national interests remain relatively stable.

Regarding the benefit China enjoys in Sino-American relations, Paris H. Chang observes that

... without the U.S. connection, the PRC would be at considerable disadvantage in its negotiations on normalization of relations with the Soviets; it would certainly not be in a good position, as it is now, to set the tone of the negotiations.³⁴

It should be pointed out here, however, that the position of the United States *vis-à-vis* the Soviet Union has been significantly strengthened by the Sino-American tie as well. Many divisions of Soviet troops stationed in Europe, for example, have been moved to the Sino-Soviet border.

³⁴ Ibid., p159

Sino-American *rapprochement*, if not "a marriage made in heaven", certainly is not a one-sided love affair. The stability of such relations enjoys a kind of double proof, i.e., the motivation on both sides to contain the Soviets yet still maintain their own autonomy and influence.

3.1.4. The Strategic Triangle

Before the Sino-Soviet split, there were only two main opposing forces, or two opposing camps. The international system was therefore what many called bipolar, with most of the world's important powers clustered around either the United States or the Soviet Union. Only after the late 1950s and the early 1960s, when China deviated from the the political sphere of the Soviet Union, did the Triangle start taking shape.

To help understand the Triangle and its evolution, many scholars have attempted to make a two dimensional figure of its shape.³⁵ Drawing on the previous works on the figure of the Triangle, and inspired by articles about game

³⁵ For some of those figures, see Lowell Dittmer, "The Strategic Triangle: A Critical Review", in Ilpyong J. Kim ed., *The Strategic Triangle*, p34.

James C. Hsiung, "Internal Dynamics in the Sino-Soviet-U.S. Triad," in Ilpyong J. Kim ed., p234 & p238.

R. J. Rummel, "Triadic Struggle and Accommodation in Perspective", in Ilpyong J. Kim ed., p265.

While most of these authors use solid line to indicate amity and dotted line to indicate enmity in their figures of the Triangle, some have made it highly technical and mathematical, such as James C. Hsiung's "Sino-U.S.-Soviet Relations in a Triadic Game Perspective", Hsiung ed., *Beyond China's Independent Policy*, pp107-31

theory in the analysis of international conflict,³⁶ a different figure of the Strategic Triangle is made here. In this figure, rational choices in the three-player game are given scores, and such scores will be put on the vertical coordinate axis; ideological positions of the three players will be put on the horizontal coordinate axis.³⁷

Rules of vertical score in the following figures are:

For each player, amity with one other player = +1.

For each player, enmity with one other player = -1.

If the scores of the three players in the three different stages of their relationship in the 1950s, 1960s and the 1970s-80s are translated into three two dimensional figures, they will turn into the following charts.

³⁶ These articles include John C. Harsanyi's "Game Theory and the Analysis of International Conflict" in James N. Rosenau ed., *International Politics and Foreign Policy*, The Free Press, 1969. p370; Duncan Snidal, "The Game Theory of International Politics", in *World Politics*, Vol. 38, No. 1, October 1985. p25-57. and Robert Jervis' "Realism, Game Theory, and Cooperation", in *World Politics*, Vol. 40, No. 3, April 1988. p317-349.

³⁷ It is not easy to measure ideological positions and give accurate scores. It is possible, however, to set a rough order of ideological positions, which seems to be good enough for this discussion.

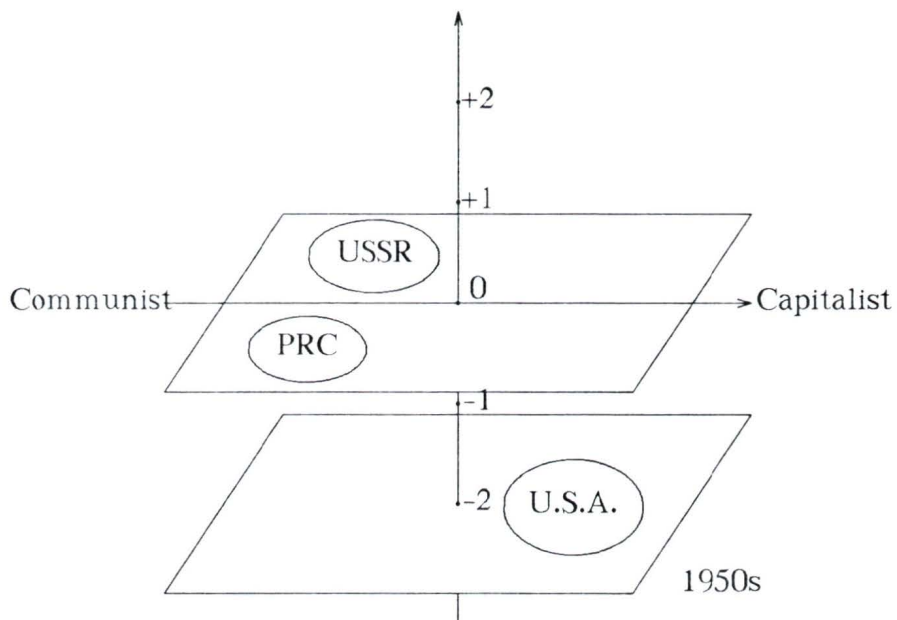


Figure 3.1, The Two Camps.

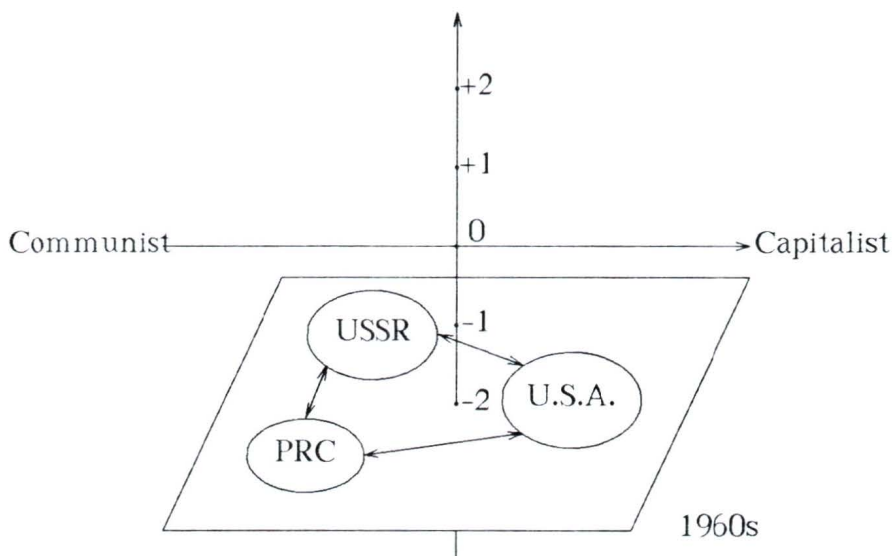


Figure 3.2, Formation of the Strategic Triangle.

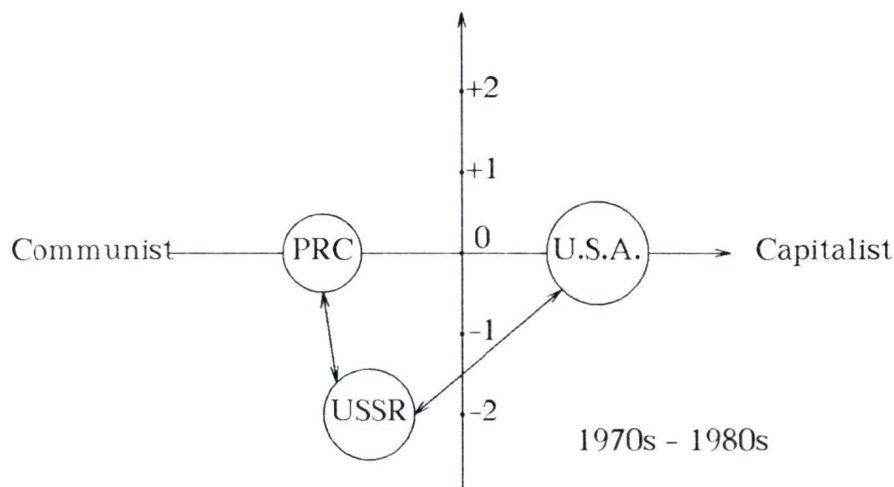


Figure 3.3, The Development of the Strategic Triangle.

So far, scholars studying Sino-American relations, such as Professors S. I. Levine, Robert A. Scalapino³⁸ and Akira Iriye³⁹, have devoted their attention to the Strategic triangular relationship between the PRC, the United States and the Soviet Union. The scope of this study is further broadened by Professor Thomas W. Robinson.

Seeing beyond the common vision, Robinson questions the stability of the Big Triangle from outside. While accepting that China is taking part in the Strategic Triangle as a junior partner, Robinson speculates that the Triangle will itself be subject to pressure from outside. Such pressure would first come from Japan and considerably later--he is quite sure--from India and Brazil or a united

³⁸ For reference, see John Bryan Starr ed., *The Future of Sino-American Relations*, New York University Press, 1981.

³⁹ For reference, see "The United States in Chinese Foreign Policy" and "China in American Foreign Policy", in William Barnds ed..

Western Europe. Such future pressure would change the triangular to a quadrilateral and later multilateral.⁴⁰ It is doubtless that once that Triangle changes, Sino-American relations would be influenced to some extent. In this light, Robinson's approach offers a new dimension in the study of Sino-American relations.

Robinson's argument is based on the assumption that other powers can exert enough pressure to force changes in the Triangular shape. If this happens, China would be closer to the Western gravity. This is because, economically, Japan and Western Europe weigh much more than India. Whether this will happen, however, remains to be seen. In the current big Triangle, the People's Republic of China and the United States now have, at least for the time being, good bilateral relations. The visit of Premier Zhao Ziyang to the United States in January, 1984, and President Reagan's return visit to China in April, 1984, made a significant contribution to, and marked the cooperative relations between, the two countries. Such cooperative relations have progressed in the recent past and seem to be stable currently, especially with George Bush, who was the first American *chargé d'affair* to the PRC, elected as the president of the United States.

⁴⁰ Thomas W. Robinson, "The United States and China in the New Balance of Power" *Current History*, September, 1985. p281

3.2. Sino-American Economic Relations

While strategic considerations were originally the fundamental motivating force in Sino-American *rapprochement*, Sino-American economic relations are becoming more and more important and have contributed to the overall development of Sino-American political relations.

3.2.1. The Chinese Four-Modernization Program

After Chairman Mao Zedong's death in 1976, the central committee of the Chinese Communist Party launched a nation-wide campaign calling for a drastic promotion of the status of science and technology. By then, it was accepted not only in academic circles but in an open, public manner that the Western imperialist policy was only one side of the coin in explaining China's contemporary history; on the other side of the coin, the underdevelopment of technology in China and the isolationist policy of the time were important elements that led to China's defeat.⁴¹

This campaign of promoting science and technology and the ensuing open, wide discussion of the future of China finally developed into a decision of a Four Modernizations program, namely, modernizations in industry, agriculture, national defense, science and technology.

⁴¹ The far outdated Chinese technology in transportation, engineering and military industry severely crippled the combat capabilities of the Chinese armed forces.

The Four Modernizations program is a domestic economic policy. Its implications for China's foreign policy were, however, profound. Professor Steven Goldstein says that

China's emphasis on the centrality of domestic economic development and its revised global view led it to a foreign policy orientation very different from those policies that had been the basis of Sino-American relations in the 1970s.⁴²

The reorientation of China's foreign policy, as a result of China's emphasis on its economic construction, would very likely strengthen the basis of Sino-American relations rather than encroach upon it. From an economic point of view, a boom in China means that the potential China market would become more viable for the Americans. Only after a considerable rise in Chinese consumption level takes place will the long-perceived huge China market come true for the Americans. "Along with modernizations, a prosperous, strong China may become an important trading partner and a competitive counterpart for the United States. This healthy competition may stimulate economic growth in both countries."⁴³

In China, the three top priorities for its leadership in the 1980s are: 1) the containment of hegemony,⁴⁴ 2) reunification of China,⁴⁵ and 3) the program for

⁴² Steven Goldstein, "Sino-American Relations: Building A New Consensus" *Current History*, September 1984. p241

⁴³ Zhang Jia-lin, "Assessing United States-China Relations", *Current History*, September, 1985. p304

⁴⁴ This is directed against the Soviet global expansion, especially the Soviet encirclement of China through Afghanistan and Viet Nam.

⁴⁵ In other words, to integrate Taiwan. The political campaign of this policy has been

Four Modernizations. The emphasis has been and will continue to be placed on the third objective, upon which the fulfillment of the other two hinges.⁴⁶ This means that a cooperative relationship with the United States would still be at least as desirable as it has been, because the United States is one of the most important sources of support in this modernization drive.

The size of the players in the last three figures (Figures III1, 2 and 3) are roughly in accordance with their actual economic capacity. The economic capacity of a country has profound influence on a country's ability to meet external challenges, as Paul Kennedy's book has demonstrated.⁴⁷ In the case of China, economic construction is important not only because of the necessity of improving its position in the Strategic Triangle, but also because the stability of the current leadership depends on it.⁴⁸

On the whole, there are no major political obstructions in the way of Sino-American economic development, which would mean a reinforcement of the broad bilateral relations for both parties. In view of the Strategic Triangle, an overdependence of China on the United States, however, is to be cautioned against.

toned down a bit. The emphasis is now more on enhancing civilian communication and economic relations.

⁴⁶ Paris H. Chang, p163

⁴⁷ See Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House, 1987.

⁴⁸ So is the current Soviet leadership on *perestroika*, one may say.

3.2.2. The Problem of Overdependence

The term "overdependence" is used to mean two things:

One, except in the period of 1950-1970, the United States has always been among China's top trading partners; in contrast, the trade with China has never been nearly as important in economic terms for the United States.

In 1985, "the United States was the second largest exporter to China, exceeded only by Japan."⁴⁹

By the end of 1985, total US direct investment in China committed through agreements exceeded \$2.1 billion. Of this sum, \$275 million was in joint ventures, \$896 million in joint production enterprises, and \$958 million in joint exploitation of offshore oil. There are now over 130 Sino-US joint ventures, about 5.7 percent of the total number of joint ventures in China.... Sino-US joint ventures have only had a short history, but they have already yielded good economic results....⁵⁰

The total volume of Sino-US trade has increased rapidly. It is, however, still minuscule on the U.S. side in terms of percentage of total US foreign trade. The total volume has been never been higher than 2 percent in total US foreign trade.

⁴⁹ Qixiang Ye, "The United States", in Huenemann ed.. p80

⁵⁰ Qixiang Ye gives two examples to demonstrate his point: (1) Discovery of the rich natural gas field with a reserve of 90 billion cubic meters in the South China Sea. Production is scheduled to begin in 1990. (2) The joint venture of Cherokee and Beijing Jeep Company began production in January 1984. Within two years, the Company has reaped a profit of \$26.8 million. See p83-4 of his "The United States" in Huenemann ed..

	1975	1980	1984	1985	1986
U.S. Export	107,592	220,783	217,888	213,146	127,304
Import	96,902	244,871	325,726	345,276	369,961
Total Volume	204,494	465,654	543,614	558,422	587,265
Communist areas in Asia					
Export	305	3,756	3,027	3,876	3,136
Import	160	1,059	3,067	3,865	4,772
Total Volume	465	4,815	6,094	7,741	7,908
Percentage	0.2%	1%	1.1%	1.4%	1.3%

Table 3.1, Percentage of Chinese Foreign Trade

in U.S. Trade (in millions of U.S. dollars).

Source: *Statistical Abstract of the United States, 1988*, 108th Edition. U.S. Department of Commerce, U.S. Government Printing Office, 1988. pp770-2.⁵¹

The economic stake is therefore high for the PRC on the one hand but low for the United States on the other. As a result, the PRC's economic interests may be seriously hurt by what could be minor economic fluctuations in the United States.

Besides this, Sino-U.S. economic relations are not without other problems at present.

⁵¹ Note: there is only an item of "Communist areas in Asia" (which may include countries such as Korea and Vietnam) under U.S. Foreign Trade by Continent, Area and Country. The true percentage should therefore be even lower than appears in this table.

On this point, see also Qixiang Ye, "The United States", *China's Foreign Trade*, p81, and John King Fairbank, *China Watch* Cambridge, Massachusetts and London, England: Harvard University Press, 1987. p.21

According to resolutions by the United Nations Conference on Trade and Development (UNCTAD), a system referred to as the Generalized System of Preferences (GSP) should be applied to exports from developing countries to the developed countries. At present, among those Western countries that have adopted GSP, the United States is the only one that refuses to accord China GSP status.⁵²

The second feature of "overdependence" is that China does not have many alternatives in terms of trade, although one may make a counter argument that Beijing can play Paris, Hong Kong or Tokyo against Washington. Youhou Liu's research shows that in 1963, China

... imported from France the technology and equipment to produce butyloctanol, which set the precedent for importing new technology and complete sets of equipment from Western countries. In 1964, General de Gaulle showed great insight in deciding to recognize the People's Republic of China, an event which had repercussions throughout the world. China then imported quite smoothly the patented French technology to produce Berliet trucks.⁵³

Liu believes, however, that "the Paris-based Coordinating Committee (COCOM) still restricts the flow of technology to China", and calls for a quick removal of the existing discriminatory restrictions on exporting technologies to China.⁵⁴

France, though one of the first Western countries that opened their economic relations with China after World War II, has now become a much less significant trading partner of China after China's open policy in the late 1970s. It was not

⁵² Ye, Qixiang, "The United States", *China's Foreign Trade*, p90

⁵³ Youhou Liu, "Western Europe", in *China's Foreign Trade*, p102

⁵⁴ *Ibid.*, p107

even among the top ten in 1987.⁵⁵ Hong Kong will be returned to China in 1997. The fast outflow of money from it may make it sterile as a world financial center, an eventuality about which China is now deeply concerned. Japan and West Germany are the United States' close allies. Their economic policy on China may not currently be highly co-ordinated with that of the United States;⁵⁶ however, they may possibly be co-ordinated in the event of a political showdown in the future.⁵⁷

When the victory of the Chinese Communist Party in the Chinese revolution was followed a year later by Chinese entry into the Korean War, the United States imposed an embargo on all trade with China and America's allies and most of the rest of the noncommunist world followed suit.⁵⁸

Although the world has changed now and ideological divisions are less severe than they were, caution in this regard may not simply be disregarded. To avoid the situation of "overdependence" on the U.S., an alternative for China is improved Sino-Soviet economic relations. The theoretical consequences of this

⁵⁵ According to a Chinese figure, the top ten trading partners of China in 1987 are: Hong Kong, Japan, the United States of America, the Federal Republic of Germany, the Soviet Union, Singapore, Canada, the United Kingdom, Australia and Italy. Dong Qing: "Chinese Foreign Trade: Retrospect of the Last Ten Years and Prospect for the Future", in *Outlook Weekly*, Hong Kong: North American Ed., N.C.N.Ltd., 1989. No. 2, p5

⁵⁶ Since the Western financial system is highly intertwined, the major economic powers may be sensitive to each other's financial fluctuation as "Black Monday" in late 1988 has shown.

⁵⁷ This is not a total rejection of the enhancement of economic relations with France and Japan as back-up alternatives. China still has to do a lot in that direction. Further discussion of potential Sino-European co-operation, however, would lead to another broad area beyond the scope of this three-player triangular analysis.

⁵⁸ Perkins, Dwight, "The Economic Background and Implications for China," in *The Sino-Soviet Conflict, A Global Perspective*, Ellison, Herbert (ed.), Seattle and London: University of Washington Press, 1982. p92

alternative in view of the three-player game and its feasibility will be examined later.

3.3. Taiwan Question in Sino-American Relations

The Taiwan question stands out as a particular problem in Sino-U.S. relations. It has been a major concern in the development of Sino-American relations from the very beginning of Sino-American *rapprochement*, but it has not, and may not likely in the future, outweigh the strategic consideration of the Triangle. The *rapprochement* came about by an agreement to disagree on the Taiwan question.⁵⁹

The position of the Chinese government on the Taiwan question has never changed. Both the Chinese and Taiwanese governments have insisted that the resolution of the Taiwan question is completely China's domestic problem and that no foreign country should interfere. The solution of the Taiwan question, however, certainly affects one other country, the United States.

Studies on the Taiwan issue, though conducted in different light by different people, are mostly conducted within the broad context of Sino-American relations. For some Americans, the Taiwan question is a special case in the sense that

⁵⁹ The well-known vague term "Chinese on both sides of the Taiwan Strait" invented by Dr. Kissinger in the Shanghai *Communiqué* was a compromise on the two governments' disagreement concerning Taiwan.

it has some ideological significance. A. James Gregor and Maria Hsia Chang hold that the Taiwan question is one concerning a complex set of multilateral relations in East Asia, which

... included not only the new relationships among the United States, the ROC and the People's Republic of China (PRC), but also engaged the interests of most of the littoral and insular states in the region. ... The decision by the Carter administration to withdraw diplomatic recognition from Taipei in order to pursue anticipated advantages with Beijing reflected adversely on the image of the United States as a reliable defense partner with its non-communist allies in East Asia.⁶⁰

For these people, the ROC is a non-communist ally, while the PRC is a communist state that has expressed vehement opposition to the United States. In their minds, ideological concerns should prevail over *de facto* power relation shifts. Through an ideological lens they envisage that a capitalist Taiwan is more important to the United States than the strategic concerns of a communist China.

Despite the efforts of such people (the KMT lobby, such as Senators Jacob Javits, Frank Church, and Edward S. Corwin),⁶¹ the American government initiated a dialogue with Beijing which led to the establishment of diplomatic relations with China. The practical approach prevailed.

⁶⁰ A. James Gregor and Maria Hsia Chang, "Military Power, the Taiwan Relations Act, and US Interests in East Asia." *Journal of Strategic Studies*, Vol.8, September 1985, No.3. p247

⁶¹ See Cecil V. Crabb, Jr., "An Assertive Congress and the TRA", in Louis W. Koenig, James C. Hsiung and King-yuh Chang eds., *Congress, The Presidency and the Taiwan Relations Act*, New York: Praeger, 1985. p85-110

It was a heated controversy in the U.S. whether the United States should normalize its relations with the People's Republic of China at the expense of its "old friends" in Taiwan. The controversy now, over ten years after the Sino-U.S. *rapprochement*, persists. The main concern, however, has changed from whether the U.S. should talk to the PRC at the expense of Taiwan to how to solve the Taiwan question without angering China. Taking a technical approach, Gregor and Chang argue that the present available military inventory in Taiwan could hardly inspire confidence in the Taiwanese air force to deter the PRC in the Taiwan Strait.⁶² They assume that

assimilating a new fighter aircraft into the ROC Air Command ... would involve a minimum of three to five years' lead time. The past history of the PRC indicates that its foreign policies can change dramatically in far less time....⁶³

and that

it is easily conceivable that the current 'peaceful' policy of Deng Xiaoping toward the ROC could be quickly transformed into a decision to resolve the dispute through an appeal to force.⁶⁴

In the metaphor offered by John C. Garnett, Professor at the University of Wales, international politics is like a football game. We cannot "appreciate a goal in a football match without first understanding the concept of 'game', the rules

⁶² From a technical view, Gregor and Chang hold that

the present available inventory, the fighter/interceptor units of the ROC Air Command, at best, could exact a 'loss exchange ratio' (a kill-ratio) of about 1.55:1 against PRC R-4s and F-6s equipped with ATOLL air-to-air missiles (AAMs)-hardly a ratio that would inspire much confidence in the ability of the ROC air force to serve as a deterrent to PRC military adventure in the Taiwan Strait.

Ibid., p252

⁶³ A. James Gregor and Maria Hsia Chang, p250

⁶⁴ Ibid., p256

of soccer and the idea of 'scoring'...".⁶⁵ This metaphor undoubtedly helps to understand the Taiwan question.

The drastic changes in Chinese foreign policy in the past⁶⁶ had their origin in Chinese leaders' perception of international power relations. The process of the Sino-American *rapprochement*, for instance, did not start before the American retrenchment policy in Asia initiated under the Nixon Doctrine, and a common concern of China and the United States over the Soviet global expansion. China's Taiwan policy could be expected to change only in conformity with its broad foreign policy and would not seem likely unless another dramatic power shift took place.⁶⁷ No such shift is immediately discernible.

A solution of the Taiwan question may depend largely on the PRC's economic strength. If China's Four Modernizations programme is successful, we could expect some possible change in its foreign policy. Robinson has probed such possible change. He notes that

Beijing cannot--and in the end will not desire to--avoid the iron law of international relations, i.e., that a nation's range of interests expands in consonance with the growth of its power.⁶⁸

⁶⁵ John C. Garnett, *Commonsense and the Theory of International Politics*, London: MacMillan, 1984. p17

⁶⁶ From the rupture of Sino-U.S. relations to the "lean-to-one-side" policy, from the Sino-Soviet split to Sino-American *rapprochement* as discussed in the preceding chapter and the first part of this chapter.

⁶⁷ Drastic change in Chinese political leadership may also have some influence on China's Taiwan policy.

⁶⁸ Thomas W. Robinson, p.244

In his mind, it is not a question of whether or not, but one of *how* China will use its new-found power. Probably it is true when he says that

Aside from Taiwan, the country has few territorial ambitions--some islands in the South China Sea, a few hundred square miles of disputed mountains and river islands on the Sino-Soviet border, perhaps in the very long run Mongolia.⁶⁹

The rhetoric of the KMT to integrate the mainland has never abated, though it is now not as shrill as it was in the 1950s. Unfortunately for the Taiwanese nationalist leaders, the hope for Taiwan to integrate China seems farther and farther from reach, since China has established a relatively stable political system and a vastly larger economic base than Taiwan. Either militarily or economically, the possibility for Taiwan to integrate China is extremely bleak, if not absolutely zero. On the contrary, the probability of reunification of Taiwan to the PRC seems to be increasing. This is because the PRC would mean a huge domestic market for Taiwan if the two were unified and also because Beijing has made the prospect more acceptable by promising that the social and political system of Taiwan can be kept intact. Ideological differences notwithstanding, such an outcome might sound tempting to the general Taiwanese public.

It does not seem very likely now that the solution to the Taiwan question can be reached soon. On the other hand, it is not very likely either that the Taiwan question would substantially damage the present Sino-American strategic relations. As such relations are beneficial to both parties, it is rational for both to

⁶⁹ Ibid., p244

choose to accommodate one another as they have already done rather than push hard on this issue.

Despite his pro-Taiwan rhetoric in his presidential election in 1980, President Reagan has never, in effect, taken any significant pro-Taiwan action at the expense of Sino-American relations. His Taiwan policy record is one of concession to the Chinese demand on the problem of arms sale to Taiwan. The ten month intense negotiation and hard bargaining at the turn of 1981, which included a special trip to Beijing in May 1982 by then Vice-President Bush to hold discussions with the Chinese leaders, culminated in a joint communiqué on August 17, 1982, which marked a major concession by the United States. An imminent diplomatic crisis between the two countries was thus averted.⁷⁰ The United States, though refusing to set an explicit cutoff date for its arms sales to Taiwan, "declared for the first time its intention to restrict its arms supplies at current levels of quality and quantity and to reduce the sales gradually, 'leading, over a period of time, to a final resolution.'"⁷¹

While the U.S. State Department tacitly accepted the PRC's view regarding the Taiwan Relations Act (TRA), Paris H. Chang believes that the PRC, in return for the U.S. undertaking, has itself offered an implicit, [although ambiguous] promise to strive for a peaceful solution to the Taiwan question.⁷² Thus, exactly

⁷⁰ Paraphrased from Paris H. Chang, p160

⁷¹ Ibid., p160

⁷² Ibid., p160

ten years after the agreement to disagree by President Nixon, another agreement to disagree was reached.

Stability in the Taiwan Strait would be subject, reasonably, to China's position in the big Triangle. Before China realizes its Four Modernizations, and the power relationships among the big three become subsequently altered, a final solution of the Taiwan question is not highly probable. Because a quick solution to the Taiwan problem is unlikely to occur soon, and neither side would like to see bilateral relations damaged, it would appear that, when further incidents arise, the PRC and the United States will seek one way or another for a further agreement to disagree on the Taiwan problem.

Although it is argued that an "overdependence" on the U.S. is not in China's interests, it is not suggested in any sense that the solution is to cut off or even to cut down economic relations between the two countries. The solution to China's overdependence lies in enhancing multilateral economic relations and, in the three-player game, enhancing economic relations with the Soviet Union. Since both China and the United States gain one point *vis-à-vis* the Soviet Union in the three player game by keeping relations friendly, such good relations may remain stable for a considerable length of time despite any possible improvement in Sino-Soviet economic relations.

CHAPTER 4

Current and Future Change of the Triangle

China seems to have learned from the lesson of its devastating "Lean-to-One-Side" policy. Besides the purpose of counter-balancing the Soviet threat, the Sino-American *rapprochement* was also an effort to create a multitude of relationships with the West. Ironically, China's current political and economic relationships with the two superpowers show a rough parallel to the "Lean-to-One-Side" policy, at least in a limited sense.¹ Over the last thirty years, however, two important changes have occurred in China's favour. First, the world has undergone some important changes. International political and economic relations are not nearly as strictly determined by ideological allegiance as they were in the 1950s and 60s. Second, China has developed diverse multilateral relations, although these have yet to fully mature. Therefore China has now some alternative relationships to lean back on in the event of fluctuations in Sino-American relations.

Some new questions arise under these changed circumstances in the 1980s. If the realist argument based on power is valid in explaining the Sino-Soviet split

¹ China has both good political and important economic relations with the United States but sour political relations and very insignificant economic relations with the Soviet Union, although some changes have been occurring in the last few months.

and the Sino-American *rapprochement*, is it equally valid in accounting for the recent changes in the Triangle? If so, what have the above-mentioned changes meant for the triadic game theoretically and what direction of future development are some of the recent events pointing to? Answers to these questions are important both for testing the realist approach and for a sound understanding of the Strategic Triangle.

Graphically, there are three sides in the figure of the Triangle. The side of Russo-American relations is a complicated area for which any simple analysis would seem insufficient. Many accept, however, that basically the United States and the Soviet Union still remain the two biggest opposing forces in the world. The summit meetings between Reagan and Gorbachev, the recently reached INF Treaty, and the Soviet withdrawal from Afghanistan are only slight reductions of tension between the two superpowers. These events have not changed the conflict between the two. Because neither one of the two superpowers can be expected to give up their competition for global power, the focus of this chapter will be on the two other sides of the power Triangle: Sino-Soviet and Sino-American relations, where some opportunities for change exist, and some changes are indeed occurring.

4.1. Improvement of Sino-Soviet Relations?

Bilateral relations between the two communist giants, China and the Soviet Union, have been developing on two separate tracks, one political, the other economic. Sino-Soviet political relations have lately shown some sign of improvement. After about twenty years of animosity, ministerial talks between the two countries have finally led to a scheduled summit between Deng and Gorbachev in May of 1989.² Such improvements came after years of fruitless negotiations. Contrary to the publicity of the two governments, that significant progress may be expected, the theoretical analysis developed in this paper seems to lead to an opposite conclusion. Steps towards normalization of Sino-Soviet relations may be very limited. On the other hand, though not as widely publicized, economic relations between the two have been improving and could even see a boom under continued politically adverse conditions.

4.1.1. The Limit on the Development of Sino-Soviet Political Relations

One noted scholar in Soviet studies commented on the latest development in Sino-Soviet relations:

² Chinese foreign minister Qian Qichen extended an invitation to Gorbachev on February 4, 1989 for an official visit to China. Soviet foreign minister Shevardnadze accepted the invitation on behalf of Gorbachev. See *Ren Min Ri Bao (People's Daily)*, February 4, 1989.

The ideological dimension of the rivalry, which played such an important part in the early stages of its development, has been reduced sharply. The conflict has become primarily a clash of national interests and ambitions.³

The point made in this thesis is that ideological rivalry is but a mask. The conflict of national interests has always been the real reason of the Sino-Soviet split. In the 1980s, the "clash of national interests" came to manifest itself differently from the 1960s. The boundary disputes of the sixties, though not solved, are no longer the major issue. Instead, the "Three Main Obstacles" to improving relations between the PRC and the Soviet Union, as identified by Chinese leaders, are currently the most important features of the "clash of national interests". These Three Obstacles are:

(1), the deployment of large numbers of Soviet troops on the Chinese border and in Mongolia (stationed there since the Sino-Soviet split in the late 1950s);

(2), the Soviet intervention in Afghanistan (from December of 1979 to February of 1989); and

(3), Soviet support for the Vietnamese occupation of Cambodia (since 1978).⁴

Beginning in 1982,⁵ round after round of official ministerial negotiations

³ Seweryn Bialer, *The Soviet Paradox, External Expansion, Internal Decline*, New York: Alfred A. Knopf, 1986. p239

⁴ Carter's National Security Advisor Zbigniew Brzezinski commented on a CBS TV program *Face the Nation* that Vietnamese-Cambodian conflict was the first instance of "proxy war" between the USSR and China. See *New York Times*, January 9, 1978. This proxy war has lasted for almost a decade.

⁵ China broke off talks of all kinds with the USSR after December, 1979 to protest

were held. But the two sides were not able to make any significant progress.

The first contacts between the two countries' Foreign Ministries after President Brezhnev's Tashkent speech of March 1982 occurred during a visit to Beijing on May 13-21, 1982, by Mikhail Kapitsa, director of the Soviet Foreign Ministry's Far Eastern Department (subsequently appointed a Deputy Foreign Minister in December 1982).⁶

Seven months after Kapitsa's visit, talks between the two countries rose to the deputy foreign minister level (officially described as "consultations"). The first round of consultation opened in Beijing on October 5, 1982, and concluded on October 21. The Soviet delegation was led by Leonid Ilyichev (who had also headed the Soviet delegation at the Beijing border talks of 1970-78 and the Moscow talks of 1979), and the Chinese delegation by Qian Qichen.⁷

After the first round of consultation, Soviet Deputy Foreign Minister Mikhail Kapitsa was invited to Beijing for a week's official visit on September 9, 1983. He was the first high ranking Soviet officer to be invited to China in over two decades.⁸

The second and the three subsequent rounds of talks made no apparent progress on the main issues. Only a joint statement was issued noting better mutual

the Soviet invasion of Afghanistan.

⁶ Alan J. Day (ed.), compiled by Peter Jones and Sian Kevill, *China and the Soviet Union, 1949-84*, Keesing's International Studies. London: Longman, 1985. p176

⁷ See Alan J. Day (ed.), compiled by Peter Jones and Sian Kevill, *China and the Soviet Union, 1949-84*, Keesing's International Studies. London: Longman, 1985. p178

See also *New York Times*, October 23, 1982.

⁸ *New York Times*, September 9, 1983.

understanding and beneficial links in trade and culture.⁹

Although Sino-Soviet talks seemed to be in a stalemate, Bialer observes that

If logic were a guide to policies, despite the virulence of both Soviet and Chinese attitudes and attacks on each other, one would have predicted an effort on both sides to improve their relations. The failure of *détente* with the United States, economic difficulties, the overextension of foreign policy, and the uncertainties of post-Brezhnev successions all argue for better relations with China, or at least deescalation of the conflict.¹⁰

Bialer's observation was well founded. After the three leadership changes in 1982, 1983 and 1985,¹¹ the Soviets made the first overture in improving Sino-Soviet relations. The presumed breakthrough of the Sino-Soviet stalemate occurred in March, 1985 during Soviet leader Konstantin Chernenko's funeral when Mikhail Gorbachev made his *début* as the youngest Soviet leader since Joseph Stalin. Gorbachev arranged a special meeting with the head of the Chinese delegation Li Peng (then vice-premier of China and later to become Premier), during which Gorbachev expressed the Soviet hope for "a significant improve-

⁹ The second round of consultation was held in Moscow in March of 1983; the third round in Beijing in October of the same year; The fourth round of talks took place in Moscow in March, 1984, which was followed by the fifth round in Beijing in October of 1984. A comment on the five rounds of talks is seen in Jiang Yuanchun ed., *Guo Ji Shi Shi Bai Ke (An Encyclopaedia on Current World Events)*, compiled by the Department of International News, Ren Min Ri Bao (People's Daily), Beijing: World Knowledge Press 1986. p458.

¹⁰ Seweryn Bialer, *The Soviet Paradox, External Expansion, Internal Decline*, New York: Alfred A. Knopf, 1986. p245

¹¹ Yuri V Andropov succeeded Leonid Brezhnev in 1982; fifteen months later, Konstantin Chernenko succeeded Andropov; in March 1985, Chernenko died and Mikhail Gorbachev came to power.

ment" of Sino-Soviet relations,¹² the first time in over twenty years.

The Gorbachev-Li connection carried on. On his visit to West and East European countries at the end of 1985, Li Peng, then vice-premier, accepted the invitation of the Soviet ambassador to Hungary to visit Moscow on his way home, even before briefing the Chinese government. To no one's surprise, Li's visit involved a formal meeting with Gorbachev.¹³

In early 1986, Gorbachev made one other overture showing the Soviet wish to improve its relations with China. In a long speech made on his visit to a Vladivostok military base, Gorbachev promised that "the Soviet leaders are ready to hold serious discussions with Chinese leaders at any level on measures towards a Sino-Soviet *rapprochement*."¹⁴ In responding to Chinese correspondents' questions on removing the Three Main Obstacles to an improvement of Sino-Soviet

¹² Ling Huyian, "Zhong Su Miyue Jiumeng Nanzai (The Old Dream of Sino-Soviet Honeymoon Will not Come True Again)", *Jing Bao Yue Kan (The Mirror Monthly)*, Hong Kong: July 1988, p78.

¹³ Li's tour to the Soviet Union was believed to have violated the regulation of collective decision concerning relationships with the Soviet Union, and almost cost him the chance of being nominated for the position of Premier. See Yu Shiwen, "Li Peng Fang Su Chu Le Chazi, (Li Peng's Soviet Trip Proved Trouble For Him)", *Jiu Shi Nian Dai (The Nineties Monthly)* Hong Kong, April 1986, p6.

Li Peng, an engineer educated in a Soviet college, was Gorbachev's school-mate in the Soviet Union. The recent thaw and possible future improvement of Sino-Soviet relations have been related by some to the Li-Gorbachev connection. Li's success in taking over the Premier's position has thus raised some concern among some Chinese over closer Sino-Soviet relations. See Christopher M. Clarke's article "Soviet and US Connections, Beneath Their Western Suits, China's Middle-aged Leaders Have a Wide Range of Views. Where They Were Educated May Have Something to Do with It." *The China Business Review*, May-June 1987. p25-26.

¹⁴ Huyian Ling, "Zhong Su Miyue Jiumeng Nanzai (The Old Dream of Sino-Soviet Honeymoon Will not Come True Again)", *Jing Bao Yue Kan, (The Mirror Monthly)* Hong Kong, July 1988, p79.

relations, Gorbachev promised a political solution to the Afghan problem and a considerable reduction of the Soviet troops along the Mongolian and Chinese borders.¹⁵

Following his Vladivostok speech, Gorbachev made one more friendly gesture. According to a Hong Kong magazine, Gorbachev speculated in early 1988 when being interviewed by Chinese *Outlook Weekly* correspondents that "a Sino-Soviet summit would be a logical result of the development of Sino-Soviet relations. Recent events lend support to the conclusion that both sides have felt the objective necessity of such a move."¹⁶

Gorbachev's overtures were clearly reciprocated by the Chinese leadership, and not only by one or two leaders this time. During his visit to the Soviet Union, Chinese Foreign Minister Qian Qichen met with Gorbachev and held negotiations with Soviet Foreign Minister Eduard Shevardnadze on December 1-3, 1988. Qian's visit was intended by the Chinese side to be an advance trip for a Sino-Soviet summit meeting.¹⁷

¹⁵ Ibid. p79. Among the Three Obstacles, Vietnamese occupation of Cambodia was avoided purposely, according to Huan Guocang, a Chinese scholar trained at Princeton University and currently a research fellow at Atlantic Council. See his "Zhong Su Guan Xi Ci Yuan Ke Jie? (Can China and the Soviet Union Sink Their Enmity?)", in *Jiu Shi Nian Dai (The Nineties)*, October, 1986, p52-4.

¹⁶ Huyian Ling, "Zhong Su Miyue Jiumeng Nanzai (The Old Dream of Sino-Soviet Honeymoon Will not Come True Again)", *Jing Bao Yue Kan, (The Mirror Monthly)* Hong Kong, July 1988, p79. This part of Gorbachev's talk was cut off by the official Chinese news agency Xinhua, according to Ling.

¹⁷ Editorial board, "1988 Nian Guo Ji Guan Xi Huan He Da Shi (Détente and Major World Events in 1988)", *Liao Wang Zhou Kan (Outlook Weekly)*, Overseas Edition, New China News Ltd., Hong Kong, January 1989, p4.

The recent Soviet withdrawal from Afghanistan¹⁸ and the current three-sided¹⁹ negotiation for a political solution in Cambodia have been aimed at removing two of the Three Obstacles. With regard to the third, the Soviet Union seems to be making an effort as well. "(The Soviets have, after all, vacated all islands in the Ussuri River with the exception of one opposite Khabarovsk.) Eventually, there could be mutual troop reductions along the border and even, perhaps, a nonaggression treaty."²⁰ The Three Conditions set by the Chinese are being addressed, and it seems that the normalization of Sino-Soviet relations is not far off.

In terms of the triadic relation, an ideal situation for China is to maintain friendly relations with both superpowers, provided that differences between the two superpowers do not grow.²¹ This situation seems to be made possible because the Soviet Union under Gorbachev is also motivated for a *rapprochement* with China as his overtures have shown. Figure 4.1 of the Triangle shows that both

¹⁸ This is of course not the result of Chinese pressure only, but of many other elements: domestic political and economic considerations, pressures from Western countries, etc..

¹⁹ The three sides consist of former Prime Minister Khieu Samphan, Prince Norodom Sihanouk and leader of a third resistance group Son Sann.

²⁰ The first part of the quotation is in square brackets in the original. See Seweryn Bialer, *The Soviet Paradox, External Expansion, Internal Decline*, New York: Alfred A. Knopf, 1986. p249

²¹ It is assumed that this condition is met by default. Theoretically, two other situations may occur if this condition is not met. One, the two superpowers would join hands to play a two-against-one game. Two, the two superpowers would become friendly with each other and not exclude China. The Triangle would disappear in the second case.

China and the Soviet Union would gain one point²² from such a change.

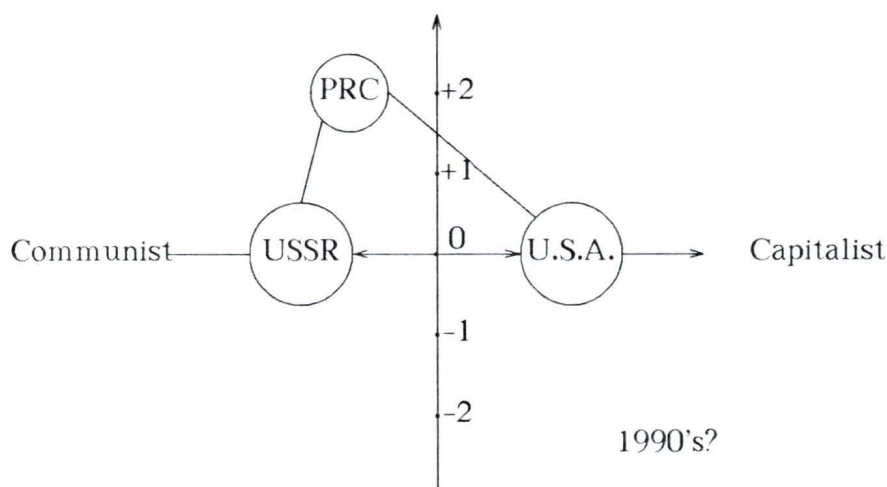


Figure 4.1, Potential Soviet Benefit from A Sino-Soviet *rapprochement*.²³

In reality, however, China cannot be too optimistic about the Soviet threat. Besides some still unresolved problems with the "Three Obstacles", this paper will argue that there are also other problems. Although the Soviets have withdrawn from Afghanistan, they have promised their continued support for the Najibullah regime. The Soviet navy base in Vietnam's Cam Ranh Bay still poses a threat to China's southern coast, even if the Cambodian problem could be resolved to China's satisfaction.²⁴ Besides these problems, Soviet influence in

²² In two figures of the Triangle in Chapter Three, relations between the three parties are given scores according the following rules: friendly relationship with another party = +1; and hostility with another party = -1. See Chapter Three for the basis of this hypothetical figure.

²³ This is a hypothetical situation. It is to be read in comparison with the real situation of the 1980s of Figure III3.

²⁴ This is yet to come. Chinese vice-premier (former Foreign Minister) Wu Xueqian hopes that talks between the Chinese and Soviet foreign ministers will contribute to the

North Korea has increased while China's influence has waned, because China's *rapprochement* with the United States to some extent has alienated that formerly close ally and also because China's aid to North Korea cannot measure up to that from the Soviet Union.

Rulers of China have been trained by two thousand years of often bitter experience to play off one powerful outsider against another, and generations of Chinese schoolboys have studied the maneuvers of the Three Kingdoms of the third century A.D., much as schoolboys in the expansive West used to be raised on Caesar's conquest of Gaul.²⁵

With their particular experience, the Chinese are good at seeking opportunities to enhance their position in a triangle, a situation they are dealing with now. A limited improvement of Sino-Soviet relations may serve this end, and if it is well handled, may also serve to reinforce China's relations with the United States. Some Western diplomats believed that the fourth round of Sino-Soviet consultation was an effort in this direction, because "China was keen to emphasize points of contact, to show a balance between the two super-powers on the eve of

process of a complete Vietnamese withdrawal from Cambodia scheduled in September 1989. Xinhua News Agency, "Wu Xueqian Met with Australian Foreign Minister, Commenting on Talks between Chinese and Soviet Foreign Ministers", *Da Gong Bao (Ta-Kung-Pao)*, America Edition, Chinese Newspapers Consolidated Sales, Inc., Hong Kong. Vol. 3461, February 1, 1989. p1.

Chinese premier Li Peng expressed concerns on the faithfulness of a Vietnamese withdrawal from Cambodia when meeting with Soviet foreign minister Eduard Shevardnadze. Li emphasized that the Vietnamese must faithfully fulfill their promise and their withdrawal must be under supervision of international agencies. See *Ren Min Ri Bao (People's Daily)*, Overseas ed., February 4, 1989. p1.

²⁵ John King Fairbank, *China Watch* Cambridge, Massachusetts and London: Harvard University Press, 1987. p.125

President Reagan's visit to China."²⁶ But if Beijing goes too far in this direction in the late 1980s, it may jeopardize Sino-American relations, which are much more important to China's economic program and national security than Sino-Soviet relations. If the Chinese decision-making process is to be rational, any improvement of Sino-Soviet political relations would be subject to one limit: Beijing will not be closer to Moscow than to Washington unless some other problem (such as Taiwan) causes serious trouble with the United States.

While improvement of political relations may be limited, economic relations between the two countries may increase in the future under the momentum of mutually beneficial trade.

4.1.2. A Possible Boom in Sino-Soviet Economic Relations

Paul Kennedy commented on the importance of economic capacity that

...there exists a dynamic for change, driven chiefly by economic and technological developments, which then impact upon social structures, political systems, military power, and the position of individual states and empires.²⁷

The two countries have clearly realized that military power ultimately rests upon a healthy economy and superior technology. This may very well be an

²⁶ Alan J. Day (ed.), compiled by Peter Jones and Sian Kevill, *China and the Soviet Union, 1949-84*, Keesing's International Studies. London: Longman, 1985. p184

²⁷ Kennedy concludes that this has been the argument of his book, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* New York: Random House, 1987. Quoted from p.439

important part of the motivating force behind the drive for economic reforms in the two countries.

The streamlining of one million personnel from its People's Liberation Army (PLA) by the PRC is an example. Although Deng's military power helped him in coming to power, he has put defense last on his priority list of the Four Modernizations program---behind agriculture, industry, and science and technology.²⁸

Kennedy clearly believes that China falls within his broad observation when he says that

although China is keeping a tight hold upon military expenditures at the moment, it has no intention of remaining a strategical 'lightweight' in the future. On the contrary, the more that China pushes forward with its economic expansion in a Colbertian, *etatiste* fashion, the more that development will have power-political implications....²⁹

Kennedy also believes that

... given China's existing GNP and amount of national savings and investment within it, there would be no real problem in spending much more than its current \$30 billion on defense. That it chooses not to do so reflects Peking's belief that long-term security will be assured only when its present output and wealth have been multiplied many times.³⁰

²⁸ Kennedy notes that "The final and perhaps the most remarkable aspect of China's dash for growth has been the very firm control upon defense spending, so that the armed forces do not consume resources needed elsewhere"; and that "although it is difficult to gain exact figures on Chinese defense spending (chiefly because of different methods of calculation), ... it seems clear that the proportion of GNP allocated to the armed forces has been tumbling for the past fifteen years --- from perhaps 17.4 percent in 1971 (according to one source) to 7.5 percent in 1985...." See Paul Kennedy, p454.

²⁹ Paul Kennedy, p458.

³⁰ Paul Kennedy, p454.

China's counterpart, the Soviet Union, is caught in a similar situation. Schaefer believes that the economic costs of maintaining large military forces against China and the potential gains from easing of such a burden are rising simultaneously. He sees increasing benefits from long-term Sino-Soviet economic cooperation for the Soviets in the 1980s.³¹ To meet the long term cost of confrontation, the Soviets will clearly be better off enhancing their economic base rather than directly increasing their military expenditure.

Towards this end, Gorbachev has been concentrating on domestic economic development and signaling a wish to the Chinese for enhancing economic cooperation. A Reuters news report on Soviet leader Mikhail Gorbachev's plan to visit China and meet Chinese leader Deng Xiaoping emphasized that he wishes to exchange "concrete experiences of *perestroika* and [Chinese economic] reform."³²

It would be a mistake ... to conclude ... that Sino-Soviet economic cooperation had no economic rationale or that the potential economic gains from Sino-Soviet economic cooperation today are necessarily insignificant. Depending on endowments of production factors and development policies, the possibilities for economic cooperation may be appreciable, even if present production patterns and development levels offer few apparent trade opportunities and current cooperation is minimal. Economic cooperation with China may now offer growing potential because of the Soviet Union's deteriorating economic prospects.³³

³¹ This is the main point of Henry W. Schaefer's "The Economic Background and Implications for the USSR", in Ellison, pp112-127

³² Reuters, "Soviets to Hold First China Summit in 30 Years", *Times-Colonist*, Monday, February 6, 1989. B16

³³ Henry W. Schaefer, in Ellison, p116

Motivation is a necessary precondition but is not all that it takes to increase bilateral trade. From an economic point of view, trading patterns between the two countries are almost as important.

If they are complementary, there is at least some basis for speaking of the possibility of renewed trade relations on a scale considerably greater than the current trickle of goods between the two countries.³⁴

Now the Soviets have to compete with the Western countries under the same economic rules.³⁵ There are, however, a few areas where Sino-Soviet economic relations have an advantage enabling the Soviets to survive the competition and to thrive. Deborah Diamond-Kim's research on the two countries shows several areas of complementary trade.³⁶

One, labor may come to be a "promising avenue for cooperation." The Soviet Union (together with other East European countries) is suffering a critical manpower shortage, while "China's ample but low-wage work force could make a difference." Approximately 200,000 Chinese laborers worked in the USSR in the 1950s, and the Soviets are hoping that Beijing and Moscow can cooperate again in this field.³⁷ Two, the shortage of hard currency and the ensuing low-paying-

³⁴ Dwight Perkins, "The Economic Background and Implications for China", in Ellison, p94

³⁵ The fundamental economic systems in both China and the USSR are based on central planning, and trade manipulation is a policy tool readily available to planned economies when political gains are anticipated.

³⁶ See Deborah Diamond-Kim, "Partners in Austerity, Economic Relations Between China and the Soviet Bloc Seems to Thrive Under Adverse Conditions", in *The China Business Review*, May-June, 1987, p12-17.

³⁷ Diamond-Kim, p13. According to James Tyson and Ann Scott Tyson, there were

ability of China have made barter trade attractive. The Chinese development program stresses many of the sectors, such as energy, transport and resource development, where Soviet expertise is strongest. The Soviets are "grateful for the chance to unload machinery and transport equipment that does not sell well in the West" in exchange for "consumer goods in short supply at home."³⁸ Three, since the two countries share a very long border, informal border trade seems to be promising. Four, technology transfer would be one other area. The Soviets (and other Eastern Bloc countries) are importing not only consumer goods, which are in short supply, but also "certain kinds of machinery (industrial and metal-work machinery)" from China. Since China is selling more than it receives in return, narrowing the gap by importing technology is desirable for China.³⁹ Lately, some Chinese economists have proposed establishing Special Economic Zones in China's Northern provinces to correspond to those in Southern China.⁴⁰

more than 1,000 Chinese workers in the Soviet Union in 1988, "and the figure is expected to rise to 10,000" in 1989. *The Time-Colonist*, February 26, 1989.

³⁸ Diamond-Kim, p13. Under the current condition of Chinese economic development, the less critical, less sophisticated Soviet machinery may be more practical for popular use. The Japanese bullet trains, for example, may not be as practical as steam engine trains in light of their requirements on servicing and the training of technicians.

³⁹ The two main fields are hydropower technology and nuclear technology (the Chinese surely have to keep Chernobyl in mind). Gorbachev was quoted as proposing "uniting the efforts of the Chinese and Soviet people to exploit the very rich resources and water engineering installations in China for the common benefit." Other fields of cooperation include renovating industrial facilities the Soviets helped to build in the 1950s. See Diamond-Kim, p15-17.

A 17-member Soviet Academy of Science delegation headed by its president Marchuk (name retranslated from Chinese source) went to Beijing to hold discussions with the Chinese Academy of Science on cooperation in science and technology on February 10, 1989. It is said that this is the first time since 1959 that the president of the Soviet Academy has come to visit his Chinese counterpart. See *Ren Min Ri Bao* (*People's Daily*), Overseas ed., February 10, 1989.

⁴⁰ *Da Gong Bao* (*Ta-Kung-Pao*), America Ed., February 18, 1989.

One must keep in mind, however, that unlike in the 1950s, current Sino-Soviet trade is far from large enough to constitute a possible threat for China. "For now and for the foreseeable future China and the Soviet Union could establish a total embargo on their mutual trade without any serious danger of that embargo having much effect on either's development programs."⁴¹ In other words, the two countries now have a long way to go in developing their economic relations before they need to start worrying about any negative economic influence the other party may exert.

4.1.2.1. Potential Soviet Concerns

China's potential for development is probably what the Soviets fear most.

Few countries in the world have a great past and a great future. China is foremost among them, and it is its future that the Soviets fear more than its present. They do not overestimate China's strength. They see quite clearly its enormous weaknesses, but conclude that now is the time to keep the Chinese down, to teach them lessons, to isolate them as much as is feasible, to delay as long as possible their emergence as a superpower. At the same time, they would like to improve their relations with China if the costs of doing so remain low.⁴²

China's Special Economic Zones (SEZ) were established in 1979 and expanded to 14 coastal cities in April, 1984. For a discussion of the importance of China's SEZs, see Joseph Battat's "China's Special Economic Zones: Strategic Considerations", chapter 13 of Richard D. Robinson ed., *Foreign Capital and Technology in China*, New York: Praeger, 1987. pp151-66

⁴¹ Dwight Perkins, "The Economic Background and Implications for China", in Ellison, p98

⁴² Seweryn Bialer, *The Soviet Paradox, External Expansion, Internal Decline*, New York: Alfred A. Knopf, 1986. p237

This is a dilemma for the Soviets. They have to improve their relations to make advances in the triadic game; at the same time, they have to monitor the long-term effect on China's economic development.

Dwight Perkins's study on the Chinese economy challenged the conventional view on China's present and future economic (hence military) inferiority to the Soviet Union, and projected a rapid change of economic power in China's favor over the next two decades.⁴³

Bialer believes that the long-term Soviet fear is not just a Western academic invention; the Soviets themselves have made some similar studies and come to the same conclusion.

... authoritative Soviet sources emphasize that the new course in China's internal policies is directly linked with Chinese foreign policy changes and its goals are primarily foreign oriented. To use the Soviet terminology, the goal of the Chinese course toward modernization involves the creation--with the help of the United States, Japan, West Germany, and other imperialistic states--of a stronger, more stable military, economic, and scientific-technological basis for accomplishing Great Han (*veliko-khanskikh*) expansionist plans.⁴⁴

One other potential Soviet concern is the negative effect of the Chinese economic reform on other East Bloc countries currently under Soviet control.⁴⁵ If

⁴³ See Dwight Perkins, "The Economic Background and Implications for China", in *The Sino-Soviet Conflict, A Global Perspective*, Herbert J. Ellison ed., Seattle and London: University of Washington Press, 1982.

⁴⁴ Seweryn Bialer, "The Soviet Perspective", *Ellison, Herbert J., (ed.,) The Sino-Soviet Conflict, A Global Perspective*, Seattle and London: University of Washington Press, 1982. p30

⁴⁵ An analysis is offered in Huan Guocang's "Zhong Su Guan Xi De Xian Zhuang Yu Wei Lai (Current and Future Sino-Soviet Relations)", in *Jiu Shi Nian Dai (The Nineties)*, Hong Kong, July 1986, p58-62.

the Chinese economic reform proves successful, the credibility of the Soviet economic model will be challenged and Soviet economic control in East Bloc countries will probably suffer considerable setbacks.

The Soviet concerns, though logical, are based only on potential developments. It should be remembered that not only China benefits from economic relations between the two countries, the Soviet Union does as well. Bialer predicts that "unquestionably Gorbachev, like every new Soviet leader before him, will try to speed up the process of Sino-Soviet normalization."⁴⁶

4.1.2.2. Potential Chinese Concerns over an Improvement in Sino-Soviet Economic Relations

A political backlash (pro-Soviet and anti-American) may be the number one Chinese concern, especially at this time when China is struggling hard to build up close economic ties with Western industrialized countries. Enhancement of economic relations with the Soviet Union will require cooperation between a large number of cadres in important positions. Many of those competent in handling Soviet affairs were educated in the Soviet Union in the 1950s. They are believed to be pro-Soviet and proponents of orthodox Marxist-Leninist ideas. An increase in the number of such people in the Chinese leadership and growing contacts with

⁴⁶ Seweryn Bialer, *The Soviet Paradox, External Expansion, Internal Decline*, New York: Alfred A. Knopf, 1986. p248

the Soviets may create ideological confusion and slow down the process toward building a market-oriented economy of a Western economic model.

However, a renowned scholar in economics, Professor Milton Friedman, believes that a democratic political system is not a necessary precondition for economic development as Taiwan, South Korea and Singapore's experience has shown. A genuine free-market is the only real prerequisite to achieve the same progress of economic development as these countries⁴⁷. The chief anxiety among Chinese leaders and bureaucracies has been that they may lose control over their people and particularly over the youth and intelligentsia.

If political stability is the major concern, the alternate way out according to this logic does not look any better. "In this regard the West constitutes a greater danger to the regime than does the Soviet Union, as the leadership implicitly acknowledged by terminating the short-lived 'democracy' campaign of the late seventies."⁴⁸

Economic and transnational relations with the Soviet Union may have some positive effect on China if the reports of the current changes in the Soviet Union are true and are taken into consideration by the Chinese leaders. One difference

⁴⁷ Professor Milton Friedman's lecture given at Stanford University: "Zhong Guo Jing Gai Wang He Chu Qiu (Where Is the Chinese Economic Reform Going)?" *Cheng Ming*, Hong Kong, January, 1989. pp42-5.

⁴⁸ Seweryn Bialer, *The Soviet Paradox, External Expansion, Internal Decline*, Alfred A. Knopf, New York 1986. p248. To the "democracy" campaign of the late seventies, now one can add the student unrest in Beijing, Shanghai and other major cities that occurred at the end of 1986, and April-May, 1989.

between the Soviet *perestroika* and the Chinese economic reform, according to various news reports, is that the Soviets put more emphasis on political administrative reform than the Chinese do.

4.2. Late Development and Future Sino-American Relations

Backing off from the devastating "Lean-to-One-Side" stance of the early Mao era, Deng Xiaoping is now continuing the independent foreign policy developed by Zhou Enlai in the early 1970s. After the disillusionment of depending too much on one power, China has learned its lesson. This changed foreign policy orientation, however, has given rise to some new problems.

Unlike Sino-Soviet relations where there is seeming agreement among most scholars on future improvement, there are two fundamentally different interpretations of Sino-American relations: the regression theme and the progression theme. One is, in a way, pessimistic and the other optimistic. In fact, the only major thing that proponents of the two different themes are able to agree upon is that the issues in Sino-American relations are very complex. The two divergent themes are well supported by evidence, and have shed some light, from their respective viewpoints, on the study of future prospects for Sino-American relations.

4.2.1. The Regression Theme

The evidence supporting the assumption that Sino-American relations would suffer a regression⁴⁹ could be summed up briefly into the following: (1), the American government's reemphasis on ideology and, (2), China's increasing interest in improving its relations with the Soviet Union.

Some scholars, such as Professor Paris H. Chang and Jia-lin Zhang, see the replacement of General Alexander Haig by George Schultz as Secretary of State in the Reagan Administration in June 1982 as the turning point. From then on, they contend, a new U.S. policy toward Asia has gradually emerged. Chang argues that this change in policy was one that "attached greater importance to a U.S.-East Asia partnership and regarded the U.S.-Japan alliance as the cornerstone of U.S. defense policy in East Asia."⁵⁰ In a similar manner, Jia-lin Zhang, a Chinese scholar, also sees a "new course" in American Asian policy by which he means "a shift in United States policy in Asia from the notion of a strategic triangle to an emphasis on ideology."⁵¹

As they see it, the Reagan administration's reaffirmation that "Japan, not

⁴⁹ The terms "regression theme" and "progression theme" are made up in this paper for convenience of discussion.

⁵⁰ Paris H. Chang, "U.S.-China Relations: From Hostility to Euphoria to Realism" *The Annals of the American Academy of Political and Social Science*, Philadelphia, November, 1984. p165

⁵¹ Jia-lin Zhang, "Assessing United States-China Relations", *Current History*, September, 1985. Jia-lin Zhang, p246

China, was the centerpiece of United States strategy in the Asian Pacific region"⁵² was undoubtedly an important step in this direction.

Assuming that the United States reshaped its China policy, the regression theme contends that China, the other party of the strategic relationship, does not have as much motivation now as it had in further improving Sino-American relations. A future regression has therefore taken root in the policies of both countries. James C. Hsiung, a professor at New York University, points out that

the expanding Soviet influence in Indochina, the continuing Vietnamese intransigence bolstered by Soviet support, and the decline in Chinese influence in the Third World were direct results of Peking's close alignment with the United States in the latter half of the 1970s. Distancing itself somewhat from Washington would be a logical move if Peking is not to perpetuate past mistakes.⁵³

When the United States reshaped its China policy in 1982, the Chinese press suggested that Moscow's attention had shifted from foreign policy in Poland and Afghanistan to its domestic economic troubles. China needed, according to this view, to move away from the U.S. and thus retrenchment of the Soviet Union gave China a chance to move towards the Soviets. Moscow demonstrated to Beijing, at least for a short while, that it was becoming less expansionistic, and therefore less of a threat to China. As a result "the People's Republic of China started to explore the possibility of easing tensions with Moscow"⁵⁴ in the early 1980s.

⁵² Jia-lin Zhang, p246

⁵³ James C. Hsiung, "Reagan's China policy and the Sino-Soviet detente", *Asian Affairs*, (New York) 11(2), Summer 84: p5

⁵⁴ Steven Goldstein, "Sino-American Relations: Building A New Consensus" *Current History*, September 1984. p241

The round after round of ministerial talks and the recent summit meeting between Deng and Gorbachev would therefore be interpreted as Chinese actions in this direction.

While taking a less alarmist view of the Soviet Union, the regression theme does not ignore the fact that Beijing may still see a grave danger in the continuing nuclear arms race between the two superpowers. This danger, though mainly coming from the USSR, has its root in Sino-American relations according to the regression theme. China perceives that it could be made a "pawn" if it is aligned too closely with Washington.⁵⁵ The Soviet's 243 SS-20s, for example, can be easily retargeted from Europe toward China,⁵⁶ although General Secretary Gorbachev has promised to destroy them. Beijing, therefore, "has no urgency nor strong incentives to forge an alliance with the United States that could provoke extreme Soviet countermeasures."⁵⁷

In this American definition of Asian policy, an immediate difficulty arises over the role of Japan. The role of Japan as a strategic factor would be tempered by the following points. First, Japan enjoys and benefits now from its trade with the People's Republic of China. After Hong Kong is integrated in 1997, Japan

⁵⁵ Paraphrased from James C. Hsiung, p4

⁵⁶ Figure is from Hsiung. Hsiung examines the possible causes for China's gradual drift toward a *détente* with the Soviet Union. There are three possible reasons according to him: Reagan's pro-Taiwan bent, Chinese domestic political shifts and Beijing's strategic concerns. The last was found to be the most plausible explanation. James C. Hsiung, pp4-5

⁵⁷ Paris H. Chang, p164

may well be the biggest trading partner of China. The Japanese, many believe, would not sacrifice tangible economic benefit for abstract ideological differences, which were not as much a concern in the first place for Japan as they were for the United States. Japan in fact established diplomatic relations with the People's Republic of China one year earlier than the United States did.⁵⁸

Second, it is beyond doubt that Japan will not be inclined to risk the danger of directing more Soviet weapons (thus more severe damage in a potential attack) towards Japan, which would be the logical consequence of the new U.S. Asian policy. The return of the four islands, which Japan claims to be its territory but are now under Soviet control, would seem farther from realization for the Japanese under the new U.S. Asian policy.

Third, after the Second World War, a peace treaty was imposed upon Japan, which stipulates that Japan's defense spending be kept below 1 per cent of its GNP. The new U.S. Asian policy may serve the Japanese purpose of improving its own national defense ability, since the policy regards Japan as the cornerstone of U.S. defense in East Asia. Nevertheless, should the "cost" (trade with China, returning of the four islands, directing Soviet weapons towards Japan) outweigh the "reward" (improving its own national defense) for Japan, Japan--a junior player in the game of superpowers--might not willingly take such risks. In fact,

⁵⁸ Japan signed a friendship treaty with China in 1978, one year before China and the United States established full diplomatic relations.

At the invitation of the then Chinese General Secretary Hu Yaobang, the Japanese sent a delegation of three thousand youths to China in 1985 for large-scale, direct civilian communications.

Japan's self-defense capability may not be able to survive a large scale Soviet strike anyway without the deterring power and support from its allies. Japan may expect, as it has since World War II, a "free-ride" on its defense in a potential Russo-U.S. confrontation because of its role as a strategic base of operation.⁵⁹

In terms of ideological differences, President Nixon once said that

Bilaterally, deep differences in ideology and policy remain; neither we nor the Chinese leaders have illusions that our discussions will convert each other. But extensive and frank dialogue has greatly increased mutual understanding.⁶⁰

Ideological differences were not an insurmountable hurdle in the initial stage of Sino-U.S. *rapprochement*, and nothing has made them any more formidable. The new U.S. President, George Bush, has placed China very high on his agenda for foreign visits. If Reagan did not forget his "old friends" in Taiwan,⁶¹ one may say that Bush clearly did not forget his "old friends" in Beijing.⁶²

In addition, some difficulty with the regression theme would also occur with respect to China. In terms of Sino-Soviet detente, the prerequisites set by the Chinese government should not be overlooked. The Chinese government stated in 1979 and still insists now, that only after the Soviet Union was ready to meet China's three-point preconditions (no Soviet support for Vietnam's occupation of

⁵⁹ In then American general Douglas McArthur's words, Japan is "an unsinkable aircraft-carrier" in the Far East.

⁶⁰ *The American Image of China*, edited by Benson Lee Grayson. p277

⁶¹ See the Taiwan problem in chapter three of this thesis.

⁶² George Bush was the first high-ranking representative of the American government stationed in Beijing after the Sino-American *rapprochement*.

Cambodia; the withdrawal of Soviet troops from Afghanistan; and the reduction of Soviet troops along the Chinese border to their pre-1965 level) could the process of normalization of Sino-Soviet relations be started. So far only one of these three has been met.⁶³

Commenting on an allegedly possible Sino-Soviet tie, Professor Thomas W. Robinson says that

Given the quarter century of Sino-Soviet discord, few expect anything close to the restoration of security ties between Beijing and Moscow. Rather, it seems likely that China will continue to lean toward the United States in the strategic triangle, at least enough to continue the defense insurance policy that America has written in China's regard...⁶⁴

4.2.2. The Progression Theme

Because of the above difficulties in Sino-Soviet relations, those who are sanguine about the future progress argue that Sino-American relations will not suffer any significant setback. Professor Robinson predicted in 1985 that

both countries could ... congratulate themselves and each other on having solidified a once tentative relationship and could look forward, presumably, to another 15 years of even closer ties.⁶⁵

⁶³ See the discussion on Sino-Soviet relations in the first section of this chapter.

⁶⁴ Thomas W. Robinson, "The United States and China in the New Balance of Power" *Current History*, September, 1985. p242

⁶⁵ Thomas W. Robinson, "The United States and China in the New Balance of Power" *Current History*, September, 1985. p242

Logically, tension between any two players in a triad would benefit the third party who can take advantage of both. The third party can, through temporary alliances, play a two-against-one game against either of the other two when such need arises. The worst-case outcome of this game (playing one-against-two) exists only if the third party alienates the other two simultaneously. Should China be a rational player in the game, it would seek to establish good relationship with both of the other two, so as to grasp the advantage and the luxury of the third party.

It is reasonable to assume that all three players will try to avoid a conflictual situation. However, the two superpowers in the triad have almost unsolvable problems between them. A broad range agreement on the arms race between them is not in sight, and differences between them in other fields such as human rights are likely to persist. Backing out of its one-against-two situation,⁶⁶ China has now shifted toward alignment with the United States to offset the perceived Soviet threat. It may be the only player that can play the decisive chip practically.

For the U.S., its need for China did not simply disappear. The 500,000 Soviet troops along the Sino-Soviet border not only remind the Chinese of the Soviet threat, but also remind the Americans of China's value in tying up Soviet

⁶⁶ A situation when China was fighting the "American imperialists" and the "Soviet revisionists" at the same time in the 1960s.

military forces.⁶⁷ Close economic cooperation with China may give the United States the option of using China's facilities in the event of a major confrontation with the Soviet Union.⁶⁸ In light of these factors, China and the U.S. have every reason to maintain their current cooperative relations.

One point in the regression theme may be turned around to refute its own argument. The recent Soviet effort in removing the Three Obstacles and its domestic-oriented policies of *perestroika* and *glasnost* may not be the result of a Chinese policy of distancing from the United States, but a Soviet response to close Sino-U.S. cooperation.

In the Sino-U.S.-Soviet triad, China is no doubt a junior player for the time being. A classical tactic for the junior player in the game of international relations is to play off the great powers against each other. When the junior player becomes more powerful, it would be expected to be more assertive in pressing its demands. Yet, it may still be a long time before China is powerful enough to create sufficient tension that would erode its own position in the triad.

⁶⁷ See Chi-King Liu, "Washington-Peking Relations: The U.S. View", *Issues and Studies*, Taipei, Taiwan, Vol.21, No.5, May 85. p15

⁶⁸ Paraphrased from Chi-king Liu, "Washington-Peking Relations: The U.S. View", *Issues and Studies*, Taipei, Taiwan, Vol.21, No.5, May 1985. p16.

Following then U.S. Secretary of Defense Harold Brown's visit after the Soviet invasion of Afghanistan, a monitoring station on the Soviet Union was established jointly by the two countries in Northwest China. See Hong Nack Kim, "U.S. China Relations During the Reagan Administration", *Korea and World Affairs*, Seoul, Korea, Vol.9, No.1, Spring 1985. p67. In late 1985, a U.S. navy fleet visited Shanghai, the first time since the Chinese Communist Party came to power.

Comparing the two competing themes examined above, one may conclude that the progression theme provides a more convincing interpretation than the regression one. This is not only because recent developments in Sino-American relations favour the progression theme, but also because the interpretation of past facts in this theme is more logical and consistent. In economic relations between the two countries, recent events have also shown progress.

4.2.3. Further Improvement of Sino-American Economic Relations

The trading pattern between China and the U.S. is essentially complementary. China has one of the largest labour intensive industrial bases while the U.S. is one of the most industrialized and technology oriented countries in the world.

American high-technology products, capital goods, and industrial materials are advanced, competitive, and vital to China's development, while the United States is a growing market for Chinese goods.⁶⁹

Along with strategic gains of the Sino-U.S. *rapprochement*, however, the growing contact between the two countries with widely different political and economic systems has brought up problems that neither country has experienced before. The problems spread over a wide spectrum, ranging from the field of transnational relations to that of cultural relations.⁷⁰ For Chinese leaders, the

⁶⁹ Nai-Ruenn Chen, "US-China Trade Patterns. The Outlook for Two Countries with a Lot to Share", *The China Business Review*, September-October, 1986. p16.

⁷⁰ These concepts are defined in chapter I.

benefit of economic cooperation with the United States was soon followed by concerns over political and social unrest which they partly attribute to Western influences;⁷¹ for American traders, the initial excitement of the China market soon brought some deep frustrations, because most of them were not prepared to deal with huge bureaucracies in China. In the future, Sino-American economic relations must seek resolution of these and other problems.

4.2.3.1. Problems for the Chinese

The modernization drive in China has been the top government priority since 1978. To accomplish the modernization program in time, simply concentrating on its domestic economic reform seems insufficient. China will have to make every effort to gain access to advanced Western technology. China's Seventh Five-Year Plan (FYP, 1986-1990) calls for a 40 percent increase in the total volume of China's imports and exports by 1990.⁷²

⁷¹ The profound change in the Chinese economic system has brought great changes in social life. This is probably a more important source of social unrest.

There was a nation-wide political campaign against bourgeois "spiritual contamination" in the early 1980s and in 1987 there was a campaign again against "bourgeois liberalism" during which a few well-known scientists were removed from their positions and deprived of memberships of the CCP because they allegedly spread Western political ideas.

⁷² Source: Nai-Ruenn Chen, "US-China Trade Patterns, The Outlook for Two Countries with a Lot to Share", *The China Business Review*, September-October, 1986. p16.

	1966-70	1971-75	1976-80	1981-85
Total volume	21.43	51.44	116.03	222.43
Percentage of increase over five years	6%	140%	126%	92%

Table 4.1, Increase of Chinese Foreign Trade

(in billions of U.S. dollars).⁷³

Chinese leaders have some reasons not to be very concerned over problems of "Lean-to-the-Other-Side". One is that China's trade with Hong Kong and Japan exceeds that with the United States. Another reason is that China has not suffered from any severe economic measures of a punitive nature because there have not been any major "wrong-doings" on the Chinese side.⁷⁴

Among the economic squabbles between China and America, "...Textiles are perhaps the most hotly debated item."⁷⁵ Because of China's overdependence on the United States market for this sector and the significant share of textiles in China's foreign trade balance, the U.S. curtailment of Chinese textile imports

⁷³ Source: Zhong Guo Guo Jia Tong Ji Ju (China Statistics Bureau), *Zhong Guo Tong Ji Nian Jian (Chinese Statistics Year Book)*, Beijing: China Statistics Press, 1986. p563.

The actual increase in total volume of foreign trade in the last two decades has been very impressive as **Table 4.1** shows.

⁷⁴ Among the few minor Chinese wrong-doings as seen by the U.S. are: alleged arms sales to Iran, violation of human rights in Tibet and China's birth control policy. For reference of these problems see Li Yu, "*Zhong Mei Zhi Jian de Wei Miao Guan Xi*, (The Subtle Relationship Between the PRC and the United States)", in *Cheng Ming*, January 1988. pp75-7. "What's the Chinese Word for Chutzpah?" (author unknown), *Newsweek*, November, 1987, p59. Xie Juemin, "*Tan Tan Xi Zang Wen Ti*, (Comment on the Tibetan Problem)", *Ren Min Ri Bao (People's Daily)*, North American ed., November 17, 1987. p2.

⁷⁵ Jerome Turtola, "Textile Trade Tensions", *The China Business Review*, September-October, 1986. p26.

"does serious damage to China's economy--an economy in which textiles now account for one-quarter of total export earnings--\$4.36 billion" in 1985 alone.⁷⁶

This U.S. curtailment caused a constant outcry from China.⁷⁷ In 1982, the two rounds of negotiations on a new textile agreement almost ended up in total deadlock.⁷⁸ After hard negotiations in the summer of 1983, however, a compromise was reached. The Reagan administration agreed to a generous textile quota (a rise of 3-4 percent a year) and an expansion of categories (from 15 categories in 1981 to about 30 in this agreement) for China.⁷⁹

Technology transfer is another area where advances have recently been made. In June 1980, China was transferred from "the Warsaw Pact Countries Group 'Y' to a new Country Group 'P' in the [U.S.] Department of Commerce's export control regulations...."⁸⁰ Soon afterwards, the Pentagon announced that "American companies had received official approval to open negotiations on specific military support articles covered in the six categories of the Munitions

⁷⁶ Jerome Turtola, p28.

⁷⁷ X. Yang, "Sino-US Lawyers Meet to Promote Trade", *Beijing Review*, No.35, August 31, 1987. p9.

⁷⁸ See Martin Weil, "The Textile Deadlock", *The China Business Review*, November-December, 1982. pp31-35.

⁷⁹ See Philip M. Boffey, "U.S. Textile Producers Assail Pact with China", *New York Times*, August 1, 1983.

⁸⁰ Karen Berney, "Dual-Use Technology Sales", *The China Business Review*, July-August, 1980. p23.

Group "P" is an intermediate category between "Y" (the Soviet and Warsaw Pact countries) and "V" (friendly countries).

Control List made available to China"⁸¹ In June 1983, China was promoted again from the intermediate group "P" to group "V", which is the category for friendly nations (among the ranks of NATO allies) in order to facilitate transfer of technology.⁸²

There are other problems besides those mentioned above. Some of these, however, may be solved by means other than a China-U.S. compromise. Foreign currency shortage of China is one of these.⁸³ In order to obtain the foreign currency needed for its modernization programs, China is getting more and more actively involved in the world financial system. "China had already joined the World Bank, rejoined the International Monetary Fund, and in the recent past joined the Asian Development Bank (ADB)".⁸⁴

One thing that the Chinese leaders least want is the influx of Western political ideas. There are now over 50,000 Chinese students studying in the United

⁸¹ Ibid, p23.

⁸² See James C. Hsiung, "Reagan's China policy and the Sino-Soviet detente", *Asian Affairs*, (New York) 11(2), Summer 84: p4. See also, Hobart Rowen, "Reagan Permits China To Buy Computers, Other Disputed Items", *Washington Post*, June 21, 1983.

It should be noted that there is still "an important qualification to China's status as a V group country" which reads "the change will allow for restrictions on certain products and technologies which present a national security concern to the United States." See Chris Brown, "Export controls, The Meaning Behind China's New Status as a 'Friendly' But Non-Allied Country". *The China Business Review*, July-August, 1983. p9.

⁸³ This problem does not result solely from Sino-U.S. trade.

⁸⁴ For an analysis of the benefit China enjoys by being an ADB member, see Robert E. Cox's "China Joins the ADB, A New Source of Funds for China's Major Projects", *The China Business Review*, March-April, 1988.

States.⁸⁵ These students are not only learning advanced science and technology in the U.S., however; they are also communicating Western political ideas to their countrymen at home. Thousands of American businessmen and tourists each year also bring their different political and cultural values beliefs to China. The student protests in Beijing and Shanghai demanding democratic reforms at the end of 1986 and the more widely-spread student demonstration after the death of Hu Yaobang in April of 1989 were regarded by many as the result of Western influences. The suppression of the protest in early 1987, though opposed by some Chinese leaders including the late CCP General secretary Hu Yaobang, did not constitute a serious challenge to the credibility of the current government with its people. The real "Achilles' heel" of the current leadership is a possible failure to maintain the momentum of its economic reform. It is beyond doubt that China's economic cooperation with the United States will continue and that the relatively minor side effects on cultural relations will continue to be endured.

⁸⁵ Former Chinese ambassador to the U.S. Zhang Wenjin noted in 1983 that "Cultural interflow has expanded, as the presence of 10,000 Chinese students on American campuses demonstrates." Zhang Wenjin, "Sino-American Relations: Trends and Prospects", *The China Business Review*, November-December, 1983. p7.

The number of students has grown vastly in the last few years. The figure 50,000 comes from a letter from the Chinese Embassy in Washington D.C. addressed to the Central Television Station of PRC on the eve of the Chinese new year. It appeared in a T.V. program of the Central Television Station of PRC on February 22, 1989.

4.2.3.2. Complaints of the Americans

Drawing on his personal experience in negotiations of the Beijing-Cherokee joint venture, Tod O. Clare says in his address to a conference of American businessmen that

China is in fact a country with huge potential for those companies willing to make a truly long-term commitment, but it is also a country whose culture and bureaucracy guarantee frustration for anyone who hopes to set up shop quickly and start raking in revenues and profits in the same manner he does in the United States, Europe or even Japan.⁸⁶

In an address to a conference of Chinese and American lawyers in Beijing on August 17, 1987, US Attorney General Edwin Meese spelled out in more detail complaints of the American companies. These complaints include

frustration at high costs, arbitrary pricing, tight foreign exchange controls, limited access to Chinese markets, complicated bureaucratic procedures, shortages of qualified personnel, and unpredictable commercial practices.⁸⁷

These complaints do have some basis, but they will not set the two countries against each other. The two sides have reached an understanding of these problems and are joining their efforts to cope with them.⁸⁸ The Chinese government is ready to meet American businessmen's needs and to improve the investment

⁸⁶ Tod O. Clare, "The Business Challenge in China, Separating the Yin From the Yang", *Vital Speech of the Day*, City News Publishing Co., October 15, 1986. p18.

⁸⁷ X. Yang, "Sino-US Lawyers Meet to Promote Trade", *Beijing Review*, No.35, August 31, 1987. p8.

⁸⁸ Of course, legislation is totally China's own business, but American businessmen are much more experienced with market economy than the Chinese are. They spot the problems and complain, which will prod the Chinese legislation to react. This was what Meese did at the conference.

environment for foreign entrepreneurs. Since China has the will and in fact has been working to gradually improve its economic legislation, Americans complaints are continuously being reduced.⁸⁹

The United States' important trading partners are elsewhere in the world. They include the West European countries and its northern neighbour, Canada. In Asia, the biggest American trading partner is Japan and China ranks far behind. It should take quite a long time before China becomes an equally strong economic power as Japan, or even just strong enough to cause serious economic troubles for the United States. Therefore, Sino-American trade would continue to be one between two significantly uneven economic powers and such American concern will not arise in the near future.

Because of the insignificance of China trade for the U.S., further and extensive U.S. accommodation may be relatively easy to accomplish, especially when there is a political need. Former President Carter said that

Normalization--and the expanded commercial and cultural relations it will bring with it--will contribute to the well-being of our own nation, and will enhance stability in Asia.⁹⁰

⁸⁹ Solutions of some legislative problems are explored in William H. Liu's "Post-Mao Foreign Economic Legislations in Perspective", *Issues and Studies*, Taipei, Taiwan, Vol.21, No.8, August 1985. p34-72, and Jerome Alan Cohen, "An American Perspective On China's Legislative Problems", *The China Business Review*, March-April, 1988. pp6&7.

⁹⁰ Benson lee Grayson ed., *The American Image of China*, New York: Ungar, 1979. p308

Looking ahead, the American U.S.-China Business Council believes that the Bush administration will not "depart significantly from President Reagan's approach of favouring expanded relations with China", and that the next decade "will see even more dramatic growth" of Sino-U.S. trade.⁹¹

⁹¹ U.S.-China Business Council, "Council Recommendations to the Bush Administration", *China Business Review*, January-February 1989. pp6&8

Concluding Remarks

The Strategic Triangle is a very broad subject of study to which other methods and theories can also be applied. In the PRC and the Soviet Union, for example, theoretical models based on Marxist theory are currently the dominant theme in studies of the Triangle,⁹² although constraints on using contemporary Western theories may be reduced with continuing economic reforms in the two countries. There is still much room for further or more elaborate discussion of the simple dichotomy of realist versus utopian schools developed in this thesis. The major effort, however, has been made to test the applicability of the realist theory to the Strategic Triangle.

The basic assumption underlying this study is that nation-states' relationships are dominated by their attempts to maximize their power. It has been argued that the case of the Strategic Triangle is no exception to this general principle. Two aspects of this struggle for power have been highlighted: the constant effort in seeking strategic advantage and the increasingly important task of improving economic capabilities. While strategic advantages are defined in a triadic game context,⁹³ the improvement of economic capabilities is examined mainly on the national level. Domestic consumer satisfaction and domestic political stability, for example, are very important reasons for improvement of economic capabilities, but are not discussed at length in this paper.

⁹² One Chinese journal in international studies to see is *Guoji Wenti Yanjiu (International Studies)*, published by China Institute of International Studies, PRC.

⁹³ This has largely excluded involvements of other players.

In the method of explanation in this thesis, a theoretical perspective has been created and utilized for convenience of focusing and observing the states under examination; at the same time, this method has set some limits to itself. Discussions of internal politics and the involvement of other states are deliberately condensed, which will inevitably distort to some extent the assumptions set up in this model. Similarly, the individual personalities and beliefs of different leaders have generally been ignored. Chinese leaders, Mao Zedong, Hua Guofeng and Deng Xiaoping have variously influenced Chinese foreign policy. Although checked by two other branches of power, the Legislature and the Judiciary, the President of the United States is still powerful enough to determine the objectives of American foreign policy if he intends to. Because of the highly-centralized political system of the Soviet Union, personal goals or desires of Soviet General Secretaries in Soviet foreign policies have never been overlooked by any careful scholars.

However, given the immense work and complications that an international study entails and given existing controversies on social science methodologies, the method adopted here clearly has its advantages. When there are a large number of variables involved, as in the Triangle, the method used has significantly narrowed them to a few that a study of this size is able to handle. The simplistic features of the method do not deprive it of its validity in an initial approach to the problems discussed. When, or if, there is a perfect and universally accepted method, the conclusions reached here may need to be reassessed.

While this method has been utilized in an attempt to improve our understanding of the past and recent development of the Triangle, a few implications in the recent developments of the Triangle may also be inferred.

One, conflict of national interests between China and the United States is minimal, and Sino-American relations are beneficial to both parties in terms of the Strategic and the Economic Triangle.⁹⁴ It is therefore likely that Sino-American relations will remain stable and progressive in the foreseeable future. Sino-American economic relations, though plagued by some problems at present, will enjoy further progress and thus contribute to broad bilateral relations. A quick solution to the Taiwan question is not very likely⁹⁵. Nevertheless, the persistent Taiwan problem will not severely encroach on the overall atmosphere of Sino-American relations.

Two, the Chinese *Outlook Weekly* asserts that both China and the Soviet Union are ready for a new type of relationship. In its view, such a relationship will be a neighbourly one based on the Five Principles of Coexistence and mutually beneficial economic exchanges.⁹⁶ This assertion, together with the announcement of the summit meeting between Deng and Gorbachev and many other positive reports on Sino-Soviet relations, have sent out a strong signal that Sino-

⁹⁴ Economic Triangle of the United States, Japan and Western Europe.

⁹⁵ In spite of the increasing trade between Taiwan and the PRC recently.

⁹⁶ Editorial board, "1988 Nian Guo Ji Guan Xi Huan He Da Shi (Détente and Major World Events in 1988)", *Liao Wang Zhou Kan (Outlook Weekly)*, Overseas Edition, New China News Ltd., Hong Kong, January 1989, p4.

Soviet relations may see a major improvement. This study suggests, however, that because of several conflicts of national interests between the two countries, improvements of bilateral relations are likely to be quite limited. It is highly unlikely that improvements of bilateral relations will lead to the conclusion of an alliance as in the 1950s. In the economic field, however, progress is likely to be faster in the next few years than it has been in the past, and areas of economic cooperation may be expected to expand. A significant increase in trade between the PRC and the Soviet Union in the near future should not be a surprising outcome.

Because of the complex nature of social science study, it is almost impossible to provide accurate answers in a precise fashion. In Gabriel A. Almond and Stephen J. Genco's "clouds and clocks" metaphor, politics has not been as deterministic as clocks.⁹⁷ Therefore, one can not expect clear-cut or mechanistic conclusions. There do exist, however, some patterns in the behavior of nation-states that can be understood. One task of the study of international studies is to develop some general outlines to improve our recognition and understanding of such patterns.

Additional details in the development of Sino-American and Sino-Soviet relations must await further observation and study. Because of the important positions of the three countries in the global community, further developments in

⁹⁷ Gabriel A. Almond and Stephen J. Genco, "Clouds, Clocks and Politics", *World Politics*, Vol. 29, July 1977. pp489-522.

the Triangle certainly deserve our close attention.

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THE STRATEGIC TRIANGLE

A REALIST INTERPRETATION

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Ming Shen

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