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AMERICA NEW CHINA POLICY:
THE HEDGAGEMENT APPROACH

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by
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ABSTRACT

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In the past few decades, the rise of China has shifted the political landscape in the Asia Pacific region. China has succeeded in economic development since the reform in 1979. It is transforming its growing economic strength into military power by substantially increasing military expenditure. According to the estimation of Global Trends 2025, by 2025 China will be the second largest economic and military power if current trend persists. The emergence of China has inevitably altered its international role when it is becoming the great power. With increasing economic interdependence and the anti-terrorism, the Sino-U.S. relations have become more complicated than ever before. On one hand, China has been an economic cooperator of the United States. The United States is calling for further economic cooperation between them, especially after the outbreak of Financial Tsunami. On the other hand, China is simultaneously the potential competitor. The United States is misgiving about overtaking from China in the 21st century. It worries the rise of China will constitute the same type of security threat to it that Germany did to Britain in the two World Wars. To respond the rise of China, Joseph Nye remarked that the development of Indo-U.S. strategic ties would be able to dissuade the future ambition of China and thus encourage China to be a “responsible stakeholder” in the international system.

The objectives of this research are to identify the nature of the current China policy towards the U.S. and the feasibility of this strategy. To understand the current China policy it is crucial that we understand how the United States has coped with the rise of China. In order to test the current nature of Chinese policy, it will be necessary to compare the engagement and containment policy. The United States is

implementing a two-pronged policy towards China that combines “engagement” and “hedging”. The term “engagement” means integrating China into the existing international system through economic cooperation and institutionalization. The term “hedging” means preserving enough dissuasive power to prevent the emergence of aggressive China in future. The strategic goal of this policy is to engage China while dissuading it from challenging the United States militarily in future. However, until now, there is still a question over how does the United States cope with the rise of China as the essence of U.S. two-pronged policy is still uncertainty. The controversy is whether the branch of hedging equals to the containment or not. To analyze the essence of U.S. hedging policy, this policy will be compared with U.S. containment policy towards the Soviet Union during the Cold War era as well as U.S. foreign policy towards other rising powers, such as India and Brazil. Then, India will be used as a case study in order to test the feasibility of U.S. two-pronged foreign policy toward China.

DECLARATION

I declare that this is an original work based primarily on my own research, and I warrant that all citations of previous research, published or unpublished, have been duly acknowledged.

Yuen Cheong Wai

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CERTIFICATE OF APPROVAL OF THESIS

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Chapter One

Introduction

A) Introduction

The international strategic landscape of the twenty-first century has been shaped by the emergence of multilateralism (U.S. National Intelligence Council 2008, 1). The new international order seems to be shifting from a unipolar world, which is dominated by the United States, to a multipolar world with an increasing weight of new players. Fareed Zakaria portrays this tendency as “the rise of the rest” (Zakaria 2008, 2). He indicates that the coming forth of “the rise of the rest” is not a consequence in the decline of the United States, but the rise of other great and potentially great powers, such as the European Union, China, India, and Russia.

The focus of this research will be to analyze the nature of the current U.S. foreign policy towards China and how the U.S. seems to handle its growth. Nowadays, the United States regards Sino-U.S. relations as one of the most important bilateral relationships (Yuan 2008), and China is considered to be a potential great power of the twenty-first century. This comes from rapid development in the country’s economy since its reform in 1979, and it is transforming its growing economic strength into a military power by substantially increasing military expenditure. The U.S. National Intelligence Council estimated that, by 2025, China will be the second largest economic and military power if this current trend persists (U.S. National Intelligence Council 2008, 1, 29). The United States is increasingly concerned about the implication of China’s spectacular economic rise and its concurrent military modernization. Also, due to the lack of transparency in this military modernization, the United States is cautious over the possibility of a strong, prosperous and

non-peaceful China in the future (U.S. Department of Defense 2006, 29). According to the Power Transition Theory, China may challenge the United States if it is dissatisfied with the status quo (Organski & Kugler 1980, 19-20).

In response to the rise of China, the principal aspect for U.S. foreign policy is to prevent it from becoming unstable and incompatible with U.S. national interests (Walt 2002a, 30). In working towards this goal, the United States is required to face the rise of China squarely and ensure it remains manageable. On the one hand, the United States is integrating China into existing international order, through encouraging mutual economic interdependence. On the other hand, the United States aims towards maintaining the balance of power in Asia, with the purpose of dissuading the emergence of an aggressive China in the future. In practice, Joseph Nye stated that the George W. Bush administration looked as though it was using India as a balancer, in order to manage the rise of China (Nye 2008). He remarked that the development of Indo-U.S. strategic ties would be able to dissuade the future ambition of China and thus encourage China to be a “responsible stakeholder” in the international system.

B) Objectives of the Research

The first objective of this research is to identify the nature of the current China policy of the U.S. and how the United States will cope with the rise of China. To understand the current China policy it is crucial that we understand how the United States has coped with the rise of China. In order to test the current nature of Chinese policy, it will be necessary to compare the engagement and containment policy. The engagement policy is a policy that aims towards integrating China into the existing international order, through an increase in mutual trade and economic development;

and has been the main theme of the China policy since 1972. If the current China policy is similar to the traditional engagement policy, it will mean the United States does not have an incentive to restrict the rise of China. In contrast, the containment policy is a policy aimed toward creating strategic alliances, in order to check the expansion of a hostile powers or ideology, or to force them to negotiate peacefully (WordNet by Princeton University 2008). It is based on the use of a hard balancing strategy to immediately deter the ambition of its enemy. If the current China policy is similar to the containment policy, it will require the maintaining or forming of an alliance to check the rise of China. The third possibility is that the nature of the current China policy is not similar to both the engagement and containment policies. If this is so, then this research will investigate reasons behind such a nature and how the United States is coping with the rise of China under this nature.

The second objective is to analyze the feasibility of U.S. two-pronged strategy toward China. India will be used as a case study in order to demonstrate the feasibility of this strategy with regard to whether India is willing to play the role of a potential strategic balancer against China. After finding out the nature of current China policy, it can be shown whether there is a role for India in the U.S. strategy towards China and what demands the United States has placed on this role. However, besides the desire of the United States, India's actual role in the U.S. strategy toward China will be influenced by its own strategic interests as well. The question: does India want to take a role in the U.S. strategy towards China will also be asked. If India does not want to intervene in Sino-U.S. relations, then the actual role of India may not fulfill the expectation of the United States, thus meaning the current U.S. China policy may not be a feasible policy, and vice versa.

This thesis uses a qualitative research methodology. The Power Transition Theory will be used to analyze why the United States looked with suspicion over the rise of China and how it will prevent the emergence of an aggressive China in the future. Details of the Power Transition Theory will be examined in the literature Review. By explaining the instruments of the current China policy of the United States, the concept of soft balancing, as a strategy, will be used. The soft balancing strategy means “tacit balancing short of formal alliances” (Paul 2004, 3) will be helpful to explain why the United States has not formed an opposing alliance in order to limit the rise of China; and, how it will dissuade the emergence of an aggressive China. Also, a more comprehensive picture will be presented by employing abovementioned theories. The Power Transition Theory is the main theme of my theoretical framework, which will draw out the dynamic of China-U.S.-India interaction and the soft balancing strategy which is used to explain the reasons behind their diplomatic strategies.

Owing to numerous terms from U.S. foreign policy in this thesis, the conceptualization of these terms can thus facilitate people, who read this paper, to better understand the overall research thesis. The abstraction of four significant terms will be briefly explained, including “hedging policy,” “two-pronged policy,” and the “conengagement approach” and “hedgagement approach.” The first term to be analyzed, hedging policy, is a policy aimed toward dissuading the emergence of an aggressive China in the future, along with its continuous economic and military growth. It is based on the use of soft balancing strategy to dissuade future ambition of its potential competitor. The second term, two-pronged policy, is a policy which forms the current China policy of the United States, which means implementation of the engagement and hedging policy at the same time.

The third term, conengagement approach, is a strategic approach which suggests the United States will implement the engagement and containment policy simultaneously; and was a term first coined by a RAND study in 1999. This approach promotes the integration of China into the international system, through engagement policy, and contains an aggressive China through hard balancing strategy (Khalizad 1999, 72-75). Later, Peter Rudolf further illustrated that this approach is one of three diverse strategic approaches to coping with the rise of China (Rudolf 2006, 10-12). The final term, hedgagement approach, is a strategic approach which suggests the United States should implement the engagement and hedging policy simultaneously. This term was coined by me, to be used to explain the current China policy of the United States; as I discovered that all traditional strategic approaches, suggested by other scholars, are unable to fully explain the current case. This approach aims toward integrating China into the existing international system and hedging against China from being aggressor in the future by making use of soft balancing strategy. The details of all terms will be illustrated in the following chapter.

Table 1.1
The conceptualization of six significant terms

	Definition	Instruments or Suggested instruments	Examples
Engagement policy	The engagement policy is a policy that aims towards integrating China into the existing international order.	Economic engagement. Increasing Interdependence.	India. China.
Containment policy	The containment policy is a policy aimed toward creating strategic alliances, in order to check the expansion of a hostile powers or ideology, or to force them to negotiate peacefully.	Formal opposing alliance and arms buildup.	The Soviet Union.

Hedging policy	Hedging policy is a policy aims toward dissuading the emergence of aggressive power in future.	Entente. Informal, tacit balancing short of alliance. Limited arms buildup.	China
Two-pronged foreign policy	The two-pronged policy is a policy which forms the current China policy of the United States, which means implementation of the engagement and hedging policy at the same time.	Economic engagement. Increasing Interdependence. Entente. Informal, tacit balancing short of alliance. Limited arms buildup.	China
Congagement approach	Congagement approach is a strategic approach which suggests the United States will implement the engagement and containment policy simultaneously.	Economic engagement. Formal opposing alliance and arms buildup.	Nil.
Hedgagement approach	Hedgagement approach is a strategic approach which suggests the United States should implement the engagement and hedging policy simultaneously.	Economic engagement. Increasing Interdependence. Entente. Informal, tacit balancing short of alliance. Limited arms buildup.	China.

The remaining part of this chapter will introduce the different levels of analysis and a detailed literature review on the Power Transition Theory, as well as how Realism, Liberalism and Constructivism are analyzed in Sino-U.S. relations. The second chapter will briefly illustrate U.S. foreign policy towards China, since 1949; and, the third chapter will analyze the nature of such a policy toward China; this is completed by comparing it with U.S. containment policy toward the Soviet Union during the Cold War period and current U.S. strategic engagement policy toward other rising powers, such as Brazil and India. Then, the fourth chapter will focus on the concept of soft balancing and examine whether the United States is using this to cope with the rise of China. The fifth chapter will analyze the feasibility of U.S. two-pronged policy toward China by utilizing India as a case study. To test this feasibility, the chapter will discuss how India perceives its role in Sino-U.S. relations and whether it is willing to fulfill the U.S. expectation of it playing the role of a

balancer against China; and, the final chapter will conclude the research.

C) Different levels of analysis in international relations

Using “levels of analysis” will be helpful when exploring an issue methodically, systemically, and logically. “Levels of analysis” was first coined by Kenneth Waltz, in his book “Man, the State, and War,” and is used when classifying the theories of international relations. It can be divided into three levels: the individual level, the state level, and the international level (Waltz 1954, 2-15). The individual level explains international politics as being driven primarily by the personality, perceptions, choices, and activities of individual decision makers. The state level focuses on the domestic regimes of states and national interest, reviewing how to provide explanation. And, the international system level explains how the international anarchic system affects states’ behavior, as well as the strengths and weaknesses of international and regional organizations (Singer 1961, 220-29). According to Goldstein, “A level of analysis is a perspective on international relations based on a set of similar actors or processes that suggests possible explanations to “why” questions” (Goldstein 1999, 16). In this thesis, the international level of analysis will be of focus when examining the interaction of states’ behavior, involving the United States, China and India. Under the anarchic world system, there is no guarantee that China will remain friendly or even be hostile with its economic and military power continuously increasing; therefore, the United States is cautious over the future intentions of China and would like to adjust its China policy when necessary, in order to guarantee its own safety. Thus, India may become involved in this dynamic of Sino-U.S. relations should the United States need it.

D) Literature Review

i) Power Transition Theory

Power Transition Theory was set forth by Organski and Kugler for analyzing the ominous consequence of a rising power under the anarchic world system. It attempts to investigate the danger of a major war, which will be its greatest when a rising and dissatisfied challenger threatens to overtake a declining and satisfied dominant power. To analyze the cyclic nature of major war, Organski and Kulger attempted to explore the structure of the international system in order to elucidate its dynamic. They describe the structure of the international system as a hierarchical system within international relations, and the distribution of power in each hierarchy is uneven and concentrated in the hands of the upper hierarchy; commonly termed the classic power pyramid (Tammen, Kulger, Lemke, Alsharabati, Efird and Organski 2000, 7-8). There is a difference between these hierarchies not only because they have different sizes of power, but because they also have different benefits they are able to contribute which will increase their own power (Organaki 1968, 364-367). This power pyramid can be divided into four levels: the dominant power, great powers, middle powers, and small powers. The dominant power is located at the apex of the power pyramid and will hold dominant power but not hegemonic power; and this dominant power is a state that enjoys the most of the vested interests. As the dominant power is often an originator of existing international order, it takes pleasure in defending the status quo. Also, its position as a dominant power can be extended, by satisfying its allies as well as potential challengers under existing international order. Beneath the dominant power are the great powers. These have considerable power under the dominant power and will share interests from the existing system. Thus, they are willing to bear the responsibility of maintaining international order. But, the great powers will occasionally challenge when they are dissatisfied with

their role. The next hierarchy contains the middle powers. Their influence is inadequate to challenge the dominant power, even though they are affluent and have rich resources. At the bottom of the pyramid are the small powers, which occupy the largest amount of the total nations in the international system but do not have enough power and influence to defy the regime of the dominant power. Organski and Kugler claim that the term “power” is the main theme of the Power Transition Theory, as state behavior is determined by the size of its power (Tammen, Kulger, Lemke, Alsharabati, Efir and Organski 2000, 6-8).

The definition of power is the ability of a state to impose on or persuade an opponent to comply with its demands (Tammen, Kulger, Lemke, Alsharabati, Efir and Organski 2000, 8), and this power can be separated into simply three elements: population, economic productivity, and political capacity. And, with the growth of power comes a change of dynamic in the regional or international system. Nevertheless, the outcome is uncertain and will be dependent on whether the rising great power is satisfied or dissatisfied. The increasing power easily guides nations into thinking they can easily catch up the dominant power and finally overtake it, as it may be dissatisfied with its original hierarchy in the international system. Hence, a dissatisfied state may challenge the status quo to improve its own level in the international system. Alternatively, satisfied states prefer to preserve or advance their political position within the prevailing international system. Therefore, power transition is possible through three instances: war, cold peace, and warm peace (Kupchan, Adler, Coicaud and Yuen 2001, 7). War is the traditional method of many dissatisfied states when they are looking to rise in the hierarchy. To achieve such an aim, a dissatisfied state will seek to destroy an existing regional or international system through violence to ensure room in the apex of the power pyramid is released.

Cold peace means stability on the basis of competition and mutual deterrence, due to the emergence of nuclear weapons; and, warm peace refers to stability in view of cooperation and reassurance.

To avoid a war caused by the power transition, the dominant power must develop and implement a suitable policy for responding to challenges of discontent by rising powers. The speed of economic growth translating into power is a significant factor toward avoiding conflict between the dominant power and the challenger (Organski and Kugler 1980, 21). If the speed is slow, then both parties will have enough time to adjust their policy and manage the power transition.

In the Sino-U.S. case, the United States is taking the role of dominant power. The U.S. National Intelligence Council estimates that the United States will still be the dominant state in the world until 2025 (The U.S. National Intelligence Council 2008, 1). This is due to the United States having an abundant population, high productivity and enough political capacity to guarantee its power dominance over potential challengers, as well as its ability to manage and lead the international system in its preferred way, so as to satisfy its own and its allies' national interests. Therefore, the United States is the defender of the status quo because it is the dominant power which enjoys the most vested interests. In contrast, China is one of the potential great powers in the world, having considerable power on a level that is merely under the dominant power; and, has started to increase its own power since the start of the open door policy. If this rise continues, then China will overtake the United States in the future. Therefore, Organski believes that China will go beyond the United States in terms of the size of its economy and then, ultimately, its power and role in the international system will increase exponentially. He summarized his

view as follows: “The question is not whether China will become the most powerful nation on earth, but rather how long it will take her to achieve this status.... The United States will retain world leadership for at least the remainder of the twentieth century, perhaps even for a longer time, but the position will eventually pass to China” (Tammen, Kulger, Lemke, Alsharabati, Efird and Organski 2000, 153). To manage the challenge of China, there are three strategies the United States can implement to allow both sides to remain satisfied during the power transition process.

The first strategy is to create a satisfied China by improving its interests within the existing regional or international order. Today, China is a state that is dissatisfied with the lack of unification with Taiwan and its international status (Taylor 2007, 35-37). To preserve the existing status quo, the challenge of a rising China has become one of the preconditions of the United States and its allies. The coalition of the United States and its allies must attempt to further integrate China into the international order by encouraging China’s prosperity. Continuous promotion of China’s economic development, through trade and international institutions such as the World Trade Organization, will help provide economic benefits to China which will, in turn, contribute to the existing U.S.-led international order (Tammen, Kulger, Lemke, Alsharabati, Efird and Organski 2000, 35-36). The increasing common interests from trade can thus strengthen the interdependence between China and the coalition of the United States. This will make it possible for China to be a defender of the status quo and ensure its vested interests. Therefore, a warm peace agreement would take place between the United States and China, should this strategy succeed in integrating China into the existing international system.

The second strategy is shunning from a territorial conflict between the United

States and China. Though China and the United States do not share any borders or have any direct territorial quarrel, the Taiwan issue is the most dangerous flashpoint for future Sino-U.S. relations (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 167-168). It is an issue that could possibly lead to war, in order to bring about the outcome of a power transition between the United States and China. To avoid the worst case scenario, Christensen suggests that the United States ought to accept the “watchful waiting” posture by means of employing strong diplomatic and economic pressure, to put off the independence of Taiwan; as this will satisfy China’s national interests in the aspect of territorial integrity. Moreover, dissuading the independence of Taiwan is not the same as discouraging Taiwanese democratization, thus doing so will not violate U.S. interests (Christensen 1996, 49). Indeed, the United States will require time to integrate China into the international order by implementing the first strategy. Then, the United States will be able to facilitate itself in order to earn enough time to perform the second strategy.

The third strategy is reengineering the U.S. alliance system to maintain its overwhelming power over the rise of China, if China refuses to merge into the international system. According to Organski, “Alliance created by the dominant power is designed to strengthen the stability of the system by creating a preponderance of satisfied countries” (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 33). If two aforementioned strategies fail to transform China from being dissatisfied to satisfied, then the only way for the United States to maintain stability of the international system is to reinforce its alliance system through attracting more great and middle, and small powers to support its leadership; something which should steady the existing system. Then, cold peace will be achieved. In the case of the Sino-U.S. power transition, Organski states that India is a

good choice for reengineering the U.S. alliance system (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 175). The United States will be able to utilize the rise of India as a counterweight toward China's regional leadership in Asia. Although India is another challenge for the United States, it is recognized that the United States should work out the former challenge first and then move towards the second and more important danger (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 179).

ii) Realism in analyzing triangular relations among China, India and the United States

Morgenthau's *Politics Among Nations: The Struggle for Power and Peace*, is considered the 'bible' of the field of political realism. He regards international relations as power politics, in which sovereigns will inherently chase after power and national interests (Morgenthau 1973, 4-15). Because the desire for more power and interest are rooted in the flawed individual, the power struggle is endless under the international anarchic system. Thus, each nation will be rational and want to maximize its own national interests, which results from greediness of the human race. To sum up, classical realists deem that the nature of international politics is evil (Spirtas 1996, 387-400); however, neo-realists have revised this worldview. Kenneth Waltz points out that a nation will need to maximize its security but not its power. This is because survival is the most important national interest of every state and the reason for capturing more power is no more than to increase the guarantee of a state's safety. In fact, the aspect of pursuing power is not the end of a nation; it is simply considered a method to achieve national security, because the ultimate goal of a nation is to ensure its survival (Waltz 1979, 126). Maximizing one's power may perhaps serve its own security; nevertheless, a state can undermine the security of

other states; which means it becomes simple to induce the security dilemma. According to Robert Jervis, “The security dilemma describes a condition in which efforts to improve national security have the effect of appearing to threaten other states thereby provoking military counter-moves. This in turn can lead to a net decrease in security for all states” (Jervis 2001, 36). Therefore, a nation must make sure its security is stable through the balance of power, rather than by power maximization (Waltz 1979, 118). Due to the absence of a central international government, states act according to the self-help principle. Therefore, as long as a state is seeking survival, it can offset potentially dangerous strong powers through internal balancing, by increasing economic and military capacity, as well as external balancing through alliance. Thus, the logic of balanced power means that the stronger a state becomes the higher the incentive others will have to align against it. However, the distribution of power is a variable factor, thus Waltz recognized that “Safety for all states ... depends on the maintenance of a balance among them” (Waltz 1979, 132).

Henry Kissinger deems that the United States determines its foreign policy according to its strength and the principle of the balance of power. As peace is based on the foundation of maintaining the balance of power, the United States must utilize the balance of power to ensure regional and international stability (Kissinger 1977, 57-58). According to the Power Transition Theory, the rise of China seems inevitable and will hugely disrupt the original balance of power, meaning the United States will not be able to help adjust its foreign policy toward China. To respond to China’s rise, there are two factors in coping with the dynamically changing regional and international system, which both come from the aspect of power transition.

In the view of neo-realists, they consider that the rise of China is an inescapable tendency. In fact, neo-realists stress that the regional balance of power should be maintained through an alliance system, but without embracing an anti-China mentality. To preserve the regional balance of power, the United States must not only consolidate traditional allies such as Japan, Australia, Taiwan and Korea, but also nurture a new alliance to increase the weight of itself. Hence, India has recently become a rising star in the U.S. assumed alliance system (Donnelly 2006, 4). The aim of Indo-U.S. strategic relations is not only to satisfy American national interests, but also because India also has its own national interests and security concerns, which can benefit from relations with the United States. Kissinger claims that the role of India in Sino-U.S. relations is becoming ever more important. As long as India is able to promote its own interests, it will naturally take the role of balancer in maintaining a status quo in the Asia-Pacific region (The National Interest 2006, 15). Additionally, the rise of India will dilute the regional Asian leadership of China.

On the contrary, offensive realists' acts are inconsistent with the conviction of neo-realists. In the *Tragedy of Great Power Politics*, John Mearsheimer first coined the term "offensive realism," which focuses on explaining the inherent fear for survival that occurs in the anarchic international system. He believes that great powers behave aggressively because they seek more power for their own survival, rather than in an effort to become a dominator (Mearsheimer 2001, 42-46). In addition, he also believes there to be no status quo power in the anarchic international system. He defines this concept as "Offensive realists . . . believe that status quo powers are rarely found in world politics, because the international system creates powerful incentives for states to look for opportunities to gain power at the expense of rivals, and to take advantage of those situations when the benefits

outweigh the costs. A state's ultimate goal is to be the hegemonic of the system” (Mearsheimer 2001, 21).

Therefore, the survival of a regional hegemonic power, such as the United States, will eventually be threatened by the rise of regional powers when such rising powers desire to increase their survival guarantee. Due to the principle of the zero-sum game, gains by a rising power will result in losses by a regional hegemonic power. Thus, any rise of regional power may threaten the survival of a great power. In the 21st century, Mearsheimer is concerned that China’s growth as a rising power will mean it becomes a new challenger to the U.S. Hence, Mearsheimer believes that the U.S. should not implement an engagement policy to the Chinese. Based on his assurance, China will be a peer competitor of the U.S. regardless of whether it is a democratic country or not (Mearsheimer 2001, 4). So, constructive engagement by trading will do nothing but make China stronger. Therefore, to ensure its survival, the U.S. must contain China as early as possible, because China is still a distance from growing into a mature and strong country that would be able confront the U.S. as a regional hegemonic power (Mearsheimer 2001, 402). Thus, to implement the containment policy, India is a good choice for the United States (Mearsheimer 2004).

iii) Liberalism in analyzing triangular relations among China, India and the United States

Liberalism, in international relations, focuses on perfecting international law and international organizations so peace can be upheld. States’ foreign policy can be restrained by ethnic and international norms. Thus, to achieve international harmony, the goal of a state’s foreign policy should fit with their internal political morals (Nardin and Mapel 1992, 1-57, 201-218). Under this mentality, President Wilson

established the League of Nations after the First World War. Despite this, the League of Nations failed to resolve international conflicts without the participation of the U.S., and “Wilsonianism” seriously influenced American foreign policy in the following decades. Wilsonianism conceives that America has an unrivaled virtue (democracy, human rights and Christiansen morality) and the power to promote this exceptional nature to the world through its foreign policy (Kissinger 1994a, 809).

Neo-liberal institutionalists even have an insight that some states prefer to choose cooperation much of the time within the international anarchic system. They deem that a state will be rational, which makes it possible to build a mechanism for cooperation despite no international authority commanding mutual cooperation (Axelrod and Keohane 1986, 226-254). Nonetheless, this does not mean there is no conflict among different states, as conflict is inescapable among nations under the anarchic system; thus, cooperation is derived from conflict. It is a way out for solving conflicts among nations, and continuous cooperation will encourage the initiation of international regime. An international regime is a set of governing arrangements, including networks of rule, norms, and procedures which regulate behavior and control its effects; and is regulated by the action of governments which have an effect on the pattern of interdependence (Keohane and Nye 2001, 17). In reality, interdependence can influence world politics and the behavior of individual states. Keohane and Nye state that interdependence among different states can reduce the conflict of interest, as it will increase the costs of conflict while simultaneously enhancing the benefits of cooperation. Therefore, interdependence amplifies the incentive of cooperation (Keohane and Nye 2001, 5-6), which then further deepens the foundation of international regime. Thus it is causing a virtuous circle.

Keohane and Nye believe that “we live in an era of interdependence” (Keohane and Nye 2001, 3). Since the end of the Cold War, preoccupation of a state’s national security has relaxed. This has led to the United States suggesting implementation of the constructive engagement policy in order to be ready for the rise of China. The meaning of the constructive engagement policy is to integrate China into the existing international regime through enhancing bilateral trade and economic development, because trade can boost the incentive of cooperation among China and the United States. Also, James Baker explained that “history shows that economic and political reform is but two sides of the same coin. Give someone economic freedom and they will want political freedom” (Baker with DeFrank 1995, 99-101). So, this policy will have the ability to encourage China to become a democratic and global citizen, by instilling democracy in the Chinese through a step by step “peaceful evolution,” in the process of economic integration. In “Perpetual Peace,” Immanuel Kant stated that the spread of political values of liberal democracies ensure peace by changing international politics (Elman 1997, 7). Neo-liberalists consider that the democratic peace hypothesis can help to eliminate a potential war among the United States and rising China. Furthermore, Zoellick even requires China to become a “responsible stakeholder” in the existing international system, which denotes that China should focus less on its national interests and contribute more to global society (Zoellick 2005). Besides the engagement policy, neo-liberalists refuse to carry out a containment policy, as they fear this will anger China and thus cancel out the effort of the international engagement policy. Also, Nye claimed that China would become an enemy if we regard it as an enemy (Nye 1997). Therefore, the United States must not implement a containment policy when dealing with the rise of China.

iv) Constructivism in analyzing triangular relations among China, India and the

United States

Constructivism deems that international relations can be demonstrated by the view of sociology, which is a new view towards explaining the international system, because both realism and liberalism are insufficient when explaining some areas of international relations (Wendt 1994, 388). In fact, Alexander Wendt argues that international politics are not only the concept of material structures, but also the concept of normative structures. However, he has not denied that the essential needs of a state involve physical survival, autonomy and economic well-being. But, after the interaction between states, a state's national interests will be influenced by social normative structures (Wendt 1999, 193-244). The redefinition of a state's national interests can be conducted by changing identity in the process of interaction. Therefore, it is unlike rationalism, which assumes that national interests of a state will be constant and exogenously given. Wendt notes that national interests and identity are not constant factors; they are dependent variables which are endogenously influenced by a state's interaction (Wendt 1994, 384-387). Thus, Wendt considers that anarchy alone means nothing; it is what states make of it. If states continue to carry an egoistic view regarding itself and others, without positively identifying the national interests of others, then it may imagine others to have the same egoistic mentality (Wendt 1994, 386). Therefore, the anarchic system is inevitably as a result of realpolitik. However, if states have positive identification among one another, then the behavior of states will be modified from self-help to cooperation (Wendt 1999, 296-297). So, to promote the initiation of cooperation, changing the current identity is a significant step. Wendt suggests that "intersubjective shared knowledge" has the ability to adjust mutual identities among states, as intersubjective shared knowledge sets up the role of states and the nature of mutual relationship, either conflictive or cooperative (Wendt 1995, 73). Furthermore,

norms are the product of intersubjective shared knowledge, and they determine the anticipated action of a state in the eyes of others and under recognized identity. Thus, constructivists emphasize the transformation of existing intersubjective shared knowledge, because it is able to shape the behavior of states through developing or adjusting a positive and cooperative international norm.

Constructivists agree that the degree of intersubjective shared knowledge among the United States and China is a significant factor that will affect their relationship (Gries 2005, 257). Peter Gries indicated that Americans regard the rise of China as a threat mainly because of their intersubjective shared knowledge. If Americans have a positive intersubjective shared knowledge towards China, then part of the competitiveness between them can be avoided. To change the identity of the United States toward China, Zheng Bijian argues that the development path of China is through a peaceful rise and not by aggressive means (Zheng 2005, 19-20). China requires a stable environment for its modernization, so it does not seek any hegemonic power in both regional and international order; and, it is willing to accept and follow reasonable international norms (Zheng 2005, 24). Moreover, in a practical phase, China has been attempting to express its amity to the United States through being a responsible stakeholder, a wish of the United States. To stabilize the regional security of Northeast Asia, China has brought North Korea to the negotiating table by organizing the Six Party Talk. The participation of China is an important factor in dealing with North Korean nuclear issues, as China can play a great wild card toward influencing North Korea.

In addition, the PRC government believes that the formation of an Indo-U.S. alliance, in order to contain China, not only comes from the willingness of the United

States but also depends on the attitude of China toward India. Indeed, China prefers to cooperate with India over both economic and military matters, in order to improve the Sino-Indian friendship. Although there are two obstacles, Pakistan and border conflicts, for promoting Indo-China cooperation, this does not mean it prevents them from establishing cooperative opportunities. As mentioned previously, the content of national interests depends on changing the existing shared knowledge, which will thus modify the states' identity in the eyes of the other. Also, China seeks to change the existing identity of Sino-Indian relations, from competitor to partner. To release amity to India, China has taken steps toward changing the identity between India and China, by carrying out a series of confidence establishment actions. In 2003, China invited India to be the observer of the Shanghai Cooperation Organization and established bilateral defense cooperation with India in 2004. China and India agreed to launch a further comprehensive strategic partnership in both national defense and economic cooperation. In April 2005, the Chinese Premier, Wen Jiabao, visited New Delhi and signed an agreement over political guidance principles toward solving border conflicts between China and India. Then, the joint statement announced that both leaders had agreed to work toward developing a strategic cooperative partnership which was oriented toward peace and prosperity (Cheng 2007, 13). Moreover, a Chinese Foreign Ministry spokesperson, Jiang Yu, pointed out that China wanted to send out a message of friendship and cooperation to the international community, and for Sino-Indian relations to benefit from the visiting trip of President Hu Jintao, in 2006 (The Times of India 2006).

Chapter Two

Current China policy of the United States

Before examining the nature of recent U.S foreign policy toward China, it will be beneficial to establish the background of this foreign policy. In fact, the U.S. foreign policy has been a policy of peace since the People's Republic of China came into existence in 1949. Even in negative times, the United States has never regarded China as an enemy in the same as it viewed the Soviet Union.

A) U.S. foreign policy towards China since 1949

During the first stages of this policy, Sino-American relations were alienated and characterized by animus; and, the United States did not deem the nature of the new China to be the same as the Soviet Union. According to the China White Paper, Dean Acheson stated that Chinese profound civilization and democratic individualism would finally push China from the Soviet camp, and the role of the United States was to encourage this possibility (U.S. Department of State 1949, xvi-xvii). Therefore, the United States decided to admit the legitimacy of New China and invited China to join the United Nations (U.S. Department of State 1949, 14-16). Although the United States attempted to play up to New China, China refused the goodwill of the United States. And, China's close strategic relationship with the Soviet Union angered the United States. After this, the United States ended its official relations with China by withdrawing all diplomats from the country, and then decided to prohibit the transaction of all strategic products after 1949 (Medvedev 1986, 81). Then, Sino-American relations deteriorated even further when China took part in the Korean War in 1950. In response to China's actions, the United States signed a bilateral defense treaty with Taiwan in 1954, which would balance Mao's China (Sutter 2006, lv). The United States and China kept a suspicious attitude of one

another until the Sino-Soviet split in 1969. Even though President Nixon suggested that the United States should re-evaluate its China foreign policy, the voice to redefine Sino-U.S. relations was still in a minority inside the U.S. in the late 1960s (Nixon 1967, 111-125). Only after the conflict of Zhenbao Island in August 1969, did the U.S. reflect on the Sino-Soviet alliance and come to the conclusion it was not as harmonious as previously thought. Hence, the United States began to reconsider its foreign policy toward China.

Although the United States and China kept a mutually suspicious attitude of one another in the beginning, the China policy of the United States transformed to an engagement policy after the Sino-Soviet split in 1969. To foster cordial relations between the United States and China, President Nixon's ping-pong foreign policy in 1971 could be thought as the beginning of a positive relationship. However, the genuine turning point of the Sino-U.S. rapprochement was Nixon's trip to China in 1972. This trip marked the end of the antagonistic and isolated status between the United States and China since the 1950s (Harding 1992, 23). Furthermore, at the end of this meeting, the Shanghai Communiqué was signed to guarantee that both the United States and China would resist any type of hegemonic power dominating Asia. The Shanghai Communiqué thus transformed Sino-American relations from isolation and opposition to a de facto alliance against future threats from the Soviet Union (Kissinger 1994a, 729).

Despite several upsets in the development of Sino-U.S. relations in the following two decades, the overall trend of Sino-U.S. relations has taken a positive route. However, engagement policy was still the main theme of the China policy in order to gain support from China in keeping a close interest in the expansion of the

Soviet Union. In 1979, the Taiwan Relations Act, which once hindered the reinforcement of Sino-American relations, did not significantly affect Sino-American relations moving toward positivity and cooperation in the long-term. Especially when Deng Xiaoping's economic reform expanded the commercial relationship between the United States and China; which also resulted in Congress beginning to see the Soviet Union as a strategic threat after the weakening of the détente.

Moreover, the Tiananmen Square crackdown on June 4th 1989 did not change the implementation of the U.S. engagement policy toward China. And, although the President's office announced that all high level official links between the United States and China would be severed after this, President George H.W. Bush secretly sent his national security adviser to China. This illustrated that he had no choice and was under internal pressure to impose a sanction against China, but also wanted to gain Deng's understanding and avoid further deterioration of Sino-American relations (Qian 2003, 170). The United States finally restored its high level official contact with China after the outbreak of the Iraq War in 1990, when China refused to use its veto right in the United Nations Security Council. However, further negative instances for Sino-U.S. relations were delayed by the collapse of the Soviet Union. The end of the Cold War saw an end to preoccupation by the United States and thus decreased the importance of strategic association with China. This could be reflected by the sale of 150 F-16 aircrafts to Taiwan in 1992, which violated the 1982 Shanghai Communiqué.

In fact, a domestic debate appeared in the United States over how to deal with China in the Post-Cold War period – the only potential great Communist power in the world. The United States wanted to integrate China into the U.S.-led international

system. And, to deal with the China issue, there were two different policies produced: the containment policy and the engagement policy. The containment policy was supported by neo-conservatives and aimed to prevent the potential threat of China by adding consistent and prudent pressure. The alternative opinion was supported by the liberals, who preferred to keep the existing engagement policy for democratizing China gradually, the so-called “peaceful evolution.” President George H. Bush eventually chose to continue with the engagement policy toward China after the collapse of the Soviet Union. This was because both Bush and his adviser (Brent Scowcroft) considered that, even with the dissolution of the Soviet Union as a threat, there could be difficulties in Sino-U.S. relations, and it would be worthwhile maintaining a good relationship with an influential China, and cooperate with them over nuclear non-proliferation and Asian affairs (Garrison 2005, 117).

After President Bill Clinton came to office, one of his first tasks was to follow up on campaign promises and demand the improvement of China’s human rights record. On May 28th 1993, he linked trade issues to a progress in human rights by threatening to withdraw China’s most favored nation status if it did not pass a list of human rights which America required it to improve. However, President Clinton eventually revised his China policy in the second half of 1993, and he moved toward a comprehensive engagement policy as America’s China foreign policy. The comprehensive engagement policy was a policy to help reinforce Sino-U.S. links in a number of wide ranging aspects, in order to peacefully integrate China into the international community (Inoguchi 2000, 277). President Clinton took this stance as he believed isolation would not force China to improve its human rights. Also, playing the most favored nation status card would not only have prevented China from improving its human rights, but could also have canceled out effort from the

U.S. economic engagement policy (Clinton 1994, 8). Therefore, President Clinton was pragmatic and decided to place economic policy in before U.S. foreign policy, when faced with choosing between economic and human rights issues (Friedman, Sciolino and Tyler 1994, 1). He believed that the United States should utilize other methods to make China pursue a democratic system. Therefore, improving China's human rights status would be carried out by increasing international broadcasting in Asia, trade, cooperation, regular human rights dialogue, and supervision under the United Nations (Clinton 1994, 8). Thereby, the United States started to separate trade issues from human rights problems.

Subsequently, Sino-U.S. relations rapidly developed along a positive path. During August 27th and September 1st 1994, the Secretary of Commerce, Ron Brown, visited China to unveil further Sino-U.S. economic development by signing a series of commercial treaties. In addition, the Chinese Foreign Minister, Qian QiChen, visited America and signed the "Joint U.S.-China Statement on Stopping Production of Fissile Materials for Nuclear Weapons" and the "Joint U.S.-China Statement on Missile Proliferation." Also, during this time, the United States revoked the embargo on satellite technology transfer. In November 1994, the Secretary of Defense, William Perry, visited China to develop military-to-military contacts with China, which would help construct a future system of military dialogue between the United States and China. However, the Taiwan issue was still the main controversy. Although William Perry wanted to lead Sino-U.S. relations in a positive way, he did not want the United States to abandon Taiwan (Garrison 2005, 143). In 1995, President Clinton was forced by Congress to pass the application of Taiwanese President Lee Teng-hui, to visit the U.S. in an unofficial capacity; something which damaged the core national interests of China and identified China's thoughts on the

matter. In response to this, China launched missiles in the Taiwan Strait, under the premise that they were launching a missile test. However, U.S. aircraft carrier groups were sent to the Taiwan Strait in preparation for the possibility of further military action by the Chinese. Fortunately, both governments wanted to avert such a crisis and thus took the situation under control. Finally, with effort from both sides, President Clinton and President Jiang Zemin carried out exchange visits in 1997 and 1998. In 1997, during the visit, the concept of a “strategic partnership” between the United States and China was established (Suettinger 2003, 320-322). On June 29th 1998, President Clinton confirmed “Three No’s” policy toward Taiwan and PRC China which referred to no independence, no two China’s and no membership of any international organization (Sutter 2006, lxxi). Further integrating China into the web of an existing international system, the United States approved the solicitation of China to join the World Trade Organization in late 1999. Moreover, U.S. Congress legalized China’s permanent normal trade relations in 2000, to strengthen deepening bilateral economic relations with China. In short, the engagement policy was the keynote of Clinton’s administration, despite being continually challenged by Congress, and especially in relation to human rights and Taiwan. The engagement policy significantly contributed to the improvement of Sino-U.S. relations. However, from beginning to end, the concept of a strategic partnership could not be promoted by President Clinton; this was due to domestic opposition from Congress during his presidency and later criticism of the George W. Bush administration after entering office in 2001.

President George W. Bush reversed Clinton’s foreign policy toward China. In the period of his presidential campaign, Bush and his advisers viewed China as a rising threat to the United States. Unlike his predecessor, he highlighted the potential

geostrategic competition and rivalry with China, and regarded China as a strategic competitor rather than a partner. He focused on strengthening the existing alliance in Asia, with Taiwan, Japan and Australia, to ensure American interests in the region. He did this because he believed that the national interests of the United States could only be guaranteed by working with democratic countries and not with a rising hostile Communist state such as China (Cossa 2001, 66-80). Also, Donald Rumsfeld stated that the rise of China would supersede Russia and allow it to become the uppermost potential enemy of the United States in future years (Shlapak 2001, 15). In fact, the Bush administration worried that China would expand its territory after it transformed its economic increase into military capacity (Dumbrell 2002 379-387). Therefore, after entering office, in order to prevent a challenge from China, President Bush focused on containing the rise of China by further cementing the existing alliance in the Asia-Pacific region, and thus developing new strategic ties. President Bush enhanced the U.S.-Japanese cooperation over security and further improved their relationship (Huang 2008, 169). In addition, Bush and his advisers also saw India as a useful counterweight to a rising China, thus when Sino-U.S. relations became troublesome they enthusiastically became better at Indo-U.S. relations (Kux 2002, 95).

The Sino-U.S. relations thus became tense, in particular when the EP-3 crisis took place. On April 1st 2001, an immediate Sino-U.S. confrontation was created after a collision between a U.S. EP-3 reconnaissance plane and a Chinese F-8 jet fighter on Hainan Island. Negotiations between the United States and China finally came to an agreement which saw the release of the American crew after eleven days. However, neither side admitted responsibility for the incident. After the EP-3 incident, Sino-U.S. relations seemed once again to diminish due to tensions.

However, with the effort of business interest groups, as well as American national advisers and Colin Powell, the Secretary of State, it seemed as though long-term stability could be established with China. Powell was sent to visit China in July 2001 and altered the descriptive rhetoric of Sino-U.S. relations from “strategic competitor” to “constructive, cooperative and candid.” After this, Sino-U.S. relations continued to be temperamental until the 911 attacks.

War on terrorism infused a new element in Sino-U.S. relations and diverted U.S. attention from China. It altered President Bush’s original strategic approach to China, from taking precautions against China to searching for steady Sino-U.S. cooperation. He then stressed the implementation of the engagement policy toward China, which was similar to Clinton’s administration and Sino-U.S. relations returned to being positive. On the one hand, this was due to an active and well-meant response from China in support of the U.S. War on terror, which convinced the United States that China was not America’s enemy, but a future partner. Evidence came from the discourse of Powell during the APEC joint Press Conference in 2001, when he said that “the United States has been encouraged by the response from China on support for the campaign against international terrorism” (U.S. Embassy Press 2001). On the other hand, new U.S. geostrategic concerns shifted from Asia to the Middle East, which meant the United States did not want any potential distractions in East Asia while being preoccupied with the war on terror (England 2008).

These changes to Bush’s agenda allowed the United States to re-engage with China. In 2003, President Bush showed his support through one China policy when he warned Taiwan President, Chen Shui-bian, not to lead Taiwan on the road to independence (Pan 2003, A47). In 2006, the United States and China formed a set of

regular high level talks called the China-U.S. Strategic Economic Dialogue (SED), to discuss economic affairs and strategic concerns. In 2008, President Bush refused to boycott the opening ceremony of the Beijing Olympics; nevertheless, this did not mean that the United States no longer regarded China as potential challenger. In the 2002 National Security Strategy Report, the President expressed that, although he welcomed the emergence of a strong, peaceful and prosperous China and sought a constructive relationship with China, he was also against challenges from any power with a military force that could damage U.S. national interests (The White House 2002, 30). For instance, in 2005, the United States sent a diplomatic protest to the European Union over possibly lifting its arms embargo on China. The Bush administration considered such a policy would harm diverse U.S. national interests, including security, the promotion of democracy, and human rights (Archick, Grimmett and Kan 2005, 12). During the time of George W. Bush, Sino-U.S. relations were complicated, seemed to fluctuate and contradicted some U.S. targets over integrating China into an existing U.S.-led international order; while also preventing the emergence of an aggressive China.

President Obama seems to be inheriting Bush's two-pronged foreign policy approach to deal with the rise of China. Richard Baum stated that Obama's China policy is planning to make friends with China, while simultaneously attempting to increase pressure on it too (Mcgrane 2009). He further pointed out that "Obama is not going to do anything to rock the boat on U.S.-China relations." Cui Liru, also expects that "the basic framework of U.S. policy under an Obama administration will not fundamentally change" (Cruey 2008). In addition, during the Third Sino-European Strategic Dialogue, held by the Asia Centre at SciencesPo, both Chinese and European participants had the same expectation on the current China

policy of the United States (Asia Centre at SciencesPo. 2008, 4). Therefore, under the Obama administration, the main theme of U.S. foreign policy toward China seems as though it will stay the same for the foreseeable future.

B) Is there a two-pronged policy?

Until now, it has been debatable whether the China policy of the United States has had a two-pronged approach. To clarify this, the following section will attempt to demonstrate the actual China policy of the United States. In reality, in January 2007, the U.S. Congress Research Service announced a report to Congress, which was aimed toward explaining the current U.S. strategic concern in the Asia-Pacific region. Within this report, it was repeatedly indicated that the rise of China was one of the key strategic concerns of the United States and that it should first preserve the regional balance of power in the Asia-Pacific region. Thus meaning it will carry out a two-pronged foreign policy toward China (Vaughn 2007, 2-3). The two-pronged foreign policy means the simultaneous implementation of the engagement policy and the hedging policy. Also, U.S. decision makers expect that they can integrate China into the existing international order by implementing engagement policy, through increasing mutual trade and economic development. Furthermore, they even hope that the engagement policy will lead toward China becoming “increasingly democratic and stakeholder in [the] global economy and political affairs” (Zoellick 2005). Concurrently, the U.S. has intended to hedge a strong and prosperous, but aggressive China, through reorganizing U.S. forces, strengthening existing alliances, and developing new strategic ties in Asia; so as to preserve its capabilities of military deployment in the region (Vaughn 2007, 2-3). Hence, in this report, it seems apparent that the United States has already practiced the two-pronged foreign policy toward China, by seeking cooperation with China but creating a prudent insurance policy to

dissuade the emergence of an aggressive China in the future.

The concept comes from hedging strategy that has been originally based on the 2006 Quadrennial Defense Review (QDR) Report. In 2006, the Bush administration proclaimed its second Quadrennial Defense Review Report, which emphasized the shaping in choices of rising countries at the strategic crossroad to be one of the most significant U.S. security concerns; because the choice of such a major and emerging power will be able to affect “the future strategic position and freedom of action of the United States, its allies and its partners” (U.S. Department of Defense 2006, 27). In this report, three major and emerging powers were specified to be at the strategic crossroads: China, India and Russia. However, India has been deemed a key strategic partner of the United States and Russia has been discounted as a rising power as it no longer poses a military threat to the United States and its allies (U.S. Department of Defense 2006, 27). Therefore, the view of the Bush administration is that China can be the only country considered anxious and a rising power. China has been described as a major and emerging power and one that has “the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time off set traditional U.S. military advantages absent U.S. counter strategies” (U.S. Department of Defense 2006, 29). A European scholar, Peter Rudolf, also affirmed that China’s rise will be the biggest geopolitical challenge of the United States in the next few decades (Rudolf 2006a, 61). Therefore, the United States will not only need to guarantee China is integrated as a constructive actor and stakeholder within the existing U.S.-led international system, but will also need to ensure a rising China will not disrupt the regional or global balance of power. The U.S. will do so by implementing hedging policy to dissuade any possible future hostile path that China could choose (U.S. Department of Defense 2006, 28-30). Besides the publication of

the 2006 QDR Report, the 2006 National Security Strategy Report also concluded that U.S. foreign policy toward China must “seek to encourage China to make the right strategic choices for its people, while we hedge against other possibilities” (The White House 2006, 42). So, the hedging policy is an insurance policy aimed at dissuading any choice China will make to take a hostile path in the future. In short, the current U.S. China policy is comprised of two branches; one branch is the engagement policy and another is the hedging policy. Hence, the common term given as a “two-pronged policy.”

C) The reason for implementing U.S. hedging policy

To analyze why the United States is implementing a two-pronged policy toward China, the grand strategy of the United States needs to be reviewed and taken into account. Mackubin Thomas Owens defines that the grand strategy of the United States is the premier form of strategy to utilize every national power, in order to secure its national interests in global affairs (Owens 2007, 116-117). In 1996, the Commission on America’s National Interests defined the five vital national interests of the United States; these included the prevention in the threat of weapons of mass destruction, prevention of the emergence of any antagonistic hegemonic power in Europe and Asia, prevent the emergence of a hostile power on U.S. borders or in surrounding seas, prevent the collapse of the existing U.S.-led international system, and ensure the survival of U.S. allies. To ensure these vital national interests, this report suggested the United States should preserve its primacy and confirms it had enough military capabilities and influence to carry out its grand strategy (The Commission on America’s National Interests 1996, 19-21).

Stephen M. Walt stated that there is an advantage to prompting the United States

to seek or preserve its primacy in the world. First, preserving primacy “increase[s] the nation’s security, fosters a more stable and prosperous world, and gives the United States far more influence over global events than any other state possesses” (Walt 2002b, 10). The reason for preserving U.S. primacy is to reduce the danger of conflict with a great power, if there becomes a time when there is an overwhelming gap between the United States and other great powers (Walt 2002b, 12). The United States does want to preserve its primacy over international politics, because it wants to make other states less of a probable threat to its own national interests by increasing its own power (Walt 2002a, 40).

According to Samuel P. Huntington and Stephen M. Walt, maintaining primacy is still the central objective of the U.S. grand strategy in the Post-Cold War period (Huntington 1993, 83 and Walt 2005). However, preserving U.S. primacy is not equal to struggling for global hegemony, as the United States does not want full control over other states, whether they are allies or not. The United States has a simple aim to hold its power and influence in the “first or chief place” (Walt 2002a, 31-32). In fact, preserving primacy has been a coherent strategy of the United States since the Cold War. The collapse of the Soviet Union finally showed the unprecedented economic and military power of the United States (Kennedy 1987, 353-357). Nonetheless, after the Cold War era, the United States planned to maintain the superiority of its military power over the world, even though the Soviet Union became a bygone threat. In the Defense Planning Guidance, the first Bush administration argued that the United States needed to keep sufficient military capabilities to discourage any challenger seeking to overtake the primacy of the United States (Olsen 2002, 23). Then, in the Clinton administration, although he wanted to focus on the economic front as well as enlargement and selective

engagement policy, he also requested the United States “maintain the best-trained, best-equipped and best-led military force in the world” to guarantee U.S. primacy without serious challenge (Walt 2002a, 43). After President George W. Bush came into office, the desire for maintaining U.S. primacy became much more obvious. In the 2002 National Security Strategy Report, the Pentagon openly suggested that the United States must ensure its forces “will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States” (The White House 2002, 29-30). In short, one of the main aims of U.S. grand strategy is to maintain an overwhelming power gap between the United States and other great powers and potentially great powers, in order to ensure its vital national interests.

However, the overwhelming power gap between the United States and China is diminishing, and this gap will further decrease if the growing trend of China’s economy development and military modernization remains. China has rapidly developed its economy since its reform in 1979. The annual average gross domestic product of China grew by nearly 9.67 percent from 1978 to 2006, which was significantly higher than the average annual growth of gross domestic product throughout the world (Feng 2007). This rapid economic development has increased Chinese national power and its influence. Robert Zoellick pointed out that “China is big, it is growing, and it will influence the world in the years ahead” (Zoellick 2005). In observations by the Chicago Council on World Public Opinion 2007, the majority of people around the world agree that China’s economy will become closer to the U.S. economy in the future. Even in the United States, there were 60 percent of U.S. respondents who believed that China’s economy would finally be as large as the U.S. economy (The Chicago Council on Global Affairs 2007, 36).

According to Power Transition Theory, the emergence of China will inevitably induce the dynamic of change in regional and international order. However, the outcome of this rise is still uncertain and it is unclear whether everyone will be satisfied. If China satisfies its original hierarchy, then it will prefer to preserve or advance its political position within the prevailing international system. The power transition will thus take place in a peaceful process. If not, then the discontented China may attempt to overtake the United States and break the status quo, as an increasing military power such as China could be imagined to catch up to the United States and overtake it (Organski and Kugler 1980, 19-20). This is why the United States has described China as a nation that is looking at a strategic crossroads, for the reason that “China can choose a pathway of peaceful integration and benign competition. And it can also choose, or find itself upon, a pathway along which China would emerge to exert dominant influence in an expanding sphere” (U.S. Department of Defense 2005, 7).

To prevent a potential future conflict, the United States will need to be certain that China has the intention to challenge the United States. Indeed, China has never shown any significant intention to challenge the dominant power of the United States in Asia, at least for the moment. In 2003, Zheng Bijian first promoted the concept of a “peaceful rise of China” on the Boao Forum, manifesting that China had no intention of challenging the United States. This concept was then recognized by the Chinese Premier, Wen Jiabao, in his New York City speech in December 2003. In 2004, the words of “peaceful development” were used by Chinese President Hu Jintao, to replace the words “peaceful rise,” as the word “rise” connotes a certain degree of aspiration to reach a class of superpower; something which may induce

fear in China's neighbors (Yan 2006, 12). In 2005, Zheng contributed an article "China's "Peaceful Rise" to Great Power Status," which emphasized that China would like to choose a strategy of peaceful rise to guarantee a stable environment for its modernization. And, that China would be willing to accept and follow reasonable international norms (Zheng 2005, 24). With the foundation of the aforementioned concept, President Hu further promoted a new concept of "a world of harmony," in 2006. Such a concept was derived from the core concept of Confucianism, which refers to the peaceful coexistence between all states (China View 2006). Though China has promoted the concept of "peaceful development" and "a world of harmony," the continuous increase in its military expenditure has deeply aroused U.S. concern over China's intention to expand its power and influence, in Asia, after its modernization. In fact, the underlying reason for the U.S. to implement a two-pronged policy can be summarized as the uncertainty of Chinese intention in the future.

In the past two decades, rapid economic development has not only increased Chinese economic power, but has also provided the condition for developing a formidable military power (Shenkar 2004, 102). Chinese defense spending has had annual double-digit increases since 1992 (Tkacik, Jr. 2006, 2). After the adjustment of inflation, the increase of an annual average military budget was 11.8 percent from 1996 to 2006, which was far higher than the growth of its annual gross domestic product of 9.2 percent (U.S. Department of Defense 2008, 31). In addition, on March 4th 2007, the Chinese government announced an annual growth of its military budget to approximately \$45.99 billion, a 19.47 percent increase compared with the previous year. The Pentagon even estimated that China's total defense related expenditure was between \$90 billion and \$140 billion in 2007 (U.S. Department of Defense 2008,

32-33). Such apprehension about continuously increasing its military expenditure is extended by a lack of transparency in Chinese military and security affairs. Persistent Chinese secrecy means the United States has little information of China's intentions, motivations and strategic decisions, as well as its military capability after modernization (U.S. Department of Defense 2006, 29). The lack of transparency about how China carries out its military modernization will unavoidably provide a rise in the risk of instability, due to possible miscalculation and misinterpretation by the United States over the strategic intentions of China. Richard Lawless, Pentagon's top Asia adviser, pointed out that "secrecy about its military buildup is sowing distrust in Washington and uncertainty in Asia" (Pereira 2007). Also, the traditional strategy of secrecy will cancel out any effort the Chinese leadership has in developing its image of peaceful development, because it cannot provide a continual flow of information. Also, this may lead to the United States feeling confused about the genuine intention of China (U.S. Department of Defense 2008, 20). The United States has often wondered whether China wants to be satisfied with the status quo power or could be a dissatisfied challenger waiting for the right time (Johnston 2003, 5-6). The uncertainty of China's intention makes the United States unable to ease its suspicions of China's modernization and whether it will turn into the role of challenger in the future, even though it has never shown strong oppositional intent until now. Therefore, the United States would like to carry out engagement policy and hedging policy in order to integrate China into the existing international system and dissuade the emergence of a future aggressive China (The White House 2006, 420). The two-pronged policy thus aims to profoundly cooperate with China in economic, diplomatic and cultural aspects, while also preventing the ambitions of China whether in regional or global affairs (Blumenthal 2006, 1). Two Harvard scholars, Ashton Carter and William Perry explained that the U.S. two-pronged

policy toward China is a policy which the U.S. wants to prepare for the worst and hope for the best (Carter and Perry 2007, 16). They believe that the United States is logical and reasonable to hedge against the uncertain threats from China. But, the United States must be careful that such a policy does not run into a self-fulfilling prophecy and encroach on the contribution of the engagement policy.

To conclude, the present U.S. foreign policy toward China is a two-pronged policy, which means simultaneously implementing engagement and hedging policy. In practice, the United States aims toward profoundly cooperating with China in economic and diplomatic aspects through the engagement policy, and dissuading the emergence of a future aggressive China through the hedging policy. However, until now, there have been questions over the nature of the two-pronged policy. In fact, the nature of the two-pronged policy is quite unclear, mainly due to the ambiguity of the U.S. hedging policy. It is not clear whether the hedging policy is similar to the containment policy. If it is, then the U.S. two-pronged policy is a mixture of containment and engagement policy. If not, then could it be classified as a type of engagement policy? Therefore, clearing up the nature of the U.S. hedging policy is a crucial step toward understanding the nature of the two-pronged China policy.

Chapter Three

“Hedging” in U.S. foreign policy

This thesis will test out which strategic approach, chosen by the United States to cope with the rise of China, can smooth the way for analyzing the nature of U.S. China policy. To respond to the rise of China, Peter Rudolf suggested that the China policy of the United States could follow three diverse strategic approaches based on different ideologies (Rudolf 2006b, 10-12). The first approach is engagement policy, through integrating China into the existing U.S.-lead international order and focusing on trade, cooperation, and collective interests. The idea behind this strategic approach is simply integrating a liberalist perspective. The other approach is containment policy. Under the pessimistic view, realists see China’s rise as guiding Sino-U.S. relations into conflict in Asia; therefore, the United States should at least prevent the rise of China (Khalizad 1999, 69-72). Finally, the third strategic approach is the “congagement” policy. This is a mixture of both the engagement and containment policy and was first coined by a RAND study in 1999. This approach pushes for an integration of China with the international system and containment on an aggressive China at the same time (Khalizad 1999, 72-75). However, as yet, the nature of U.S. two-pronged foreign policy toward China is uncertain.

This uncertainty mainly relates to current American foreign policy. As previously mentioned a U.S. two-pronged foreign policy is the mixture of engagement policy and hedging policy. So, even though the main theme of America’s China foreign policy has been through an engagement policy since the rapprochement of Sino-U.S. relations, the strategic approach of the present U.S. two-pronged foreign policy is still debatable because of the ambiguity of the hedging policy. This ambiguity is whether the hedging policy should be regarded as a type of

engagement policy or containment policy. Or, in other words, the ambiguity is whether it shows any intention toward containing the rise of China. If a U.S. two-pronged policy toward China shows an intention to contain the rise of China, then it can be classified as a containment policy; thus meaning the China policy of the United States follows the engagement approach. If not, then the hedging policy will be compared with an engagement policy in order to identify its nature. If the hedging policy is similar to the engagement policy, then it can be considered a type of engagement policy. In this chapter, the nature of the hedging policy will be analyzed by comparing U.S. containment policy toward the Soviet Union, during the Cold War period, with U.S. strategic engagement toward other rising powers, such as India and Brazil; therefore, to uncover the similarities and differences between China, India, and Brazil. Firstly, the contrast between hedging policy and containment policy will be examined.

A) Containment policy versus Hedging policy

i) What is containment policy?

Before discussing the contrast between hedging policy and containment policy, the source of containment policy will first be explained. The definition of containment policy includes the creation of strategic alliances in order to review and monitor the expansion of a hostile power or ideology, or indeed to force peaceful negotiations (WordNet by Princeton University 2008). This concept is derived from U.S. foreign policy toward the Soviet Union during the Cold War era. Henry Kissinger identified that the initiation of the concept of “containment” was none other than the product of idealism (Kissinger 1994a, 446-472). Even though containment policy is influenced by realism, the importance of idealism cannot be neglected. In fact, during the Cold War era, the implementation of containment

policy was derived from the simultaneous demand of idealism and realism. Kissinger thus portrayed the main characteristic of American foreign policy as a rocky pendulum, because it has always oscillated from more realism to less and more idealism to less, until reaching equilibrium (Kissinger 1994a, 118). In his book, *Diplomacy*, Kissinger expressed he was under a strong impression from George F. Kennan, an expert on Russia and a junior diplomat at the American embassy in Moscow. This meant he was capable of changing American foreign policy from traditional isolationism to contain the expansion of the Soviet Union. After Kennan clearly indicated the nature of the Soviet Union was the mixture of Tsarist expansionism and communist ideological zeal, Kissinger became intrigued; this Soviet stance was essentially in conflict with American democratic capitalism. Hence, Kennan suggested that the United States should be ready for a long struggle with the Soviet Union (Kennan 1946, 666-709).

Based on the knowledge of Kennan, on March 12th 1947, President Truman proclaimed the “Truman doctrine” to clarify that it has become a global struggle between democracy and dictatorship, rather than just a simple struggle of national interests with the Soviet Union. He summarized the differences between American way of life and Soviet way of life as follows: “One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression. The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms” (Public Papers of the Presidents of the United States 1963, 178). President Truman even believed that the two ways of life became a struggle of life-and-death and

therefore, requested Congress ratify by providing four million dollars in assistance to Greece and Turkey, in order to “support free people who are resisting attempted subjugation by armed minorities or by outside pressures” (Public Papers of the Presidents of the United States 1963, 178). Afterward, in July 1947, the term “containment” was first coined by Kennan for describing and perfecting such policy toward the Soviet Union. Kennan submitted his article “The Source of Soviet Conduct,” to the influential journal *Foreign Affairs* by using an anonymous “X.” In this journal, he formally and openly advised the United States to seek the “patient but firm and vigilant containment of Russian expansive tendencies” in order to defeat the Soviet Union (“X” {George F. Kennan} 1947, 575-581). Kennan asserted the Soviet system would be finally transformed to the American model as long as its expansion was continuously restrained by the United States. Therefore, he advised the United States to carry out a series of containment policies to suppress the expansion of the Soviet Union.

In late 1947, Kennan concluded that the direction of U.S. containment policy must be used to restore the balance of power in Europe and Asia, through encouraging the self-confidence of nations who were threatened by the Soviet Union (Gaddis 1982, 36-37). The Marshall Plan was a move to implement a form of Kennan’s containment in economic aspects. In June 1947, General George Marshall, the new Secretary of State, openly suggested a European Recovery Program in his Harvard speech which asked the U.S. to increase economic aid for reconstructing Europe’s economy. Subsequently, it became the “Marshall Plan”. The Marshall Plan was a long-term program of American economic assistance which would work toward strengthening “the natural forces of resistance.” The United States aimed to strengthen the self-confidence of European nations in resisting pressure from the

threat of the Soviet Union; and, it would do this by providing loans and outright grants for the rebuilding of post-war economies to encourage restoration in a regional balance of power (Gaddis 1982, 40). However, the effectiveness of any assistance must have been of concern as U.S. resources were not unlimited. Kennan believed that any future request for assistance required evaluation of its necessity and the significance according to U.S. national interests. In his *Memoirs: 1925-1950*, he disclosed that he preferred to refine U.S. official thinking when evolving containment policy as a “strongpoint” rather than a “perimeter” defense concept. This is because he deemed that the defense of points was far better than lines with limited resources (Kennan 1967, 363-367). The “strongpoint” defense concept means that the United States would endure the loss of smaller nations, if the loss of these nations did not weaken its ability to protect its fundamental national interests. In other words, it was a selective containment policy. In contrast, the “perimeter” defense concept required the United States to defend entire areas, whether it was necessary or not, as well as whether or not it was worth the effort. So, this was an aimless and non-selective containment policy (Gaddis 1982, 58-59). In fact, the original conception of Kennan is quite similar to Walter Lippmann’s critique after the publication of “The Sources of Soviet Conduct.” Lippmann stressed that the United States should set up an assessment criteria before it implemented the containment policy, otherwise America would be forced to organize “a heterogeneous array of satellites, clients, dependents and puppets,” which would eventually cause the decline of the United States (Lippmann 1947, 23). In his *Memoirs: 1925-1950*, Kennan recognized that he agreed with Walter Lippmann’s opinion and these two had an undesigned coincidence in evolving U.S. containment strategy toward the Soviet Union (Kennan 1967, 357-363).

In addition, Kennan also wanted to restore the balance of power through maintaining enough military force to rebuild the self-confidence of European countries, in their effort for resisting the expansion of the Soviet Union. Indeed, he did not expect that the Soviet Union had any intention toward expanding its power through military form. In the light of Kennan's argument, the Soviet Union wanted to expand its power by spreading out Soviet Communism, rather than by any military methods. Therefore, the threat from the Soviet Union was not physical in nature, but was created by psychological fear. In June 1947, he had already informed his students at the National War College that, "it is the shadows rather than the substance of things that move the hearts, and sway the deeds, of statesmen." Therefore, the United States wanted to ensure the presence of enough U.S. military force in Europe to dispel the shadow of European countries, but not show offensive confrontation toward the Soviet Union (Gaddis 1982, 34-35). After the outbreak of the Berlin Blockade and the spread of Communism in Czechoslovakia and Korea, the Western European Union looked toward associating itself with the United States, in order form a new alliance to prevent the domination of Europe by the Soviet Union. The North Atlantic Treaty was signed in 1948 and the North Atlantic Treaty Organization (NATO) was formed in 1949 – the first military alliance during peaceful time in American history. The formation of NATO was aimed toward expelling the Soviets from Western Europe and through America keeping its military presence in Europe. Before early 1950, NATO was the only remaining defensive military alliance faced toward the Soviet Union. In short, at this stage, the nature of the containment policy was still following the tentative plan set out by Kennan.

However, the nature of the containment policy was shaped by the proclamation of the NSC-68 in 1950. On July 26th 1947, President Truman supported the passing

of the National Security Act. Then, the National Security Council (NSC) was established to manage America foreign policy toward the Soviet Union. In the beginning, the original aim of the NSC was not focused toward a containment of Communism, but directed toward containment of the Soviet Union (Sale 1998, 8). However, the “loss” of China and the Soviet’s possession of an atomic bomb shocked the United States, causing a series of debates which discussed the existing containment policy and finally transformed the aim of the NSC to a containment of Communism. In 1950, under the chairmanship of Paul H. Nitze, a successor of Kennan on the committee at the State and Defense Department, a new document was drafted to systematize the containment policy toward the Soviet Union; this document was known as NSC-68. Despite the fact that this document did not deny Kennan’s containment policy, it greatly amended the nature of containment strategy (Gaddis 1982, 89-90). Most of the objectives and assumptions of NSC-68 were based on the former NSC report in November 1948, named NSC-20/4. In NSC-20/4, it judged that the Soviet Union wanted to achieve its aggressive intention via military force and thus the United States needed to focus on military and global resistance, rather than selectively supporting the economic reconstruction of nations in Europe and Asia (Sale 1998, 69). The NSC-60 inherited this hard tone toward the Soviet Union and then shaped the direction of containment strategy in the following four decades.

After 1950, the nature of the containment policy changed in three aspects. First, the containment policy was transferred from Kennan’s selective “strongpoint” to a non-discriminating “perimeter” defense strategy. As previously mentioned, Kennan preferred to choose a “strongpoint” defense strategy as U.S. resources were not unlimited, and thus it needed to evaluate whether it was beneficial to help the nation

(Kennan 1967, 363-367). Under the “strongpoint” defense concept, the United States enjoyed high flexibility when dealing with national and global security challenges from the Soviet Union. However, the implementation of the “perimeter” defense strategy cancelled out this advantage. The strategic concept of “perimeter” held a different point of view when looking at the different challenges from the Soviet Union, and deemed that “a defeat of free institutions anywhere is a defeat everywhere” (National Security Council 1950). Therefore, the United States was unable to accept the loss of any nation, no matter whether they were of significance or not; otherwise the surrounding countries would follow in a domino-like effect and the expansion of the Soviet Union would be insuppressible (Dobson and Marsh 2001, 23). The comprehensive confrontation of the “perimeter” defense strategy led the United States to become confused over the geopolitical and ideological threat of the Soviet Union, and thus made the U.S. containment strategy appear to lose its original flexibility. Thereafter, the expenditure of the U.S. containment policy toward the Soviet Union mushroomed (Gaddis 1982, 93).

Second, the implementation of a U.S. containment strategy was militarized after the systemization of NSC-68. Kennan’s view was that the U.S. containment strategy toward the Soviet Union should not embrace an offensive attitude, even though the United States maintained the presence of its troop in Europe and Asia, and also the formation of NATO. The sole function of U.S. military assistance was to enhance the confidence of nations who were threatened by the Soviet Union (Gaddis 1982, 34-35). However, militarization of the containment strategy has been initiated ever since the promotion of NSC-68. The aim of U.S. containment policy was no longer merely satisfied at the stage of strengthening the power and confidence of U.S. allies, through economic assistance in resisting threats from the Soviet Union, but directly

increases their military power to counter the military aggression from the Soviet Union. Nitze deemed that the United States thought it necessary to develop its peacetime military force to make up with the loss in technological advantage, especially when it was discovered the Soviet Union possessed atomic bombs (Gaddis 1982, 97). In addition, and in order to preserve its national security, the United States also created myriad and U.S.-centric alliances in Western Europe, the Middle East, and Asia. Besides the formation of NATO, the Southeast Asia Treaty Organization and the U.S.-Japan alliance were also developed (Duignan 2000, 2).

Third, the concept of a zero-sum game was formally created. Before the introduction of NSC-60, even though the United States sighted the Soviet Union as an enemy, it considered that the Soviet Union wanted to achieve its aim by using political expansion rather than military forces. Hence, the tension between the United States and the Soviet Union could be eased through the United Nations and negotiations between themselves. Kennan indicated that the Soviet Union could be forced to integrate in to international norms, as long as the United States kept enough troops to strengthen the self-confidence of its allies and help them resist the threats from the Soviet Union. Then, a close association between the United States and its allies could force the Soviet Union to learn the concept of existing international relations and mutual negotiation could take place (Gaddis 1982, 36-37). However, the keynote of the U.S. containment strategy was changed after 1950. The NSC-68 redefined the nature of the Soviet Union's expansion from political to military means. Also, it deemed the U.S.-Soviet conflict as an all-or-nothing game, so that the winner could achieve everything but the loser would lose all national interests (National Security Council 1950). Therefore, to remain at an overwhelming advantage, the United States continuously released its determination either maintain the status quo

or improve its power position. Although the détente policy was carried out by Kissinger in mitigating the U.S.-Soviet conflict, the ultimate aim of U.S. foreign policy was still to contain the Soviet Union. The reason for implementing the détente policy was to strive more time for the recovery of U.S. economic capability, but not to give up on the containment strategy (Dobson and Marsh 2001, 35). In short, NSC-68 significantly altered the direction of U.S. containment strategy. It was transformed from selective to comprehensive as well as from indirect economic assistance to direct military assistance. And finally, U.S. containment strategy has followed NSC-68's lead over the last forty or so years.

ii) How does the United States perceive China and the Soviet Union?

Comparing U.S. containment policy with hedging policy can contribute to the understanding of the nature of hedging policy. In fact, containment policy and hedging policy possess different goals; therefore, the U.S. two-pronged policy cannot be classified into engagement approach. To search the differences among containment policy and hedging policy, three aspects need to be analyzed, including different perceptions of the U.S. toward the Soviet Union and China, as well as the different goals and performance arrangements of U.S. strategies.

First, the different U.S. behavior of containment policy and hedging policy will be matched to show the different perception of the United States toward China and the Soviet Union. During the Cold War era, the Soviet Union was firmly viewed as an enemy of the United States; as Kennan pointed out that the nature of the Soviet Union was in the mixture of Tsarist expansionism and communist ideological zeal, which has essential conflict with American democratic capitalism (Kennan 1946, 666-709). Due to the expansionary characteristics of the Soviet Union, the conflict

between the United States and the Soviet Union seemed inevitable and irresolvable because it related to the survival of U.S. sovereignty. Thus, the Soviet Union was described as a threat and aggressor. Moreover, the United States has used further stern words to describe the Soviet Union since the introduction of NSC-68. For instance, President Reagan described the Soviet Union as an “evil empire” and totalitarian nation in his speech to the National Association of Evangelicals in 1983 (Reagan 1983). In summary, during the Cold War period, the Soviet Union was constructed to be the enemy of the United States and relations were based on the concept of a zero-sum game.

In contrast, the United States perceived China as an uncertain actor but not completely an enemy. Even during the turbulent periods of recent Sino-U.S. relations, the United States never viewed China in the same as the Soviet Union. In April 2001, despite the Sino-U.S. relations being in deadlock after a collision between a U.S. EP-3 reconnaissance plane and a Chinese F-8 jet fighter on Hainan Island, the United States did not believe conflict between them was inevitable. With the effort of China and the United States, the U.S. Secretary of State, Colin Powell, finally released a U.S. goodwill gesture to China through altering the descriptive rhetoric of Sino-U.S. relations from “strategic competitor” to “constructive, cooperative and candid.” Thereafter, U.S. China policy has become more moderate and vague than ever before. In 2006, the Bush administration announced the QDR Report which stressed that China was now located at the “strategic crossroad,” as the emerging China could choose to be either a future partner or enemy of the U.S. (U.S. Department of Defense 2006, 27). The moderate and vague policy in characterizing China, as possible partner of the United States, thus shows the different perception of the U.S. toward a past Soviet Union and the present China. With close economic cooperation,

the United States no longer considers Sino-U.S. relations to be based on the zero-sum mentality. On the contrary, apart from trade, there is a positive-sum relationship between the United States and China, through their joint effort in coping with terrorism and non-proliferation affairs (Hachigian and Sutphen 2008, 45-46). So, the Sino-U.S. relation is a positive-sum game rather than a zero-sum. Different perceptions of the United States deduce two dissimilar strategies which pursue different strategic goals.

iii) The strategic goals of hedging policy and containment policy

Based on U.S. adverse perception, the strategic goal of U.S. containment policy during the Cold War period was to defeat the Soviet Union and eventually transform it to coincide with American democratic capitalism (“X” {George F. Kennan} 1947, 575-581). Hence, U.S. containment policy wants to suppress each chance its enemy has in order to ensure the survival and military advantage of the United States. The United States did not allow the emergence of a strong Soviet Union because any gain by its enemy is equal to a loss for the United States. In comparison with the strategic goal of U.S. hedging policy, it is easier to discover the disparity among them. Unlike the goal of the containment policy, the hedging policy aims to prevent the emergence of a strong and prosperous, but aggressive China in the future. In other words, the United States will allow the rise of China as long as its development follows the preferred way of the U.S. (The White House 2002, 30). In fact, removing this restriction for China to grow is an essential difference between the containment policy and the hedging policy. This difference, therefore, requests a number of different instruments to achieve its goals.

iv) The different strategic instruments of hedging policy and containment policy

Firstly, the largest divergence between U.S. containment policy and hedging strategy is how the United States has utilized trade to achieve its own strategic goals. As previously mentioned, the zero-sum mentality was the main theme of U.S.-Soviet relations; therefore, the United States did not wish to bankroll its enemy by any means. Although trade can bring about mutual benefit for both parties, the contribution of trade will unavoidably cancel out the efficiency of a containment policy. Therefore, the United States implemented an embargo on the Soviet Union since 1948 (Sale 1998, 34-35). The United States wanted to weaken the Soviet's economic power in order to reduce the overall holistic power of the Soviet Union. On the contrary, trade is the complementary action to U.S. hedging policy. And, in the sights of the U.S., China is currently located at the "strategic crossroads," which means China can be either a U.S. partner or enemy. Nevertheless, the future of China not only depends on the willingness of the Chinese leadership, but also on the policy of the United States. So, besides using its hedging policy to dissuade China from the aggressive route, the United States also wants to integrate China into the existing international order, through implementation of the engagement policy. The United States aims toward satisfying China and keeping it in a status quo power through continuous and growing trade between them (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 35-36). Enlarging common interests from trade can strengthen the interdependence between China and the United States. Therefore, economic interdependence will thus reduce the conflict of interest among these two powers, as it will greatly amplify the costs of conflict while also enhancing the benefits of simultaneous cooperation (Keohane and Nye 2001, 5-6). Also, even though engagement policy is contradictory to containment policy, it can work with hedging policy.

The required scale and intensity of a hedging policy will not be the same as a containment policy. And, although both demand the presence of the U.S. as a military power and the alliance system in Eurasia, the scale and the intensity of strategic arrangements will not be the same. After 1950, the containment policy became a non-selective “perimeter” in the country’s defense strategy, which meant the United States wanted to defend entire areas; whether this was out of necessity or not and whether it was worth it or not. Hence, the scale of containment policy was huge and it covered a number of different areas of the world. To keep enough military power to defend its allies throughout the world, the cost of this containment policy has inevitably mushroomed since 1950.

Moreover, to strengthen the weight of its side, the United States militarized its instruments to suppress the expansion of the Soviet Union. Before the introduction of NSC-68, the United States preferred to reinforce Eurasia nations by providing economic assistance in order to resist the threat of the Soviet Union. However, the United States started an uncompromising counterplot toward the Soviet Union in 1950. The militarized containment strategy of the United States has been slowly moving into the mainstream to cope with the threat of the Soviet Union. The United States wanted to offer military aid to strengthen the capability of its allies and help them maintain control over their own territory. Therefore, the United States signed the North Atlantic Treaty with Western European nations and then institutionalized it, later forming NATO in 1949. NATO is a military alliance which openly targeted the expansion of the Soviet Union. It created a system of collective defense to ensure the security of its members in response to an attack by the external enemy (Williams 2000, 37-38). Thereafter, the intensity of the U.S. containment policy toward the Soviet Union has enhanced, since it primarily focused on military and direct

assistance rather than economic and indirect assistance.

However, unlike the non-selective containment policy, hedging policy is a selective defense strategy which requires relatively small scale and moderate instrument. Although the United States has an aim to preserve enough military troops and alliances, as well as develop new strategic relations in Eurasia, in order to prevent the possible emergence of an aggressive China, it does want to cooperate with China most of the time (The White House 2002, 29-30). This is because the United States welcomes a strong and prosperous but non-aggressive China, thus selectively restraining the rise of China. The United States would suppress the rise of China only when China wants to challenge the U.S.-led existing regional and international system; however, on other occasions engagement policy is the main theme of American foreign policy toward the rise of China. Hence, the function of hedging policy is to make up the shortfall of engagement policy. Also, hedging policy enjoys high elasticity as its elective characteristics and requires relatively low executive costs compared to containment policy.

In addition, the intensity of U.S. hedging policy is relatively weaker than containment policy; and, dissimilar to containment policy, hedging policy has never created a formal military alliance to against the rise of China. In 2005, although the United States and Japan issued a joint statement that included Taiwan as a security concern for the two countries, it is not a formal military alliance against China (Sheng 2007, 146-147). Moreover, even though the United States has intentionally developed strategic relations with India since 2004, the establishment of U.S.-India strategic rapprochement, which is greatly based on their shared values such as democracy, pluralism and rule of law, is not aimed directly toward China (Kronstadt

2008, 1). Kissinger also indicated that the United States and India share many significant strategic purposes for the establishment of strategic partnership, so that the strategic alliance among them should not simply be aimed against the rise of China (The National Interest 2006, 15). To prevent the possibility of an aggressive China, U.S. hedging policy prefers to preserve sufficient dissuasive power toward China, as it will be a necessary complement to guarantee the efficiency of diplomatic pressure (Meyeter 2005, 11-13, 22-23).

In short, the nature of hedging policy is not similar to containment policy. Owing to the implementation of the U.S. two-pronged China policy is the mixture of engagement and hedging policy, but the strategic approach of a two-pronged policy cannot be classified in the engagement approach; this means implementing the containment and engagement policies simultaneously, as the hedging policy is not a type of containment policy.

v) Reasons for implementing a relatively smaller scale and less intense policy

In fact, the United States has failed to implement the containment policy toward China, despite the future intentions of China still being uncertain. There are two reasons supporting the United States to carry out hedging policy toward China but not containment policy. The first reason is the different nature between China and the Soviet Union; because the nature of China is dissimilar to the Soviet Union, the United States should not treat China in the same way as the Soviet Union. According to the Robert Zoellick, he identified that the nature of “China does not seek to special radical, anti-American ideologies” and because it is not a democratic society yet, “it does not see itself in a twilight conflict against democracy around the globe” (Zoellick 2005, 7-8). Zoellick has this observation not only because China is

historically a defensive state, but also because it is affected by the cooperation of China under Deng's "Socialism with Chinese characteristics." In essence, the PRC government is a mixture of Confucian-Mencian tradition and communism, which is unlike the nature of the Soviet Union. Alastair Iain Johnston once pointed out that "Chinese strategic culture uniquely stresses nonviolent political or diplomatic means to deal with adversaries, or - when force is absolutely necessary - the controlled, defensive use of violence" (Johnston 1995, 22).

Moreover, Deng Xiaoping's "socialist market economy" opened China to the global market which has reduced any differences between China and the U.S. Indeed, China is a communist economy by name only since the Open Door Policy and is really on a fast track to capitalism. Therefore, even though it does not exactly fall into a category for the Americans, such as democratic capitalism, China is fairly close to American ethics rather than that of the Soviet Union, thus meaning there are no essential conflicts with American democratic capitalism. Furthermore, even though the outbreak of the June 4th incident in 1989, where American traditional ethics clashed with suppressing human rights and the desire of democracy for Chinese citizens from the PRC government, the accurate and quick response from the PRC government redeemed the crack between Sino-U.S. relations. Deng understood that the attitude of the U.S. was the most important factor in Chinese diplomatic policy and thus decided a low key posture on international affairs which followed three principles, "Lengjing guan cha (carefully assess the situation), Wenzhu zhenjiao (consolidate China's position) and Chenzhuo yingfu (calmly cope with the challenges)." These were supposed to help China cooperate with U.S.-led international order (Qian 2003, 170, 321). Aaron L. Friedberg also concluded that "Avoid conflict," and especially with the United States, is one of the four directions

of China's Post-Cold War grand strategy (Friedberg 2006, 11). The cooperative attitude of the PRC government believed that the United States should not treat China in the same way they did the Soviet Union.

The second reason is an unacceptable cost of implementing containment policy toward China. The case of China is not analogous with the past due to the different nature between their economic systems. The Soviet Union was a veritable communist economy which never connected with the U.S. and other Western economies. Also, with the effort of U.S. engagement policy, China is deeply integrating its economy with the world. According to U.S. Foreign Trade Statistics, China was the second largest trading partner of the United States with a trade volume of \$409.25 billion in 2008 (U.S. Census Bureau 2009). Moreover, in 2007, China was considered the second largest trader in world merchandise trade with a value of \$1217.8 billion dollars and an 8.7% share of total world trade. In contrast, the U.S. is the second largest trader valued at \$1162.5 billion dollars and with a share of 8.3% in total world merchandise trade (WTO 2008, 12). In addition, in January 2009, China became the first biggest U.S. Treasury securities holder, possessing approximately \$739.6 billion of U.S. Treasury securities. China's holding of U.S. Treasury securities have doubled compared with holdings over the last two years (U.S. Department of the Treasury/Federal Reserve Broad 2009). Hence, China could strike back at the United States by dumping its holding and even declining to buy U.S. Treasury securities when the United States implements containment policy toward China; something which could significantly damage the U.S. economy. For instance, after the Financial Tsunami in 2008, the Chinese Premier, Wen Jiabao, articulated his concerns for the safety of China's holding of U.S. Treasury securities, and asked President Obama to guarantee the safety of China's assets. To restore Chinese

confidence in holding U.S. Treasury securities, Robert Gibbs, the White House Press Secretary, quickly replied to China and said that “there’s no safer investment in the world than in the United States” (Wines, Bradsher and Landler 2009). Therefore, if Washington wants to contain China, the cost may be far higher than the cost of containment policy toward the Soviet Union; because China’s market could be considered too important and too dynamic to the world. Therefore, any economic containment (such as embargo) from the U.S. would shock the global market. The huge cost of implementing such a containment policy may thus influence the U.S. to give up its idea of containing the rise of China.

B) U.S. strategic engagement versus hedging policy

In as much as U.S. hedging policy is not similar with containment policy, there is a question about can we classify it into a type of engagement policy? As previously mentioned, the U.S. two-pronged foreign policy is a mixture of engagement policy and hedging policy. This is because engagement policy has been the main theme of U.S. foreign policy toward China since the rapprochement of Sino-U.S. relations. Thus, hedging policy is the sole factor affecting the nature of a U.S. two-pronged China policy. According to the above analysis, despite U.S. hedging policy not being aimed at the containment of China, it does validate that hedging policy may be a type of engagement policy. To analyze whether hedging policy is actually a type of engagement policy, it will be necessary to identify similarities and differences between engagement and hedging policies. In this thesis, I will attempt to compare U.S. hedging policy toward China with U.S. strategic engagement policy toward other rising powers, such as India and Brazil, in order to uncover the similarities and differences between the two. Nowadays, the United States utilizes strategic engagement policy to cope with the emergence of India and Brazil, and the details of

which will be examined in the following section. If U.S. hedging policy is similar to strategic engagement policy, then the former can be considered as a type of engagement policy; therefore, meaning that the strategic approach of U.S. China policy can be said to follow the engagement approach, and vice versa.

i) Why India and Brazil have been selected as comparative cases

The reason for choosing India and Brazil as comparative objects is because both countries and China are potential great powers in the “the rise of the rest” – in Zakaria’s book *Post-American World*, he portrayed the key tendency of the twenty-first century as “the rise of the rest” (Zakaria 2008, 2). He indicates that the world is lying in the midst of the third great power shift. The first shift was the rise of Western civilization; the second was the emergence of the United States after its industrialization; and the third has been “the rise of the rest” which began over twenty years ago. This means that the distribution of power will shift from a concentration on one unilateralism to multilateralism. Thus, in this new era, the coming forth of “the rise of the rest” is not the decline of the U.S., but the rise of other great powers and potentially great powers. In 2001, the bank holding company Goldman Sachs first coined the term “BRICs,” by using an acronym of four rapid economic developing states: Brazil, Russia, India and China. This was to describe the prediction of the 2050 economic combination of BRICs which could be larger than the combined economies of the current richest countries of the world, the G6: Germany, France, Italy, Japan, the United States and the United Kingdom (Ikenberry 2008, 23-37). Besides China, the rise of other BRICs may induce a dynamic change of U.S. geopolitical strategies as well. Therefore, comparing U.S. hedging policy toward China, with strategic engagement policy toward other rising powers, could prove whether it truly was an engagement policy or not. If there is the consistency

between them, then it will be identified that U.S. hedging policy is simply a type of engagement policy.

ii) How does the United States perceive India and Brazil?

To uncover the similarities and differences between hedging policy and U.S. strategic engagement policy toward other rising powers, the U.S. will require the perception of China, India and Brazil to be defined. The perceptions of the United States can be showed through its behaviors, though both India and China are rapidly rising states, with the United States having different perceptions. In the 2006 QDR, it specified that both China and India are major and emerging powers who are at the strategic crossroads; and then immediately highlighted China as the sole rising country that induces the misgivings of the United States. This is because the United States has deemed China as a major and emerging power and one that has “the greatest potential to compete militarily with the United States” (U.S. Department of Defense 2006, 29). Therefore, from the perception of the United States, China is now at a “strategic crossroads” because it is an emerging economy that can become either a future U.S. partner or enemy (U.S. Department of Defense 2006, 27). In short, the U.S. perceives China as a potential competitor as well as partner of the United States. Therefore, besides the execution of the engagement policy, the United States is prudently implementing hedging policy to dissuade the rise of an aggressive China.

However, unlike China, India has been deemed a key strategic partner of the United States, even though it is also a state at the “strategic crossroads.” President Bush indicated that the rivalry between the United States and India has diminished, as they have conjunct aspirations for developing as strategic partners and current Indo-U.S. relations have never been better since 1947 (Coates 2008, 133-134).

Indeed, the United States now recognizes India as a significant geopolitical actor in Asia (Chanlett-Avery 2008, 8), but has viewed the role of India as a “natural partner” and not a competitor (Dormandy 2007, 118). The United States believes that it shares a common commitment with India which involves democracy, freedom, human rights, pluralism, and rule of law. These common values can thus facilitate their construction of a stable regional and global partnership (Bush-Manmohan Summit 2005). In the eyes of the United States, India is a desirable strategic partner in Asia to solve the rise of China; and, they can work together over energy issues, radical Islam, and the de-lining of the U.S.-Pakistan relationship (Chanlett-Avery 2008, 8). So, to keep the development of the Indo-U.S. strategic partnership on the fast track, the United States wants to integrate India by introducing the engagement policy in both economic and military aspects.

Also, the United States has regarded the rise of Brazil as a good opportunity in searching for cooperation rather than confronting a threat; however, despite this, Brazil has resisted the creation of the U.S.-backed Free Trade Area of Americas (FTAA) (De Onis 2008, 120-121). In fact, the former Secretary of State, Condoleezza Rice, said that the United States views Brazil as a regional leader and global partner, owing to its effort of multilateral engagement and peacekeeping; such as Brazil’s peacekeeping troops being the largest contributor to the United Nations Stabilization Mission in Haiti (McMullen 2007). The United States thus recognizes Brazil as a stabilizing force in Latin America and one that can maintain regional stability and security, fighting terrorism as well as suppressing narcotics, arms and human trafficking (Ribando 2006, 11-12). So, it prefers to portray Brazil as a friendly state which is governed by a moderate leftist government (Seelke 2008, 10). Therefore, the United States would like to expand its engagement policy to further

increase their cooperation. In short, dissimilar strategies are derived from different perceptions of the United States. Comparing the China policy of the U.S. with its foreign policy towards India and Brazil, it becomes easy to discover the different U.S. attitudes toward them. Regarding to the rise of India and Brazil, the alertness of the United States is smaller than toward the rise of China, and the U.S. aims toward implementing a strategic engagement policy to China alone. Contrasting with India and Brazil, the United States not only wants to perform the engagement policy to integrate with China, but also implement hedging policy against the possibility of the emergence of an aggressive China in the future. Therefore, the different strategic considerations by the United States will be to pursue different strategic goals toward China, India, and Brazil.

iii) The strategic goal of hedging policy and U.S. strategic engagement policy

Comparing the strategic goal of U.S. de facto security strategies toward India and Brazil, with its hedging policy toward China, identifies key differences. The strategic goal of U.S. hedging policy toward China is to prevent the emergence of a strong and prosperous but aggressive China. In contrast, the strategic goal of U.S. security strategy toward India and Brazil merely focuses on deepening their overall cooperation, rather than cooperating in economic terms and, at the same time, hedging against them in security aspects. This is because the United States wants to take advantage of their strategic partnership in order to bring them into the existing international system. For instance, the United States has aimed to improve relations with India since 2000. In 2000, the United States and India announced a Joint Statement related to “deepen the India-American partnership in tangible ways.” Furthermore, the United States has planned to further reinforce a bilateral “global partnership” with India since 2006 (Kronstadt 2007, 4). Also, the strategic goal of

U.S. security strategy toward Brazil is to strengthen their strategic partnership; and, the strategic goal of the United States can be reflected by a series of U.S.-Brazil Joint Statements. In March 2007, President Bush and Brazilian President Luiz Inacio Lula da Silva signed a Joint Statement to emphasize the deepening strategic partnership between them (U.S.-Brazil Joint Statement 2007). In summary, the strategic goal of U.S. foreign policy toward India and Brazil is to extend their strategic engagement. To achieve these diverse strategic goals, the U.S. will utilize a series of dissimilar strategic instruments which will differ depending on its strategic goals toward different countries.

iv) The different strategic instruments of U.S. hedging policy and strategic engagement policy toward other rising powers

To dissuade the emergence of a strong, prosperous and aggressive China, according to the CRS Report for Congress, the actual strategic instrument of the United States will be to continue the regional balance of power through reorganizing its force, strengthening prevailing alliances and developing new strategic relationships, in order to preserve its presence in Asia (Vaughn 2007, 2-3). This is because the U.S. will need to hold enough power to ensure a successful prevention of an aggressive China. Thus, U.S. hedging policy is a policy that prepares for the worst scenario. The dissuasive instruments can be divided into two parts: to reorganize U.S. forces on Guam and to preserve the U.S. alliance system in Asia. First, the United States moved some of its deployable forces from Europe, Japan and Korea to Guam, which would improve the flexibility of U.S. forces in coping with emergencies in Asia, to include potential conflict and disaster. And because of the distance between Guam and East Asia is far shorter than other U.S. military bases in Honolulu, Seattle and San Diego. Also, U.S. aircraft in Guam are able to arrive in the Taiwan Strait and

Korean peninsula within two hours (Kan and Niksch 2008, 3-4).

Second, the United States wants to preserve its presence in the Asia-Pacific region through consolidating its traditional alliances with Japan, South Korea and Australia, and developing new strategic and defense relations with India; in order to increase the dissuasive power of U.S. hedging policy toward China. The United States has accelerated its diplomatic and military relations with Japan and India since the Bush administration, in direct response to the uncertainty behind China's growth (Brinkley 2005). To develop its relations with Japan, the United States and Japan have started to hold the "2+2" meeting since 2002, and later announced the Joint Statement which viewed Taiwan as their protectorate in 2005. Also, William Fallon, head of U.S. Pacific Command, said the United States had been working to initiate the "trilateral military cooperation" with Japan and South Korea, in order to prevent potential threats from both China and North Korea in the future (Kyodo News Agency 2005). In addition, the United States has viewed India as a significant partner in balancing the emergence of an aggressive China (Tkacik, Jr. 2006, 7). Also, the United States and India signed a ten year defense framework agreement in 2005; with the main aim of this agreement to deepen the strategic partnership between the United States and India, in order to promote regional and global peace and security (U.S. Embassy Press 2005). Even though the rise of China is not the sole strategic aim of these agreements, China is a common significant country of the United States and India, which motivates them to further develop their strategic partnership (Beal 2006). In short, the United States has adopted a preventive strategic instrument to ensuring enough dissuasive power against a rising China, so the emerging power goes along a U.S. preferred path.

However, even though China, India and Brazil are all rapidly rising powers, the United States has treated them very differently. As previously mentioned, the United States has viewed India and Brazil as a strategic partner more than a strategic competitor. Thus, the strategic goal of the United States is to seek a more beneficial bilateral strategic cooperation. To achieve this strategic goal, the United States has implemented a series of strategic engagement policies aimed toward deepening these strategic partnerships. Firstly, the instrument of U.S. strategic engagement policy toward India will be illustrated. The United States started its strategic engagement policy with New Delhi when President Clinton was in office. With the increasing focus toward anti-terrorism, joint military exercises, and arms sales, the United States has made outstanding progress to develop its strategic cooperation with India. After the 911 attacks, the United States began to accelerate its development of the India-U.S. Defense Policy Group (DPG). The India-U.S. DPG was created during the Clinton administration to promote military-to-military cooperation in counterterrorism. To counter piracy and maritime terrorism, and to ensure the security of the Malacca Strait trade route, the United States revived the navy-to-navy Malabar Joint exercise with India in 2002, which then became an annual event (Raman 2006, 163-164). Also, in the summer of 2004, the United States and India performed its first military exercise with combat aircraft in Alaska, codenamed “Cooperative Code Thunder” (Gill 2006 115-116). In 2005, the two countries signed a new defense framework to further consolidate and deepen the U.S.-India strategic partnership. Moreover, the United States also offered a chain of arms sales and joint Research and Development (R&D) programs to India; and, in fact, the arms sales between the United States and India have been increasing in number since 2002. There are a number of different items included in these arms sales, with the U.S. selling F-16 and F-18 fight aircraft, P3-Orion maritime reconnaissance aircraft, and

radar systems to India (BBC News 2002 and Reuters 2007). In addition, the U.S. also initiated a joint R&D program with India to develop a real time image transfer system called the network-centric warfare battle management system (Malik 2006, 101-103). And, finally, in 2006, the U.S.-India civil nuclear technology transfer agreement brought their strategic relations closer than ever before (BBC News 2006). Therefore, the actual instruments of the U.S. security strategy toward India can be concluded as deepening their strategic ties and cooperation, to ensure India becomes a strategic partner of the U.S.

Second, the United States treated Brazil similarly to India. The United States wanted to deepen its strategic partnership with Brazil by strengthening cooperation in energy security, regional and global stability, and the fight on terror; as well as suppressing narcotics trafficking within the region of Latin America. In 2001, the two states signed a bilateral agreement which claimed their mutual cooperation in carrying out a deeper strategic partnership in counternarcotics activities (Herz 2006, 207-209). In addition, the United States also plans to cooperate with Brazil in energy security affairs. In 2007, the United States and Brazil signed the Memorandum of Understanding (MOU) to advance energy cooperation on ethanol and biofuels in Latin America. Under this agreement, the two states would minimize the risks of energy security and strengthen technology transfer between two countries (Wright 2008, 4-5). In short, U.S. general security strategy toward India and Brazil seems a type of engagement policy. Besides using economic engagement policy to integrate India and Brazil, the United States also aims to engage them through strategic cooperation, as it believes military-to-military engagement will not only increase mutual interaction and understanding but can also avoid strategic miscalculation between them (Little 2002, 4). Therefore, to deepen the Indo-U.S. and U.S.-Brazil

bilateral strategic partnerships, the United States has started to engage with them by implementing a comprehensive spectrum of military-to-military activities, involving foreign military sales, military-to-military exchanges, and International Military Education and Training (IMET).

v) Reasons for treating China as an extraordinary case

Despite the fact that China, India and Brazil are all emerging great powers in the 21st century, the United States views China differently and thus implements a distinctive foreign policy toward China. The United States has paid more attention to the rise of China when compared with the rise of other potential great powers, and there are two reasons for treating China this way. First, China will be the first important challenger in the 21st century because of its economic and military strength. By 2025, China will be the second largest economic and military power if current trends persist (The U.S. National Intelligence Council 2008, 1, 29). China's average Gross Domestic Product (GDP) has grown by an annual average of 9.8 since the introduction of economic reform in 1979 (Morrison 2008, 1). In 2008, even under the outbreak of the Financial Tsunami, China still enjoyed nearly a 9 percent growth of GDP (Hong Kong Trade Development Council 2009). In terms of purchasing power parity, the country's GDP reached \$7.8 trillion in 2008 (C.I.A. 2009). And, in 2007, China was judged as the fourth largest economy of the world (World Development Indicators database, 2008). Along with economic growth, China's military expenditure has grown at significant annual rate since 1992. After adjustments for inflation, the average annual increase in its military budget was 11.8 percent from 1996 to 2006. In addition, the Pentagon estimated that the total defense related expenditure of China was between \$90 billion and \$140 billion in 2007 (U.S. Department of Defense 2008, 31-33). In 2009, the estimative increase of Chinese

military spending will be 14.9 percent, while that of the U.S. military budget will be 7.5 percent (BBC News 2009). Therefore, the United States deemed that its own economic and security interests could be challenged by China, should China turn out to be a competitor that is a strong military and economic power (The U.S. National Intelligence Council 2008, 29).

However, even though India and Brazil are also potential great powers having seen strong and rapid economic growth, their development rates are relatively slower than China. The average annual GDP growth of India was 6.5 percent during 1990 to 2004 (Gundzik 2005). In 2006 and 2007, India's annual gross domestic product grew by approximately 8.5 and 9 percent respectively. In 2008, its estimated annual GDP growth was 7.3 percent and its GDP in purchasing power parity terms was \$3.319 trillion (C.I.A. 2009). In terms of GDP, its economy was ranked twelfth largest in the world in 2007 (World Development Indicators database, 2008). So, with the support of rapid economic growth, India's military expenditure has annually increased by between 8 and 25 percent since 1998. In 2008, the total military expenditure of India rose to \$26.5 billion which was the eleventh highest total military expenditure (Denyer and Richardson 2008). In addition, the average annual GDP growth of Brazil was approximately 2.7 percent between 2000 and 2006 (Economist Intelligence Unit 2009). In 2008, its estimative real GDP growth was 5.2 percent and its GDP in purchasing power parity terms was \$2.08 trillion (C.I.A. 2009). But, in terms of GDP, its economy was ranked tenth largest in the world in 2007 (World Development Indicators database, 2008). Brazil's military expenditure was nearly \$3.5 billion in 2007 and wanted to increase this by more than 50 percent in 2008 through the purchase of fighter Jets to defend the Amazon regions and offshore oil workers (Americas Society 2007).

In fact, when comparing China's economic and military capabilities with those of India and Brazil, it is discovered that China is in fact a potential great power that has considerable power a U.S. primacy. Therefore, although India is one of the Asian dual challenges for the United States in the 21st century, it is apprehensible that the United States works out the former challenge with China and then moves toward the second danger (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 179). The United States should, therefore, pay more attention to the rise of China when compared to the rise of other potential great powers.

The other reason for treating China differently is because China is not yet a democratic country. In "Perpetual Peace," Immanuel Kant first stated that the spread of political values of liberal democracies ensure peace by changing international politics (Elman 1997, 7). Then, Kant developed a Democratic peace hypothesis which observes that democratic states seldom wage war or use violent methods to solve a conflict. A democratic state would to seek peacefully settle a conflict because of "the complexity of the democratic process and the requirement of securing a broad base of support for risky policies, democratic leaders are reluctant to wage wars, except in cases wherein war seems a necessity or when the war aims are seen as justifying the mobilization costs" (Maoz and Russett 1993, 626). Hence, regarding the rise of India and Brazil, the alertness of the United States is relatively smaller than toward the rise of China. The United States has recognized that both India and Brazil are democratic states who share the same values as the United States. It thus believes that, even when a conflict takes place between them, both India and Brazil will settle it peacefully; because the power of a democratic leader is internally balanced by voters, thus a democratic state has less intent on conflict. As a result, the

democratic peace hypothesis has facilitated the United States to perceive them as a natural partner.

However, China is not a democratic country. Therefore, the United States suspect there is no balancing power to stop an aggressive China while it is under an authoritarian regime. Robert Kagan deemed that the United States must not have an illusion that they will be able to manage the rise of China and make the states follow the preferred U.S. path. He indicated that it is the PRC leadership which will determine the nature of China's development and growth, rather than international thinking. The inherent fear of autocratic leaders from democratic regimes will inevitably induce Chinese leaders to have a certain animus toward the United States (Kagan 2005, B07). So, the United States will need to implement an insurance policy for ensuring that it is able to prepare for the worst possible situation. To prevent the rise of an aggressive China, the United States not only ought to integrate China into the international system and require China to be a "responsible stakeholder" through economic engagement policy, but also to hedge against and shape the rise of China by initiating a new collective of security allies in Asia (Donnelly and Monaghan 2007, 5-6). That why the United States treats the rise of China with different standards when compared to other potential great powers.

Moreover, the United States is currently implementing engagement policy to deal with the rise of India and Brazil, in both economic and military aspects. However, besides the introduction of engagement policy, the U.S. has also sought to employ hedging policy to dissuade the emergence of a future aggressive China. As mentioned above, the main theme of traditional U.S. foreign policy towards China was through engagement policy, but this is only part of the present U.S. foreign

policy regarding China. To analyze the actual nature of the U.S. China policy, it is necessary to investigate what hedging policy is.

According to the above investigation, the observation is that the U.S. hedging policy toward China is neither engagement policy nor containment policy. U.S. hedging policy is not equal to containment policy as the two have a different focus and instruments, and the scale and intensity of hedging is relatively smaller and lower than that of containment policy. Also, it cannot be considered a type of engagement policy. Regarding the rise of India and Brazil, the United States aims toward developing a strategic partnership with both states through strategic engagement policy. In contrast, the United States would like to preserve its military, alliance and strategic ties in Asia, in order to maintain enough power to dissuade the emergence of an aggressive China. Therefore, U.S. hedging policy seems to be different to U.S. strategic engagement policy toward other potential great powers. In as much as the hedging policy is neither an engagement nor containment policy, so the strategic approach of the U.S. two-pronged policy thus cannot be elaborated to be either an “engagement” or a “conengagement” approach. The strategic approach of the U.S. two-pronged policy is a hybrid between the engagement and conengagement approach, and is a strategic approach that is in the middle of the spectrum between engagement and conengagement approach. It is the approach which called for more awareness than engagement, but less intensity than conengagement. In fact, it is a new type of strategic approach which has been adopted from the conventional approach. In the following chapter, the characteristics of the new strategic approach will be illustrated.

Chapter Four

U.S. “Hedgagement” approach

The U.S. two-pronged policy simultaneously implements the engagement and hedging policies toward China, in order to prevent a strong, prosperous and aggressive China. However, notwithstanding that the hedging policy emphasizes preserving enough military power, as well as keeping the conventional alliance and developing new strategic ties in the Asia-Pacific region, to maintain the regional balance of power; and, these strategic instruments seem to be unequal in traditional balancing strategy. According to T.V. Paul, the balance of power can be divided into two types: hard balancing and soft balancing. In his argument, traditional balancing strategy aims toward maintaining the balance of power through creating a formal opposing alliance, as well as building and updating military capabilities to coincide with one type of balance of power, commonly termed hard balancing (Paul 2004, 3). Applying this to the Sino-U.S. case, the different instruments between U.S. hedging policy and hard balancing strategy can be observed.

A) A “Hard balancing” strategy versus U.S. hedging strategy

First, there is no formal opposing alliance which is targeted to constrain the rise of China; unlike containment policy, U.S. hedging policy has never created a formal alliance to directly contain the rise of China. During the Cold War period, in order to maintain the balance of power, the NSC-68 openly called for hard balancing strategy to be created; it wanted this type of strategy to implement formal military alliances and re-develop military capabilities to counter-target the expansion of the Soviet Union (Gaddis 1982, 97). In contrast, the aim of U.S. hedging policy was to ensure its force would “be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States”

(The White House 2002, 29-30). The United States wanted to achieve this aim through preserving its alliances and developing new strategic ties with Asian states. However, this did not mean that the United States sought to create a formal opposing alliance directly against China. In the 2006 National Security Strategy Statement of the United States, it pointed out the reasons for preserving and strengthening its alliances: “defeat global terrorism and to prevent attack against us and our friends.” Yet, the United States has never directly and openly underlined that the purpose of these alliances was to prevent any future attack from China. However, it did denote the existence of such alliances based on their shared common values and principles (The White House 2006, 7-8).

Moreover, the United States established a new strategic tie with India in 2004; yet, this strategic tie was also not a direct message to China (Kronstadt 2008, 1). In fact, according to the zero-sum principle of traditional balancing strategy, the gain of the rest is equal to the loss of the United States. Therefore, traditional balancing strategy adopts strategies to create and maintain formal opposing alliances, in order to contain the potential challenger and regional hegemony, such as the Soviet Union. However, with economic interdependence, Sino-U.S. relations have become a non-zero-sum competition and thus there is no need to create a formal alliance which will restrict the rise of China. In a Speech at Qinghua University, President Bush spoke about the emergence of a strong, prosperous and peaceful China matching with the national interests of the United States (Bush 2002). Therefore, one of the most dissimilar characteristics between U.S. hedging strategy and hard balancing strategy is that the United States has never wanted to create a formal opposing alliance to contain the rise of China.

Second, the United States is limiting its explicit military capabilities in Asia. Indeed, in the Asia-Pacific region, U.S. military forces are undergoing significant reorganization. The United States has set targets to adjust deployable forces from Europe, Japan and Korea to Guam, as it has attempted to construct a center of Asian military power projection on Guam (Kakesako 2006). Although the United States is restructuring and redeploying its forces in Guam, the overall amount of deployed American forces has decreased. And with the reorganization has come a challenge to traditional hard balancing strategy in the Asia-Pacific region. In 1995, the third East Asia Strategy Report confirmed U.S. strategy to guarantee U.S. troop levels would not fall below 100,000 troops, in order to maintain the regional balance of power (U.S. Department of State 1998, 5-6). However, after the announcement of the Global Posture Review in 2004, the Bush administration planned to withdraw at least 70,000 troops from Asia and Europe within the following decade; and, 20,000 of the total 70,000 would be removed from Asia (Critchlow 2005, 3-4, 8). As a result, in 2000, the total amount of U.S. deployed forces in the Asia-Pacific region reached 108,744 personnel; but then decreased to 82,742 personnel in 2005 (Vaughn 2007, 13). Currently, in the Asia-Pacific region, U.S. hedging strategy is often based on limited military capability. The United States aims to ensure its dissuasive power by increasing its military power capabilities rather than keeping a large number of troops in Asia. On the one hand, this is because U.S. capability in projecting power over long distances has improved through advancements in technology, meaning that the significance of bases overseas has diminished (Lee, Hathaway and Wise 2003, 68). On the other hand, the United States would like to avoid a situation that treating the rise of China by means of explicit military balancing and traditional containment policy. This is happening as the United States also worries about the explicit military balance and traditional containment policy which could induce the possibility of a

security dilemma (Medeiros 2005, 146-148).

B) “Soft Balancing”

Based on the above analysis, the differences between U.S. hedging strategy and hard balancing are shown. Despite the actual instruments of U.S. hedging strategy being different to those of traditional hard balancing strategy, it seems to coincide with soft balancing instead. To achieve hedging policy, the United States utilizes a soft balancing strategy to ensure and increase its dissuasive power, in order to prevent the emergence of an aggressive China. To clarify how U.S. China hedging policy contains soft balancing strategy, the concept of soft balancing strategy will be illustrated. In fact, the concept of soft balancing has become a hot topic ever since the Bush administration began pursuing its aggressive unilateral military policies.

After the 911 attacks, the Bush administration adopted preventive and preemptive doctrines which permitted the United States to counter the threat from “rogue states” that were suspected of developing and using weapons of mass destruction, should the United States think it necessary (The White House 2002, 15). The unilateral policy of the Bush administration thus induced discontent from other great powers. For instance, during 2002 and 2003, the U.S. and UK attempted to gain the support from the UN Security Council for the invasion of Iraq; however, there was strong opposition to U.S.-led military action. A coalition was created by France, Germany and Russia, which was also joined by China to veto the U.S. unilateral military action. On March 5th 2003, France, Germany and Russia jointly announced that “We will not let a proposed resolution pass that would authorize the use of force” and a day later, China issued a similar statement advocating the decision (Paul 2005, 64-66). These four countries sought to restrain the United States from pursuing its

aggressive unilateral military policy through diplomatic pressure. Finally, despite their efforts they were unable to prevent the Iraq invasion; but, the coalition did successfully hamper the United States from receiving the approval of the United Nations. Thereby, many have questioned the legitimacy of this military action. In short, this balancing strategy was not to be compared with a traditional one, but viewed as a type of new balancing strategy which would be used to counter the power of a hegemonic actor; later termed soft balancing.

According to T.V. Paul, he defined the concept of soft balancing as the “tacit balancing short of formal alliances” (Paul 2004, 3). Then, he explained that soft balancing may only occur when states generally “develop diplomatic coalitions or ententes with one another to balance a powerful state or a rising or potentially threatening power” (Paul 2005, 58-59). In his argument, Paul put forward that balancing strategy does not have the focus of directly challenging the potentially threatening state or a rising power. Its balancing measures are normally “based on a limited arms buildup, ad hoc cooperative exercises, or collaboration in regional or international institutions” (Paul 2004, 3). In addition, Robert A. Pape also defined that soft balancing is a strategy which “do[es] not directly challenge a unipolar leader’s military preponderance, but it can delay, complicate, or increase the costs of using that extraordinary power” (Pape 2005, 17).

Both these scholars emphasized that there are several reasons for supporting a state carrying out the soft balancing strategy. First, a hegemonic state or a rising/potentially threatening power is not yet perceived as a serious challenge to the survival of other states. Thus, other states do not need to immediately carry out hard balancing strategy, because they do not feel they are in immediate danger of losing

their sovereignty and security. Second, this power is one main provider of public goods, either in the economic or security areas; so, it is not easy to find an alternative substitute when the collapse of this public good is caused by the introduction of a traditional military power. Third, it is because this power does not want to increase its own power position through military and violently means. Hence, there is no intention for other states to carry out a military balance of power (Paul 2005, 58-59). Fourth, traditional hard balancing will not be implemented if the cost is too much and if the risk is too high to ensure the operation of a hard balancing coalition (Pape 2005, 9-10).

To sum up, the main idea of soft balancing is not to introduce the balancing strategy, which will hinder current actions of the hegemonic or rising power, but to prepare for their future ambition (Pape 2005, 36). The concept of soft balancing strategy is designed to broaden the concept in the balance of power and to explain why there is no alliance limiting the power of a hegemonic or rising state in the Post-Cold War period (Paul 2004, 13). Therefore, instead of a hard balancing strategy, the states are able to adopt a soft balancing strategy, which will influence a non-aggressive hegemonic or rising power without bringing about serious and direct confrontation. To allow the soft balancing strategy to take effect, states are able to implement various instruments including “territorial denial, entangling diplomacy, economic strengthening and signaling of resolve to participate in balancing coalition” (Pape 2005, 36).

In the Sino-U.S. case, the United States seems to utilize soft balancing for practical instruments of its hedging policy. It is reasonable to presume that the United States is using soft balancing strategy because there are already enough conditions to

foster the implementation of a soft balancing strategy toward China. First, until now, the United States has not deemed China as an enemy, as it did with the Soviet Union; it perceives China as a potential competitor and partner. So, the United States has no need to immediately contain the China as it does not fear it will lose its sovereignty and security. Second, despite China not being a major provider of existing public goods, the United States wants China to become a “responsible stakeholder” in the existing international system (Zoellick 2005). In other words, the United States wants China to become a key contributor to the international system, but not a free-rider. Indeed, over the past few years, China has been enthusiastic about collective regional security affairs. It has played a constructive role in launching multilateral negotiations to resolve North Korea’s nuclear crisis since 2003, which saw the involvement of six governments (The Embassy of the People’s Republic of China Press 2005). Therefore, the United States is not willing to enrage China because it is worried that such an act will inevitably give rise to the degradation of China’s participation in regional and international affairs.

Also, China’s new security concept of a peaceful rise is a good indication it recognizes the anxiety of the United States. Since 2000, China has repeatedly emphasized that its first and foremost goal is to guarantee a stable environment for its modernization. So, to achieve this goal, China wants to choose a peaceful strategy and to accept and follow reasonable international norms, rather than to challenge the primacy of the United States (Zheng 2005, 24); and, the peaceful rise of China will thus portray a non-violent image to other states (Ogoura 2007). China’s peaceful image even leads some U.S. neo-realists, including Henry Kissinger and Robert Art, to consider there to be no reason to make the analogy of China to an imperial Germany or Japan. They deem that China will improve its power status through

increasing its economic and diplomatic influence, but will not do so with military force. So, the optimistic Sino-U.S. relations will maintain a peaceful track, rather than a tense military balancing strategy (The National Interest 2006, 13 and Art 2007, 33-36). Finally, the cost of implementing a conventional hard balancing strategy, to contain the rise of China, will be huge with an ever increasing economic interdependence between them. Also, due to this regional economic interdependence, it is not easy to ensure U.S. allies will cooperate with the United States and help contain the rise of China (Art 2007, 34). In short, these reasons show why the United States has an aim to utilize soft balancing strategy and achieve the strategic goals of its hedging policy.

Hence, the United States has not created any formal opposing alliance which officially and openly sets the target to restrict the rise of China; therefore, it will not need to restrict its allies and strategic partners in their trade and cooperation with China. If the United States wants to contain the rise of China, then it will be irrational to further strengthen its enemy by bankrolling them through any interstate trade, investment and cooperation. However, in sight of the United States, the prospective role of the Chinese is still uncertain. The United States describes China as a state that is now located at a “strategic crossroads.” The term “crossroads” means that China will need to make the decision to choose either a peaceful or aggressive path (U.S. Department of Defense 2005, 7). Moreover, China is deemed as “the greatest potential” to militarily compete with the United States (U.S. Department of Defense 2006, 29). Therefore, besides continuously implementing traditional engagement policy toward China, the United States also aims toward preserving enough dissuasive power to prevent the emergence of an aggressive China. To prepare for the worst-case scenario, it implements the engagement policy to allow

China to integrate into the existing U.S.-led international system; and, prudently introduce a soft balancing strategy to hedge against China becoming a challenging nation for the U.S. primacy. Therefore, U.S. hedging policy has been referred to as an insurance policy to balance the rapid rising power of China.

C) Soft balancing for achieving the strategic goal of U.S. hedging policy

To accomplish U.S. hedging policy, the prerequisite is to ensure the dissuasive power of the United States to prevent the emergence of an aggressive China. For this reason the U.S. will need to hold enough power to ensure successful dissuasion against China. Therefore, the Pentagon suggested the United States needed to ensure its forces “will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States” (The White House 2002, 29-30). Thus, implementing the soft balancing strategy seems more suitable for the United States. To prevent the future ambition of China, the United States will utilize the following instruments, in order to ensure (and even increase) its dissuasive power toward China; involving entangling diplomacy in Taiwan affairs, reorganizing its forces in Asia and guaranteeing the existence of its traditional alliances with Japan, Australia and South Korea, and developing new strategic ties with India.

To complete this policy, the United States will need to primarily use entangling diplomacy in Taiwan affairs. According to Robert Pape, entangling diplomacy is one instrument used when implementing soft balancing strategy. It is defined as the use of ad hoc diplomatic maneuvers to delay the motivation of China’s unification in using violent methods (Pape 2005, 36). Though China and the United States share no borders and do not have any territorial disputes, the Taiwan issue is the most

dangerous flashpoint toward future Sino-U.S. relations (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 167-168). Therefore, the United States worries that the motivation and conviction of the PRC in unifying Taiwan would be strengthened in the future, along with the growth of its economic and military power. To hedge against the worst scenario, the United States has used “entangling diplomacy” to delay any military actions of China and subsequent conflict between the two sides of the Taiwan Strait.

Due to the Taiwan Relations Act, the United States advocated there to be only one China, with Taiwan being part of China and the prerequisite of resolving the status quo peacefully. Thus, the United States repeatedly clarified that it has the responsibility to defend Taiwan if the island is attacked by China, with the premise that Taiwan would not provoke China (Dumbaugh 2008, 18). In fact, U.S. diplomatic intervention is based on the principle of flexibility in preventing China’s violent unification and the independence of Taiwan (White III 2004, 318-320). On the one hand, the United States wants to intervene between Sino-Taiwan conflicts for postponing their military confrontation. For instance, in 1996, after the Chinese People’s Liberation Army fired three M-9 missiles into the target zone, despite the United States not expecting China would attack Taiwan, it still intervened by exerting diplomatic pressure on China. The U.S. also reaffirmed that it was their responsibility to defend Taiwan by sending the Independence battle group and the Nimitz carrier group to observe China’s actions. Thus, the United States successfully dissuaded China from upsetting the regional balance of power and U.S. diplomatic interventions led to China’s re-estimation over future costs through retaliation (Ross 2000, 87-123).

On the other hand, to delay China's plan in re-unifying Taiwan by non-peaceful means, the United States has given a periodic warning to prevent the independence of Taiwan. In 2005, China passed the anti-secession law. According to this law, China expressed that any activities of Taiwanese independence would not be tolerated by China. To end the secession of Taiwan, China did consider responding militarily towards the "secessionist forces," even though the original posture of China was to unify with Taiwan peacefully (Kahn 2005). So, the United States took up the use of diplomatic pressure to prevent Taiwan from becoming independent but also prevented China from using its military forces. However, the United States has also refused to support the former Taiwan President Chen Shui-bian's growing pro-independence statements and actions since his second term (Kahn 2006). In fact, the entangling diplomacy of the United States is a double-edged sword, toward both China and Taiwan. The United States aims toward utilizing diplomatic pressure to delay the military actions of China, but equally does not support the independence of Taiwan. To conclude the Taiwan issue, some scholars have observed that the United States is using soft balancing strategy to delay military action from the PRC in unifying China and Taiwan (Roy 2008, 127-129).

Second, the United States aim toward reorganizing its forces in Asia in an effort to ensure it is competent for hedging against the future ambitions of China. The reorganization of U.S. military forces can be divided into two stages: redeployment and simplification. To increase its dissuasive power in coping with the potential conflict in the Asia-Pacific region, the United States redeployed its military forces in 2000. In 2001, the QDR Report first suggested a plan for the United States to use in order to increase its military presence in the Western Pacific; it would do this by shifting more aircraft carrier battle groups, an additional three to four surface

combatants, and guided cruise missile submarines to the region (U.S. Department of Defense 2001, 26). This suggestion was aimed toward improving the flexibility of U.S. forces to manage any potential conflict in Asia, including the Taiwan and Korea affairs. Thereafter, the United States started to adjust more deployable forces from Europe, Japan and Korea to Guam, as it attempted to construct a center of Asian military power. Also, the United States started to deploy B-52 strategic bombers and RQ-4 Global Hawks to Andersen Air Force Base in Guam. In addition, in the 2006 QDR Report, the Pentagon recommended a scheme related to adjusting the deployment of the U.S. navy in the Asia-Pacific region. In this report, it was suggested that “at least six operationally available and sustainable carriers and 60% of its submarines in the Pacific to support engagement, presence and deterrence” (U.S. Department of Defense 2006, 47) Then, the United States subsequently prepared to deploy six out of its eleven aircraft carriers to the maritime area of the Pacific by 2010. Therefore, either Hawaii or Guam would be chosen for one aircraft carrier battle group which would mean the U.S. would have a total of two aircraft carrier battle groups in the Western Pacific. Also, additional submarines were reallocated from the Atlantic to the Pacific, and the U.S. Navy aimed to increase the total number of nuclear powered attack submarines to 31 in the region by 2010 (Kakesako 2006).

There are three main reasons for choosing Guam to be the future center of an Asian military force. First, the costs are relatively lower as Guam is a U.S. territory. Second, the flexibility of military development in Guam would be higher because the distance between Guam and East Asia is far shorter than other U.S. military bases such as Honolulu, Seattle, and San Diego. U.S. combat aircraft in Guam can arrive in the Taiwan Strait and at the Korean peninsula within two hours (Kan and Niksch

2008, 3-4). Moreover, the PACOM Commander, Admiral Timothy Keating, also recognized that preventing a Sino-Taiwanese conflict is one of the strategic concerns of the defense buildup in Guam (Kan and Niksch 2008, 6). Thus, Guam is becoming the key point of U.S. hedging policy in dissuading the future ambition of China, because it is located in the middle of a U.S. island chain; this means it can not only prevent Chinese military action in the Taiwan Strait but can also monitor the development of the Chinese “blue navy” in the South China sea (Yu 2006, 7).

In addition, the United States has also limited its explicit military capabilities in Asia. As aforementioned, the overall deployed forces are decreasing in Asia. However, notwithstanding the Bush Administration’s design to limit its explicit military capabilities, the reduction of deployed forces would not acutely affect the dissuasive power of the United States in Asia-Pacific region. This is because U.S. capability to project power over long distances has improved through advancements in technology; therefore, the reduction of U.S. military forces does not mean a downgrade of its dissuasive power in Asia (Lee, Hathaway and Wise 2003, 68). Furthermore, hedging policy only requires sufficient power to dissuade the possibility of China’s future ambitions but not allow it to keep maximum power. As long as the United States holds enough power to handle potential and unpredictable threats, the withdrawal plan will not influence U.S. national interests (Critchlow 2005, 3-4, 8).

The third instrument of U.S. hedging policy is the “signaling of resolve to participate in a balancing coalition.” Despite the United States not creating a formal opposing alliance to contain the rise of China, it has also not denied that a resolution could be constructed as a tacit non-offensive coalition to neutralize the rise of China.

However, the current China is not a challenger, but may soon emerge to be a source of regional instability and even threaten the primacy of the United States without counterbalancing. Hence, the United States wants to release its resolution to counterbalance any possibility of an emerging but aggressive China, by implementing hedging policy to preserve its traditional alliances and develop new strategic ties with India.

In the first instance, the United States will further consolidate its traditional alliances and especially with Japan. The United States has enhanced U.S.-Japanese cooperation and further improved their relationship since 2002, due to the importance of Japan in American's regional security structure. Richard Lawless stated that the U.S.-Japanese relationship has created the "foundation for the peace and stability that have enabled the prosperity we see throughout the Asia-Pacific region" (Lawless 2005, 1). Also, the rise of China is the most important challenge for both Japan and the United States, and both are seeking for the cooperative opportunity of China while also considering the potential conflicts from its growth (Glosserman and Sigur 2006). Thus, preventing the potential challenge of China is a common strategic interest of the United States and Japan. Therefore, in order to strengthen the U.S.-Japan alliance, the United States and Japan have agreed to hold "2+2" meetings between American and Japanese ministers of defense and foreign affairs, to discuss the Taiwan and North Korea affairs. In 2005, the United States and Japan announced a Joint Statement which included Taiwan, representing that the United States openly agreed to be an indispensable actor of Japan in dealing with Taiwan affairs (Sheng 2007, 146-147). Hisahiko Okazaki, a retired Japanese diplomat, directly pointed out that Japan's China foreign policy was to strengthen the U.S.-Japanese alliance; he further described that "the future of Asia will be decided

by the two-way balance between China and the U.S.-Japan alliance, not a trilateral balance among the three countries” (Brooke 2005). The strategic role of Japan has thus transferred from passively receiving U.S. protection to actively cooperating with the United States to dissuade the emergence of an aggressive China.

However, recently it seems that the U.S. has found it impossible to maintain the regional balance of power through its traditional alliances with Japan, the Republic of Korea, and Australia. This is because the rise of China is forcing Asian states to rethink their present security arrangements and thus reduce the overwhelming gap between the United States and China. Currently, China is utilizing its increasing economic, diplomatic and military strength to attract regional states over bilateral relations, something that may facilitate them taking the first steps to form an alternative regional security group. Therefore, the traditional U.S.-centric “hub and spoke” system of alliances has been weakened by the offer of an alternative regional security center (Chanlett-Avery 2008, 1-2). For instance, both Australia and South Korea have been rethinking their strategic and defense relationship with the United States, which, to some extent, has come from the influence of a rising China.

In recent times, Australia has been cautious about establishing a position in the power dynamics between the United States and China, as it has close economic ties with China. In 2007, China overtook Japan to become Australia’s largest trading partner. The two-way trade between China and Australia reached \$57.5 billion in 2007, a 15 percent increase comparing with the previous year. Also, two out of three resources exported from Australia are purchased by China; and there was a steady increase in the amount of study enrolments and visitors from China to Australia. In 2007, over 82,000 Chinese students (including 16,000 Hong Kong students) enrolled

to study in Australia; and, the total visitors to Australia from China increased by 16 percent in 2007. In addition, Australia was the fourteenth largest foreign investor of China (Australian Department of Foreign Affairs and Trade 2007). In 2003, former Australian Prime Minister John Howard stated that “China is a significant and close partner of Australia not only because their close economic ties but also due to consolidative relations among their community” (Li 2003). Although Australia still considers the uncertainty of China’s military modernization in Asia, it does not mean that Australian foreign policy toward China will completely come from U.S. strategic demand. In 2004, Australia used its veto against Taiwan entering the World Health Organization, even though the United States supported Taiwan’s application (Sutter 2008, 285). Also, in the same year, former Australian Foreign Minister Alexander Downer mentioned that the Australia and New Zealand United States Security Treaty (ANZUS) should not be scrutable to the inevitability of Australia’s intervention over Taiwan, when the conflict between China and Taiwan erupts (Chanlett-Avery 2008, 6). Moreover, in 2006, Alexander Downer signified that the trilateral dialogue between Australia, Japan and the United States was not a strategy aimed toward China, and he further described the rise of China as a positive contribution toward Australia and the rest of the world (Li 2006). The present Australian Prime Minister, Kevin Rudd, also called attention to the prudent management of Sino-U.S. relations. He separately illustrated the role of the United States and China from Australia’s point of view. He believed that there was no contradiction with keeping a friendship with both the United States and China, because Australia views the United States as its “great friend and ally,” while it sights China as its “great friend and partner” (Ayson 2007). However, the neutralization of Australia will disturb plans by the United States to dissuade an aggressive China through pressure of the U.S. traditional alliance system.

Secondly, the U.S.-South Korea alliance has faced the same situation in dealing with the rise of China. An increase in the tightness of Sino-South Korea economic ties has compelled South Korea to rethink their relations, and the Sino-South Korea economic interdependence has increased gradually since the early 1990s. After the outbreak of the Asian Economic Crisis in 1997, China and South Korea started to closely work together within the Association of Southeast Asian Nations. Then, the ASEAN and three East Asia nations: China, Japan and South Korea, formed a regional group to discuss economic affairs in Asia. This forum then became a permanent regional group in Asia called the “ASEAN plus Three.” With the effort of the ASEAN plus three, China and South Korea first signed the bilateral currency swap agreement in 2002, and this agreement was enlarged three years later. Such a bilateral currency swap agreement further encouraged their mutual investment and trading by maintaining stability among their currencies (Shi 2009). So, in 2004, South Korea invested \$3.6 billion in China, which contributed to half of its annual foreign investments. Also, since 2005, mutual visits among the two nations have been on average over three million per year (Sutter 2008, 240). In 2007, China was continually the largest trading partner of South Korea, while South Korea was sixth in China’s top ten trading partners; with the total amount of trade between the two countries nearly reaching \$160 billion in 2007 (Shi 2009). Therefore, South Korea has judged that the better Sino-South Korea relations are, the more secure its national interest will be, although the nation still believes that the U.S.-South Korea alliance is indispensable (Sutter 2008, 241). However, the reliability of the U.S.-South Korea alliance has been challenged during the Presidency of Roh Moohyun, when South Korea asked the U.S. military to drawdown its presence in the Korea Peninsula. One reason was because U.S. troops, who were stationed in South Korea, accidentally

killed two South Korean schoolgirls which ignited strong anti-America demonstrations in 2002 (Niksch 2008, 14). The other reason was that former President Roh wanted to strive for more independence and equality from the United States and thus played the China card. To achieve this aim, President Roh demanded improvements to Sino-South Korea relations by avoiding any discontent from China. He wanted the United States to withdraw any presence of military troops in South Korea and thus opposed any use of U.S. military bases in South Korea; something which came in the wake of the Taiwan Strait crisis (Christensen 2006, 97-98). The cooling down of U.S.-South Korea relations thus induced a question of whether a traditional alliance is competent for hedging against the emergence of an aggressive China.

Though the current President of South Korea, Lee Myungbak, has underlined the importance of reinforcing strategic relations with the United States and thus called for improvements of Sino-South Korea relations to come to a halt, it is worth remembering that an efficient U.S.-South Korea alliance could be effective in dissuading China. However, the U.S. should be aware that when South Korea has grown out of the U.S. preferred path, the development of economic ties between China and South Korea could make them inseparable. Also, due to the close economic relations of Sino-South Korea and Sino-Australia, it seems unlikely that these two nations would stand on the side of the U.S., in order to enhance U.S. dissuasive power to prevent an emergence of an aggressive China. This is because they will most likely not be willing to give up their economic interests with China. To strengthen U.S. dissuasive power in Asia, the United States should not simply depend on traditional alliances, especially when such nations no longer firmly support the U.S. and are strong enough to prevent a potential challenger. Hence, the

United States should not only aim to strengthen its traditional alliances in Asia but also plan to develop new strategic and defense relations with Asian states, in order to make up for the loss of dissuasive power.

In the sight of U.S. scholars, although India is one of the Asian dual challenges for the United States, developing new strategic and defense relations with India is still a good choice to reengineer its dissuasive power toward China. On the one hand, because of its rational ability to cope with the coming challenge from China and then move toward the second important danger (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 175, 179). On the other hand, it is because India can redeem the insufficiency of a traditional U.S.-centric “hub and spoke” system of alliances. In reality, there are several reasons supporting the United States to develop new strategic and defense relations with India.

Primarily, India is an emerging regional power due to its marked economic development. In 2006 and 2007, India’s annual gross domestic product grew by approximately 8.5 percent (C.I.A. 2008). Deutsche Bank Research also forecasted that the average real GDP growth of India, between 2006 and 2020, would be 6 percent per year (Schaffer 2005 and Mitra, 3). With the support of a rapidly growing economy, India’s military expenditure has risen from 8 to 25 percent (per year) since 1998. In 2008, total military expenditure by India was raised to \$26.5 billion, which was the eleventh highest military expenditure in the world (Denyer and Richardson 2008). In addition, India has carried out a military modernization plan since the late 1990s and has had a capacity of nuclear weapons since 1998, which implies that it has enough strength to counter-balance an aggressive China (Schaffer and Mitra 2005, 6). Thus, developing Indo-U.S. relations can offset the reduction of the

dissuasive power from the traditional alliance system in Asia.

Second, India enjoys a perfect geostrategic advantage. It can control the Strait of Malacca in order to control the supply of oil to China (Storey 2006, 4). To ensure energy security, India is becoming an indispensable factor in China's security plan and this way India has enough weight to balance relations. Moreover, the United States could utilize India to encircle the western part of China if and when a Sino-U.S. conflict takes place (Expressindia 2007). So, the geographic advantage of India can consummate the hedging policy toward China, by working with the U.S. traditional Asian alliances. Third, the United States and India share a common commitment to democracy, freedom, human rights, pluralism, and rule of law. These common values between the United States and India will facilitate them to construct stable regional and global partnerships (Bush-Manmohan Summit 2005).

Therefore, the United States has developed and strengthened close Indo-U.S. strategic relations in order to increase its dissuasive power against the emergence of an aggressive China. Since the Clinton administration, the United States has improved its relations with India. The visit of President Clinton in March 2000 started the initiative of the United States to develop relations with India. The United States and India then denoted that they would "deepen the India-American partnership in tangible ways" (Clinton-Vajpayee Joint Statement 2000). However, essential improvements between the United States and India occurred during the Bush administration. In 2004, President Bush started to develop a strategic partnership with India in order to launch a discussion of the Next Steps in a Strategic Partnership. One year later, the two nations signed a ten-year defense framework agreement. Under this agreement, the United States and India agreed to carry out

technology transfer and a co-production scheme, as well as increase opportunities for mutual military and security cooperation (Kronstadt 2007, 22-23). In 2006, the U.S.-India civil nuclear agreement brought their relations closer than ever before (BBC News 2006).

In fact, Zoellick realized that hedging policy was necessary in preparing for the worst scenario between China and the United States, even though he believed that China did not want a conflict with the United States. Therefore, he recognized that the United States wanted to accelerate its diplomatic and military relations with Japan and India, in order to respond to the uncertainty over China's rising power; although anti-terrorism and the countries sharing similar values were also significant reasons for the United States to deepen its relations with India (Brinkley 2005).

However, the development of Indo-U.S. relations would not aim toward creating any advanced form of alignment to contain the rise of China, such as an opposing alliance. Kissinger claimed that the United States could not do so with India as it may not be willing to be the pioneer of the United States. But the United States should strengthen India and ensure it is strong enough to protect its own national interests. As long as India is able to do so, it will naturally take the role of balancer in maintaining a status quo in Asia-Pacific region (The National Interest 2006, 15). The United States thus wanted to develop a new strategic tie with India and strengthen its economic power. For instance, in 2006, President Bush promised that the United States would "help India become a major world power in the 21st century" in order to improve their relations (Krontadt 2007, 4). Therefore, T.V. Paul indicated that the development of current Indo-U.S. strategic ties is one example of a soft balancing strategy (Paul 2004, 14). The United States aims toward seeking

India's affiliation to the soft balancing coalition in order to hedge against the emergence of an aggressive China.

D) "Hedgagement" approach

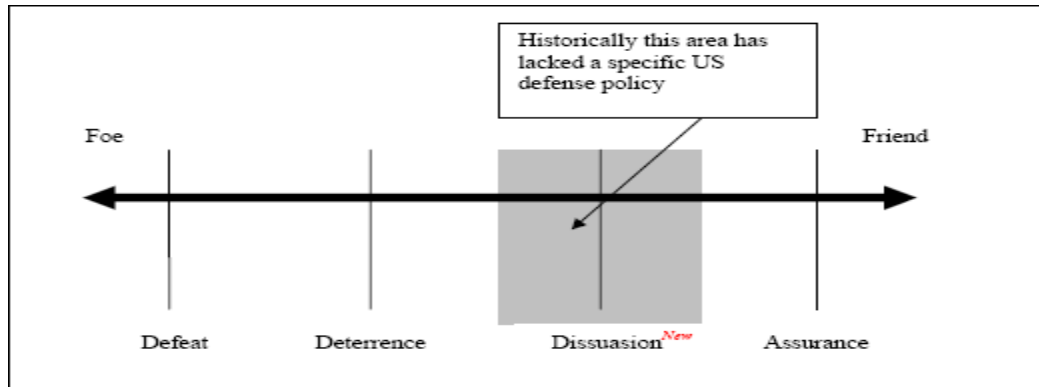
Overall, the United States is utilizing a soft balancing strategy to accomplish the strategic goal of hedging policy. The United States is putting a soft balancing strategy into practice in order to ensure and increase its dissuasive power for hedging against the future ambition of China. The implementation of U.S. hedging policy is not directly against China, but to prepare for the emergence of an aggressive one. So, the strategic approach of the U.S. two-pronged policy toward China can be concluded as an approach which suggests the United States wants to integrate China with the existing international system; while also dissuading the emergence of an aggressive China through utilizing a soft balancing strategy.

According to the hypothesis of the previous chapter, the strategic approach of the U.S. China policy is a hybrid of the engagement and conengagement approach. It is the approach which calls for more awareness than engagement but less intensity than conengagement. Although the ultimate goal of both containment and hedging policy is to maintain the regional balance of power, the process is not the same. The strategic goal of the containment policy is to maintain the balance of power immediately, but the strategic goal of hedging policy is to maintain the balance of power in the future. So, the strategic instruments of the containment and hedging policies are not the same. Additionally, containment policy aims toward creating a formal military alliance in order to monitor any expansion of a hostile power or ideology, such as the Soviet Union. It is based on the formation of traditional hard balancing strategy to implement a military deterrence and take action against any threatening state that is

identified as posing a threat to the national interests of the United States (Segell 2008, 1). In contrast, hedging policy aims toward creating a tacit balance short of formal alliances, to monitor the emerging ambition of a future rising power or potential threat, such as China. It was founded on the concept of the soft balancing strategy and aimed to dissuade nations from directly challenging to the United States, before they had the actual capability of challenging the United States. The United States would prepare for military action or an alliance to contain a rising power or potential threat if diplomacy failed to dissuade them (Segell 2008, 1-2).

Therefore, when comparing the difference between deterrence and dissuasion, the variation between the containment and hedging policies can be observed. In fact, the aim of implementing a deterrence policy is ensure victory over the enemy. But the aim of implementing dissuasion is “to check the other side before it has acquired the capability to engage in battle, rather than to defeat him in battle” (Segell 2008, 11-12). Therefore, the offensive standard of a containment policy is much higher than that of the hedging policy. So, the containment policy requires an advanced form of alignment to ensure there is enough military power to deter the enemy. But hedging policy simply requires limited military power to ensure the progress of diplomatic negotiations. Owing to the different goals and instruments, U.S. hedging policy is not a type of containment policy. In short, the U.S. two-pronged China policy cannot be concluded as a conengagement policy, because conengagement is a policy that attempts to combine the advantages of engagement and containment policy. It aims toward engaging China in the existing international system while also containing an aggressive China through hard balancing strategy, such as arms buildup and opposing formal alliances.

Table 4.1
Defense Policy Spectrum



(Meteyer 2005, 12)

To clarify the difference between this new strategic approach, engagement and conengagement, it is essential to first understand this alternative. Besides the approaches of engagement, conengagement and containment, as suggested by Peter Rudolf, this alternative is a fourth strategic approach by the United States. It rests on the premise that it is impossible to predict the future development and choices of China. As a nation, China can choose to be either a partner or a potential threat to the United States, which not only depends on the wishes of China but also the response of the United States. Thus, the United States wants to develop positive cooperative relations with China in the long-term by integrating it into the existing U.S.-led international system; this will be completed by implementing engagement policy while also carrying out hedging policy to dissuade China from the role of challenger. To ensure enough dissuasive power, the United States will need to preserve its power projection capabilities and its alliances, as well as develop new strategic ties in the region. And, this dissuasive power comes from two distinct sources: military and diplomatic. Although the United States has limited its military forces the Asia-Pacific region, maintaining U.S. power projection capabilities will allow China to understand that the United States still possesses enough dissuasive ability to respond to any aggressive action. Also, even though there is no formal opposing alliance to

contain the rise of China, keeping its alliances and developing new strategic ties in the Asia-Pacific region will facilitate the United States in dissuading China's future ambitions, through the soft balancing strategy. Aaron Friedberg identified that the United States wants to focus on soft balancing to dissuade the future ambitions of a rising China, through developing a "less formal and more loosely integrated network of overlapping strategic relationships that involves the United States, Japan, South Korea, Australia, India, Indonesia, and others" (Kitfield 2005, 3530-3536).

Therefore, both conengagement and the new strategic approach aim toward maintaining the regional balance of power, either in the present or future, while also engaging China. To separate these two, this new strategic approach will be named "Hedgagement," for the reason that it is the mixture of hedging and engagement policies. The approach of hedgagement could be transformed into the conengagement or engagement approach and will depend on how China develops in the future. As Robert Pape indicated, "soft balancing could establish the foundation of hard balancing" (Pape 2005, 7). If China develops peacefully, the awareness of the United States would reduce and thus deem China as a partner. Then, the hedgagement approach could evolve into the engagement approach. In contrast, if China challenges the primacy of the United States, along with its economic and military growth, the awareness of the United States would increase and thus deem China as a potential threat. Additionally, the hard balancing alliance could be quickly established as the hedgagement has already paved the road.

Table 4.2

The characteristics of four Strategic approaches of the United States

	U.S. perception towards the targets	Nature of rivalry	Key suggested strategic instruments	Examples
Engagement	Partner.	Non-zero sum.	Economic engagement, Strategic engagement, or both.	India and Brazil.
Hedgagement	Uncertainty, it may be a partner or potential threat.	Non-zero sum.	Economic engagement. Informal, tacit balancing short of alliance. Limited arms buildup.	China.
Congagement	Mixed, it is a cooperator and potential threat at the same time.	Uncertainty. depends on the result of counteraction.	Economic engagement. Formal opposing alliance.	Nil.
Containment	Enemy.	Zero-sum.	Open arms building, formal opposing alliance, or both.	The Soviet Union.

Chapter Five

The role of India in U.S. “Hedgement” policy

To analyze the feasibility of U.S. hedgement approach toward China, India can serve as a case study to demonstrate whether the approach can be implemented. As previously mentioned, the United States is utilizing the soft balancing strategy to accomplish its hedging policy. But the soft balancing strategy is only feasible if the United States can form diplomatic coalitions or ententes with other countries to balance the emergence of an aggressive China in future (Paul 2005, 58-59). To ensure the implementation of hedging policy, the United States thus needs others to cooperate in its soft balancing strategy toward China. If India is willing to be a partner of U.S. soft balancing strategy, the hedgement approach is then feasible. Before analyzing whether India will cooperate with United States, the U.S. expected role for India will be discussed first.

A) The desire of the United States

In fact, Indo-U.S. strategic ties are indispensable to the hedging policy and India has become increasingly significant in the U.S. strategy toward China since the Indo-U.S. realignment in the 1990s. However, the exact U.S. expected role of India is still indistinct as is the role of China. The United States sees China at a “strategic crossroads” which the nation can choose to be either a future partner or competitor of the United States. Therefore, India’s role greatly depends on how the United States perceives the identity of China in the future. The United States has no reason to finalize the role of India in current time, but the U.S. will adopt the hedgement approach to cope with the rise of China.

However, according to this strategic approach, the United States does not require a formal opposing alliance directly against the rise of China. Thus, the United States can simply implement the engagement policy with hedging policy, but not with the containment policy. The United States does not want to contain the rise of China through hard balancing strategy, but to dissuade the rise of China as a future challenger. Hence, to accomplish the hedgagement approach, the role of India seems not suitable to be finalized as an ally of the United States similar with the past experience of NATO during the Cold War period because the nature of the alliance being against the grain with the hedgagement approach. Arnold Wolfers defined an alliance as “peculiarly far-reaching commitment contained in military pacts by which a nation formally promises to join another in fighting a common enemy.” And the function of an alliance will use “the military assistance expected in case of need and its deterrent effect on the enemy, even preceding any armed conflict” (Wolfers 1968, 268-269).

In the current U.S. two-pronged foreign policy toward China, China has not been viewed as the enemy of the United States; therefore, there is no need to create an advanced form of alignment with India to contain the rise of China, such as forming an opposing alliance with India. William Perry summarized “If we treat China as an enemy, it will surely become one” (Davison 1999). Allying with India may give the wrong signal to China, in that the United States is treating it as the enemy, something which may induce a security dilemma between the United States and China. In this case, the United States should develop a basic form of alignment with India in order to increase its dissuasive power over China.

The alternative role of India in the U.S. foreign policy toward China seems

applicable to an entente of the United States. The definition of an entente is a close alignment which falls short of a formal alliance. Robert A. Kann further illustrated that an entente is “the classical case of a flexible agreement of cooperation between two sovereign powers” (Kann 1976, 611); thus, an entente is an informal alliance. It is the initial mechanism of political cooperation without the inherent characteristics of an open military alliance. However, the entente does lack open military assistance initially, but it does not mean that the entente partner could not develop mutual military cooperation later on. In short, the entente may or may not develop mutual military cooperation, something that will depend on the individual circumstances. Also, if necessary, the entente partner could develop mutual military cooperation; however, in contrast, it may merely remain on the existing level of diplomacy and negotiation and thus, the flexibility of the entente will be much higher than an alliance.

Comparing the entente with an alliance, we can observe that being the entente partner of the United States is more suitable than being an ally of the United States, because it is more suitable under the U.S. hedgament approach. In fact, the informality and flexibility of the entente is one desire of the United States when coping with the rise of China. First, the informality of the entente can enhance U.S. dissuasive power toward China without provoking it too much. As previously mentioned, the United States does not currently deem China as an enemy, so there would be no need to form an alliance at the moment. And, creating an immediate formal alliance with India will not only be useless in encouraging China into the existing international system but may also deflect China’s cooperation. However, unlike the alliance system, an entente is an informal alignment which does not need to include military threats. Hence, forming an entente with India could relatively

reduce the misgiving of China as it would not be a definite commitment to contain China. From this perspective, such weakening of the alignment can eliminate China's fear of military encirclement, which will mean the United States will be more suitable to invite India to be its entente partner rather than its ally.

Second, the United States can enjoy the flexibility of the entente in order to cope with the rise of China. Despite the entente lacking inherent characteristics of mutual military assistance, it can adjust itself to different circumstances because it is a flexible agreement of cooperation. In fact, the entente is an alignment focusing on preparing for a comprehensive range of eventualities which could involve both military and non-military cooperation. Even though there is no common threat to the nation, the United States would be able to create an entente with India to facilitate peacekeeping operations as well as humanitarian missions. In addition, if both the United States and India vow to fight a common threat, such as the emergence of an aggressive China, then a temporary joint combat operation could be organized. Moreover, such temporary joint combat operations could eventually evolve into a military alliance if the threat continuously deteriorated. On the contrary, the alliance system is relatively rigid compared to an entente because the former primarily focuses on containing a well-defined military threat but rarely adjusts to serve other non-military acts. Thus, the entente is equally valuable as a stepping stone for dissuading China from the role of aggressor and a strong area for promoting other national interests of the United States, such as human rights and democracy. The advantages of this flexibility could not only cover the comprehensive national interests of the United States but also become valid for one of the core principles of hedgament approach; that increased soft balancing could establish the basis for hard balancing against a rising or potential threat.

In short, the United States should invite India to be its entente partner rather than its ally, as the nature of an entente is more suitable than that of an alliance. On the one hand, the United States does not require an advanced form of alignment to contain the rise of China. Yet, on the other, the United States can strengthen India and ensure it is strong enough to protect its own national interest through the entente. As long as India is able to protect its own interests, it will naturally take the role of balancer and work together with the United States, in order to maintain a status quo in the Asia-Pacific region (The National Interest 2006, 15). Thus, the future ambition of China can be dissuaded by the implementation of a soft balancing strategy.

The fact that the United States is treating India as an entente partner can be shown by the increasing arms sales to India. Since the rapprochement of Indo-U.S. relations, there are a number of different items included in these arms sales, with the U.S. willing to sell F-16 and F-18 fight aircraft, P3-Orion maritime reconnaissance aircraft, and radar systems to India (BBC News 2002 and Reuters 2007). In addition, President Barack Obama finally approved the sale of naval P-8i maritime surveillance planes and six Lockheed Martin Super Hercules military transporters to India (Reuters 2009). Moreover, to further broaden their defense cooperation, the United States has required India to agree on the “end-use monitoring agreement” for ensuring the United States can periodically carry out an inspection and inventory of all weapons transferred to India (Rediff News 2009). The “end-use monitoring agreement” is a common clause in all U.S. arms sales to its allies and entente partners as the United States would like to prevent the transfer of U.S. advanced weapons to other countries. So, signing this agreement is the prerequisite for purchasing U.S. advanced weapons. Traditionally, only the entente partner or ally of

the United States can purchase U.S. advanced weapons. Indeed, India was asked to sign this agreement before. However, in July 2009, the United States and India finally reached the agreement on the end-use monitoring of defense technology and equipment which can remove a barrier to American advanced military exports to India (Reuters 2009). In short, the increasing weapons transfers between the United States and India indicate the close relationship between the two countries. The United States is regarding India as its entente partner and wants to ensure it is strong enough to protect its own national interest through transferring advanced weapons.

Also, the Agreement for Cooperation between the Government of India and the Government of the United States, concerning peaceful use of nuclear energy (also known as the 123 Agreement), can demonstrate the growing strategic cooperation between the United States and India. In 2005, the Bush administration outlined a blueprint of the 123 agreement. The 123 Agreement is a bilateral agreement for peaceful nuclear cooperation between the United States and India. It is a prerequisite for the civil nuclear deal between the United States and India. Despite the fact that India has not signed the Non-proliferation Treaty (NPT) at that time, the Bush administration still strove for getting the approval from Congress. Prakash Nanda, an Indian scholar, thus indicated that the closeness of Indo-U.S. strategic partnership can be showed by the promotion of the 123 agreement. Instead of isolating India, the United States seems viewing India as its entente partner and recognizing India's status of a nuclear power. To cement the Indo-U.S. strategic partnership, the United States even changed the clause of non-proliferation regime to allow the nuclear deal between them (Nanda 2009). Even though the 123 agreement was once suspended in August 2008, the United States and India finally signed this landmark agreement in October 2008 (The Times of India 2008).

B) How does India perceive the rise of China?

However, wishful thinking of the United States may fail if India resists becoming an entente partner of the United States. In fact, India has its own strategic concerns toward the rise of China. If a request from the United States violates India's national interests, then it may become unsure whether it should follow the desire of the United States. For instance, if India wanted to contain the rise of China, it would not merely satisfy itself with being an entente partner. India would demand further assistance from the United States to monitor the rise of China, something which would meet the interests of the United States. In contrast, if India resists becoming an ally of the United States in hedging against China, then it may not cooperate with the United States in the future. Without the support of India, the hedgagement approach seems to engage in idle theorizing; which is due to soft balancing strategy only being feasible when the United States develops sufficient diplomatic relations or ententes, to ensure its dissuasive power (Paul 2005, 58-59) Hence, to evaluate whether the hedgagement approach of the United States can succeed or not, it is better to make clear how India perceives the rise of China first as it directly influences how India perceives its role in Sino-U.S. relations.

In fact, similar to the United States, India has recently become convinced for the need to balance China, or at least prevent future ambitions of China. To analyze Sino-India relations, John Garver observed that their relations have been based on deep and enduring geopolitical rivalry (Garver 2001, 8). Historically, India has deemed China as a potential threat since the outbreak of the Sino-Indian war in 1962. Moreover, India has been terrified by China's strategic encirclement since the emergence of the Sino-Pakistani strategic partnership (Kanwal 2000). In 1998, in the

aftermath of India's nuclear tests, George Fernandes, the former Indian Defense Minister, asserted that China was India's potential number one threat, not Pakistan (Rediff News 1998). However, recent success in increasing Sino-Indian economic cooperation has been a key catalyst in improving their mutual trust. In 2003, the Prime Minister of India, Atal Bihari Vajpayee, visited China and announced the "Declaration on Principles for Relations and Comprehensive co-operation between the People's Republic of China and the Republic of India," which emphasized that both countries were not a threat to each other (BBC News 2003a). In April 2005, the Chinese Premier, Wen Jiabao, visited New Delhi and signed an agreement on political guiding principles to solve border conflicts between China and India. Then, the joint statement proclaimed that both leaders agreed to develop a strategic cooperative partnership oriented toward peace and prosperity (Cheng 2007, 13). Thereafter, although India did not portray China as a threat, it still viewed the rise of China as a challenge, because of the misgivings of a future conflict between them (Dasgupta 2004). In reality, most Indians view China as a future competitor.

Anxious feelings of India toward China can be reflected by two mass opinion surveys. First, in 2006, the Chicago Council on Global Affairs released a study of the United States and the rise of China and India, which showed the anxiousness of Indians about the rise of China's military power. This report demonstrated the complex feelings of Indians over China. Even though a plurality of Indians, approximately 40 percent, felt positive over the rise of China's economic power, 46 percent saw the rise of China's military power as negative (Chicago Council on Global Affairs 2006, 37-38). Second, the Pew Research Center project demonstrated similar feelings in their 2007 report. A clear majority of Indians, approximately 59 percent, had the impression that the rise of China's military would pose a threat to

India. Moreover, it showed the deterioration in India's perception of China's economic growth. In spite of this, 42 percent deemed the rise of China's economic power as positive, and the tendency of Indians' opinions shifted from positive to negative toward China's economic growth taking place. In 2005, 53 percent of Indians regarded the rise of China's economic power as beneficial to their nation. However, up until 2007, the positive view of Indians decreased to 42 percent. In contrast, in 2005, 35 percent viewed the rise of China's economic power as a problem for their nation. However, in 2007, this figure dramatically increased to 48 percent, identifying an overall negative view (Pew Research Center 2007, 41-44). In summary, despite India not regarding China as a threat, its perception about the rise of China does not seem to have improved and thus has deteriorated on previous opinions. In the past, India did not deem China's economic growth as a problem, yet in recent years an increasing number of Indians have become concerned over the future of the two nations. Ashley Tellis attempted to use the structuralist approach to explain Sino-Indian relations. He argues that China is the natural competitor of India because both are potentially great powers in Asia. Thus, even though the current Sino-Indian competition does not show acuteness and distinctness, their competition will inevitably increase if current trends of their economic and military growth persist (Tellis 2004, 134-177). Also, Chung Chien-peng, an academic scholar, had a similar argument and pointed out that "even if the territorial dispute were resolved, India and China would still retain a competitive relationship in the Asia-Pacific region, being as they are, two Asiatic giants aspiring to Great Power status" (Chung 2004, 117).

C) How does India perceive its role in Sino-U.S. relations?

Therefore, India would like to balance China or at least prevent future ambitions of China, especially when the influence of China is penetrating South Asia and the Indian Ocean; as India's unofficial "Monroe Doctrine" has treated such regions as its exclusive national zone (Garver 2001, 31). To achieve this strategic goal, India has thus aimed toward developing close relations with the United States in order to increase its counterweight against China. An Indian scholar, Kaplia, thus suggested that India must reinforce its strategic partnership with the United States in order to prevent the rise of China in the future, because China's intention is uncertain due to its lack of transparency (Kaplia 2008). However, reinforcing the Indo-U.S. strategic partnership does not equal an alliance with the United States. In spite of New Delhi and Washington sharing a convergence of interests in balancing China, the wish of India in organizing an advanced form of alignment to actualize strategic goals is still questionable. This is because there are several factors which can hold back the incentive of India to create an advanced form of alignment with the United States and thus may shape the role India will take in this trilateral relationship.

First, the strategic thinking of India has hindered the formation of an advanced form of alignment between the United States and India. In 1991, George K. Tanham identified one form of strategic thinking by India – to seek a great power status. Then, he further illustrated that geography has an impact on India's history and culture, as well as its strategic thinking. In his essay "Indian Strategic Thought: An Interpretive Essay," he indicated that India was motivated to seek a great power status because "India's strategic location, size and tremendous population have contributed to Indian leaders' belief in its greatness, its pre-eminence in the Indian Ocean region and its

global importance" (Tanham 1996, 30-32). Another scholar pointed out that India's geographic location and culture makes it engender the concept that India is the centre of the world. This concept thus contributed to the formation of Indians' superiority complex, which is similar to China's concept of a "Celestial Empire." In the world view of Brahman, India is located in the first class world, called Brahmins (Chellaney 1999, 345). Indeed, India's desire to become a great power started in the Jawaharlal Nehru administration. In his book *The "Discovery of India"*, Nehru claimed that America, Russia, China and India would be great powers in the world. And the root of Indian foreign policy is to seek great power status. India would not want to be a second class state but an impressive superpower (Nehru 1956, 57). In 2004, in a speech at the India Today Conclave, Yashwant Sinha also emphasized that looking for a great power or world power status is still the strategic goal of India in the 21st century (Sinha 2004). Therefore, although India would like to draw support from the United States, by improving their strategic relations in order to strengthen its counterweight to China, because the United States still has the primacy in the world, it also resists developing an advanced form of alignment with the United States when such improvement is hindering the formation of India's great power status. For instance, the once postponement of the 123 Agreement, can reflect on India's internal resistance to developing close strategic cooperation with the United States. This is because it fears that Indo-U.S. cooperation may be in conflict with its own strategic thinking. In fact, the Indian government has denoted that reasons for India's interest in nuclear weapons not only aimed toward counterbalancing China and Pakistan but also to demonstrate its great power status (Fisher 1998). Possession of nuclear weapons is one of the most significant methods to seek a great power status; therefore, India must hold the right to develop new nuclear weapons. Thus, in the eyes of the Bharatiya Janata Party (BJP), a nuclear deal may hinder India's dream

to seek a great power status in the future, as it may restrict India developing advanced nuclear weapons (The Times of India 2007). Although the 123 agreement was eventually signed by the United States and India in October 2008, the BJP Party once associated with the Left Parties to veto the 123 Agreement and thus the agreement was suspended in August 2008. In short, strategic thinking can affect the incentive for India to cooperate with the United States. The failure of the 123 Agreement reflected that India seems to want to keep some distance from the United States, even though it wants to improve their relations too.

Second, the traditional non-alignment doctrine is able to influence the degree of Indo-U.S. cooperation in balancing China. India's non-alignment doctrine was a foreign policy concept which was first coined by India's first Prime Minister, Jawaharlal Nehru. Nehru believed that it was too dangerous for India to become too involved in great power politics (Nehru, 1955). So, he formulated the non-alignment policy and promoted it to other Third World countries at the 1955 Bandung Conference. In theory, the meaning of India's non-alignment policy is to ensure its autonomy from domination by any great power, in order to pursue its own national interests. After the end of the Cold War, Indo-U.S. relations greatly improved during the Clinton administration. In 2001, in a speech to the Asia Society, Prime Minister Atal Bihari Vajpayee clearly expressed that India wanted to take further steps to evolve Indo-U.S. relations into "natural alignment" (Mishra 2005, 85). To respond to the request of India, President Bush also stated that the United States viewed India as an emerging power and yearned for its cooperation under the name of "global partnership" (Basu 2005). However, the desire of India to align with the United States was not equal to completely abandoning its non-alignment tradition. Howard W. French argued that India's strategic concern was deeply-seated in the

non-alignment doctrine (French 2008). In fact, India emphasized the preservation of its strategic interdependence. The existing influence of the non-alignment doctrine can be reflected by India's veto of the 123 Agreement. In the eyes of Leftists, the 123 Agreement would inevitably compromise India's strategic autonomy under the intervention of the United States, because such an agreement would give the right of the United States to control all trade of raw nuclear material; as well as the annual right by the United States to verify whether India fulfilled such an agreement (Zhang 2008, 37). Therefore, due to the misgivings of restricting its strategic autonomy in the future, India's Left Party joined to the BJP camp to boycott the nuclear deal. Further, an India scholar, Achin Vanaik, attempted to explain this misgiving. He indicated that this misgiving is rooted in the asymmetrical power between the United States and India, as the United States has the overwhelming power compared with India. So, no matter what type the alignment is, the United States is still the dominant decision maker while India can only be the subordinate. Under this relationship, the strategic autonomy of India will inevitably corrode (Badwai 2007). Hence, it is a wonder that India is willing to create an advanced form of alignment with the United States, such as a form of alliance, when the traditional non-alignment doctrine is still available. In other words, although the United States would like to establish alliance with India, the internal resistance of India is still something that could prevent this.

Third, further interdependence between China and India may reduce the wish of India in developing a close strategic tie with the United States, which has the intention of balancing China in the future. Keohane and Nye state that interdependence among different states can reduce the conflict of interest, as it will increase the costs of conflict while also enhancing the benefits of cooperation (Keohane and Nye 2001, 5-6). Therefore, increasing the interdependence between

China and India can amplify their mutual trust, so as to reduce the possibility of a future conflict. To enlarge the interdependence between China and India, Richard Rosecrance suggested that trade is the vital factor when looking to produce interdependence among two countries. Furthermore, he also stated that interdependence can be created by all types of trade, including trade between two industrial states and trade between industrial and raw material producing states (Rosecrance 1986, 145). However, Sino-Indian trade has dramatically increased over the last decade, with trade between the two countries being close to \$265 million in 1991. However, the two-way trade between them reached \$13.6 billion in 2004 (The Economic and Commercial Section of the Consulate General of the People's Republic of China, in Mumbai Press 2004, and The Embassy of the People's Republic of China Press 2005). Owing to the tendency of increasing bilateral trade between the two, in 2008, China was expected to surpass the United States and become the largest trading partner of India (Hong Kong Trade Development Council 2008). Nowadays, India and China are complementary trading partners; and, India has exported raw materials to China to fulfill the demand of its manufacturing industry, such as iron ore, steel, and plastics. In contrast, China has exported manufacturing products to India too (Price and House 2007). In addition, in 2006, during a visit by Chinese President Hu Jintao, India and China signed a draft bilateral investment promotion and protection agreement, which aimed to promote an institutional and legal framework to encourage the mutual flow of foreign investment between the two countries (Price and House 2007). The increasing economic cooperation thus favors the initiation of interdependence between two countries. Although the process of economic interdependence between China and India is in its infancy stage, it can act as the cornerstone for the introduction of de-escalating tension between China and India. For instance, economic interdependence

successfully influenced the resumption of Nathu La pass in 2003. The Nathu La pass was part of the Silk Road crossover in Tibet and Sikkim; being one of the main trade routes between two states. But it was closed in 1962 after the outbreak of Sino-Indian border conflicts. Nonetheless, in the movement of economic cooperation, the trade route finally reopened in 2003 (BBC News 2006). In spite of economic interdependence, traditional mistrust still remains, to a certain extent, between China and India, and the significance of economic interdependence is increasing with the expansion of bilateral trade between the two countries. If this tendency persists, then it will greatly reduce the potential for conflict of interest between China and India. The BJP leader, L.K. Advani, also consented that the regional stability and peace between China and India, and looked for it to be maintained as long as both countries continued to develop economic independence (Advani 2008). Hence, India may not be willing to create an advanced form of alignment with the United States, at least in the near future, because it fears that stimulating China may cancel out the effort of economic interdependence and induce tension once again (Kemenade 2008, 151).

Also, the improving Tibet issue between China and India can influence the wish of India in developing a close strategic tie with the United States. Despite the fact that the Tibet issue is not part of the border dispute between China and India, it is still the biggest obstruction to the improvement of Sino-Indian relationship. China is considering the independence of Tibet as a challenge for China's survival as a nation (Thapliyal 2009). Therefore, after the 14th Dalai Lama fled to India after the 1959 Tibetan uprising, India has received the censure of China for the providing refuge to the Dalai Lama (Bhattacharya 2007). In 2000, the Tibetan issue again caused problem to the Sino-Indian relationship when India provided political asylum to Karmapa Lama (BBC News 2000). However, the Tibet issue has been improved

when India formally recognized that Tibet is a part of China in 2003 (BBC News 2003b). Thereafter, India has not allowed Tibetan exiles to carry out any large-scale public protests against China as it fears that it would embarrass China. For instance, India detained more than 100 Tibetan refugees when they were attempting to enter into China for supporting the independence of Tibet in March 2008 (BBC News 2008). The improved Sino-Indian relations has fostered their economic cooperation. Therefore, to ensure the mutual benefit from economic cooperation, India may not be willing to create an alliance with the United States to balance China.

In summary, Sino-Indian relations are intrinsically complicated. At this stage, similar with the United States, India would like to engage with China to increase its economic interdependence, while also dissuading China from the role of challenger. On the one hand, India worries about the rise of an aggressive China and whether it will harm its security and encroach on its regional leadership role in South Asia, as well as the Indian Ocean. So, to balance China, or at least prevent the future ambition of China, India would like the United States to cooperate with it. On the other hand, it has also enjoyed economic contributions from the increasing bilateral trade between China and India over the last decade. Thus, India does not want to anger China by working too closely with the United States. Bhabani Mishra thus claimed that India resists any perception that it is aligning with the United States against China, although it does want to improve relations (Mishra 2005, 96). Moreover, India fears that the formation of an Indo-U.S. alliance will inevitably reduce its strategic autonomy and hinder its ability to gain the status of a great power in the future. Hence, it would prefer to keep a certain distance from the United States and maintain its right to pursue its dream for great power status and independence. Therefore, the best role of India in Sino-U.S. relations is to balance both arguments but with a

certain pro-U.S. attitude. Indeed, India is not willing to ally with China against the United States, nor with the United States to contain the rise of China (Mohan 2008, 149-150). This is because India will be able to gain advantage from both sides if it keeps its non-aligned role between the two. There are clear reasons for both the United States and China to draw India to its own side, through offers of assorted economic, military and other benefits, until India makes a choice. Thus, some scholars suggest that India should remain friendly to both and thus avoid the enticement of joining either side (Singh and Kim 2005, 150).

In addition, owing to structural conflict, India should hedge against the possibility of an aggressive China by prudently developing strategic ties with the United States, in order to strengthen its dissuasive power to prevent a potential Sino-Indian conflict. To achieve this strategy, India is required to continue its friendship with the United States. Thus, holding a certain pro-U.S. attitude will allow India to promote its goodwill to the United States and provide the foundation for creating an advanced form of Indo-U.S. alignment when necessary. In short, India must cooperate with both China and the United States but with a pro-U.S. attitude. Therefore, India's preference seems to coincide with the hedgament approach of the United States; because both nations are not aiming to containing the rise of China but to prevent the emergence of an aggressive China. Therefore, it is reasonable to conclude that India will follow its expected role from the United States in the U.S. two-pronged policy, at least for the foreseeable future. The hedgament approach may then be implemented if India is willing to be one balancer in the Asia-Pacific region.

D) India's own agenda in hedging against China

However, even though India is willing to take on a role that the U.S. wants it to, there is still a discrepancy between the two nations because India has its own hedging agenda toward China. The instrument of India's hedging policy does not completely coincide with that of U.S. hedging policy. In other words, India is implementing a hedging policy in order to dissuade China from being a future aggressive power but its method is not the same as the U.S. version.

In 2001, the Shanghai Cooperation Organization (SCO) was created by China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. With the platform of the SCO, China successfully increased its influence in Central Asia by carrying out a number of joint military exercises and forming a joint counter-terrorism center in Uzbekistan, in 2003 (Cohen 2006, 1). To balance China's increasing influence in Central Asia, an Indian think tank indicated that the Indian government planned to increase its influence in Central Asia by further engaging with Iran (Kemenade 2008, 149). A Middle East expert at New Delhi's Jawaharlal Nehru University, A.K. Pasha, explained that India wanted to maintain traditional and positive relations with Iran because of India increasingly believed that "India's interests in the region are tied with Iran's" (Singh 2008). Hence, India refused to abandon its relations under pressure from the United States, after the United States labeled Iran as an "axis of evil" in 2002 (Dormandy & Desai 2008). In 2003, India and Iran signed a "New Delhi Declaration" and seven other substantive agreements toward developing a strategic partnership between them (Kronstadt & Katzman 2006, 1). Furthermore, in December 2003, India's Foreign Minister, Jaswant Singh, directly indicated that "India has and would continue to help Iran in its controversial bid to generate nuclear

energy” (Kronstadt & Katzman 2006, 6). India also resisted following the Bush administration’s decision to isolate Iran from economic cooperation, as its nuclear program was used for purely civilian purposes (Dormandy & Desai 2008).

Besides increasing its influence on Central Asia, India’s steadily expanding engagement with Iran was regarded as increasing its dissuasive power in order to implement its hedging policy toward China and Pakistan. India was worried about the strategic encirclement of the Sino-Pakistani entente in the 1960s (Kanwal 2000). Indeed, China and Pakistan have a long standing strategic partnership of nearly fifty years. Pakistan have recognized China and established their diplomatic relations as early as the 1950s. Nevertheless, in the very beginning of the Sino-Pakistani relations, their relations remained cool and low key as Pakistan was an ally of the United States (Chinadaily 2006). However, the Sino-Indian hostilities became a turning point and greatly improved their relations. China and Pakistan established a strategic partnership when the Sino-Indian war began in 1962. Since then, China has become the chief arms supplier to Pakistan and also helped Pakistan develop its nuclear technology for both civilian and military use, through transferring nuclear technology and working with it to build two nuclear reactors at the Chasma site (Kronstadt 2009, 47-48). A South Asia expert, Stephen Cohen, thus portrays China as undertaking a classic balance of power by means of supporting Pakistan, which is similar to the relationship between the U.S. and Israel (Cohen 2001, 259).

In 2001, the Chinese government facilitated Pakistan in constructing a new port at Gwadar in Baluchistan, 72 kilometers from the border of Iran. China and Pakistan officially claimed that they wanted to develop Gwadar port as a major commercial outlet of the Central Asian states (Kronstadt 2009, 48) However, some Indian

analysts suspected that China would use Gwadar port as a strategic back door to the Indian Ocean and the Middle East, with the purpose of boosting China's navy presence in the Indian Ocean; this would be possible because the port is the gateway to the Persian Gulf and Straits of Hormuz (Kemenade 2008, 111). To hedge against the Sino-Pakistani strategic encirclement, India utilized Iran as a counterweight, by helping Iran develop the Chabahar port in the Sistan-Balochistan province of Iran (Niazi 2005). In 2003, India signed the "Road Map of Strategic Cooperation" with Iran and agreed to help Iran construct the Chabahar port – a neighboring port to Gwadar; India also agreed to build a 213 km road to connect Chabahar port with Afghanistan and Central Asia, in order to obtain the use of the port (Haider 2005, 99). Similar to the case of Gwadar port, India officially declared the reason for helping Iran was because the Iranian port possessed the shortest route to Central Asian markets; however, some Pakistani analysts suspected that India's investment on Chabahar port may not only be an economic decision but was also a counter balance to the increasing influence of China in Gwadar port (Kemenade 2008, 148-149). Hence, India wanted to further engage with Iran to ensure its hedging policy was strong enough to dissuade the emergence of an aggressive; especially when Chinese influence was steadily increasing.

In short, India has its own agenda in hedging against the possibility of an aggressive China. As mentioned previously, the current policy of India is a two-pronged policy. Similar to the United States, India wants to engage with China through increasing their economic interdependence, while also dissuading China from the role of challenger within South and Central Asia by implementing a hedging policy. Therefore, it is willing to cooperate with U.S. hedging policy in order to prevent China's future ambition. However, the agenda of India's hedging

policy is different from that of the United States. For instance, the United States would like to isolate Iran and ensure its nuclear program is only used for purely civilian purpose. So, in the agenda of the U.S. hedging policy, the United States has not invited Iran to be one of the balancers in its soft balancing strategy. However, India refused to take a hard line against Iran, even though it claims for the peaceful and civilian use of Iran's nuclear technology (Squassoni 2006, 1). Also, in its hedging policy agenda, India aims toward engaging with Iran in order to make Iran become one of the balancers in its soft balancing strategy. Therefore, the instruments in India's hedging policy toward China are different from the agenda of the United States. The United States must consider the possibility that any discrepancy between its hedging agenda and India's agenda may influence other foreign policies by the United States.

Chapter Six

Conclusion

In the 21st century, Sino-U.S. relations are becoming more complicated than ever before. On the one hand, the increasing economic interdependence between China and the United States is facilitating them to create mutual trust and prevent future conflict. On the other hand, the U.S. government is providing misgivings about China becoming the dominant power over the next few decades. It fears the rise of China will constitute the same type of security threat that Germany had on the UK in the two World Wars. This is due to the uncertainty of China's intention which makes the United States uneasy about China's modernization and whether this will turn China into the role of challenger in future. However, China has not shown a strong oppositional intention since the rapprochement of Sino-U.S. relations in 1972.

Hence, this thesis has focused on how the United States is responding to the rise of China and the role of India in these trilateral relations. My research findings on the China policy of the United States have observed that the United States is utilizing a new type of strategic approach to cope with the rise of China. Traditionally, there are three diverse strategic approaches based on different ideologies to deal with a potential challenger which will involve engagement, containment and hard conengagement approach (Rudolf 2006b, 10-12). However, in China's case, all three strategic approaches are not fully suitable for managing the rise of China because it is a complicated situation. China is now at a "strategic crossroads" which means the emerging China can be either a future U.S. partner or enemy (U.S. Department of Defense 2006, 27). Thus, the United States would like to integrate China into the existing international system while also preventing the emergence of a strong, prosperous and aggressive China. However, unlike the past perception of the Soviet

Union, the United States has never perceived China as its enemy but as a potential cooperator and competitor. So, the United States is not willing to react to the rise of China by implementing a containment approach; and the U.S. is doing this to avoid the situation that Sino-U.S. relations may enter a self-fulfilling prophecy and thus induce a security dilemma. In fact, William Perry has already summarized this situation as follows: “If we treat China as an enemy, it will surely become one” (Davison 1999). But the uncertainty of China also gives rise to the misgivings of the United States about the emergence of an aggressive China. The United States still worries that China will eventually turn into an aggressive state without adequate counterweight from the United States. Therefore, the U.S. should take action to dissuade China from becoming a future challenger in future.

To avoid a war caused by the transition of power, the U.S. China policy will follow the fourth strategic approach, which has been introduced by me: the hedgagement approach. This approach suggests that United States will implement a two-pronged policy by mixing the advantages from the engagement and hedging policies. This policy aims toward engaging China through trade and institutionalization, while also hedging against the emergence of an aggressive China, through ensuring there is enough dissuasive power. In fact, the hedgagement approach can be viewed as a lower form of the conengagement approach. It is this approach which called for more awareness than engagement policy but less intensity than the conengagement approach. Moreover, the ultimate goal of both conengagement and hedgagement is to maintain the balance of power while also engaging with China. Nevertheless, the key difference is they emphasize different directions. The conengagement approach concentrates on maintaining the current balance of power and the United States will need to balance such a power if on arises. To deter its enemy,

the engagement approach is thus based on the traditional hard balancing strategy, through military alliance and explicit military power. In contrast, the hedgagement approach focuses on maintaining the future balance of power because China may develop to become a potential cooperator or a potential enemy of the United States in the future. Therefore, the United States is waiting to see what happens with the role of China, but will need to balance power immediately if China grows too much. However, to prepare for the worst, the United States is required to preserve enough power to dissuade the future ambition of China, through diplomatic negotiation and discussion. To dissuade China, the United States thus utilizes soft balancing strategy to increase its dissuasive power, in order to achieve the strategic goal of the hedgagement approach.

In short, to manage the rise of China, the actual instruments for implementing the hedgagement approach can be concluded as three directions. First, the United States wants to create a satisfied China by improving its interests within current regional and international order. According to Power Transition Theory, China will not turn into an aggressive state as long as it is satisfied in the international system. And, currently China is a state which is dissatisfied with the lack of unification with Taiwan and its international status (Taylor 2007, 35-37). So, to preserve the existing status quo, the challenge of a rising China is becoming the foremost precondition of the United States and its allies. The coalition of the United States and its allies must attempt to further integrate China into international by making use of the engagement policy and thus encouraging mutual trade and investment. Continuous promotion of Chinese economic development through trade and international institution, such as the World Trade Organization, could provide economic benefit to China, which may satisfy China within the existing U.S.-led international order (Tammen, Kulger,

Lemke, Alsharabati, Efir and Organski 2000, 35-36). Increasing common interests from trade can thus strengthen the interdependence between China and the coalition of the United States. Thus making it possible for China to become a defender of the status quo and ensure its vested interests.

The second instrument is shunning from conflict between the United States and China through entangling diplomacy. Though China and the United States share no borders and do not have any direct territorial quarrels, the Taiwan issue is the most dangerous flashpoint toward Sino-U.S. relations (Tammen, Kulger, Lemke, Alsharabati, Efir and Organski 2000, 167-168). It is the most probable issue that may lead the two nations to war and will establish a power transition between the United States and China. To avoid the worst scenario, Christensen suggested that the United States should accept the “watchful waiting” posture by means of employing strong diplomatic and economic pressure to put off the independence of Taiwan, so as to satisfy China’s national interests over territorial integrity. Moreover, to delay the independence of Taiwan is not the same as discouraging Taiwanese democratization, thus this step will not violate U.S. interests (Christensen 1996, 49). Indeed, the United States will require time to integrate China into the international order through implementing the first instrument. The United States can help itself earn enough time by performing an entangling diplomatic strategy.

The third instrument is reengineering the U.S. alliance system to maintain its overwhelming power gap over the rise of China. Stephen Walt stated that maintaining the overwhelming gap between the United States and other great powers can reduce the danger of conflict (Walt 2002b, 12). Thus, to avoid a future conflict between the United States and China, maintaining the overwhelming gap between

them is necessary. Therefore, releasing signs of resolving the balance between an aggressive China, through the preservation of traditional alliances and creating a new entente with India could be regarded as one method toward reengineering the U.S. alliance system.

In addition, the flexibility of soft balancing could pave the way to establish a hard balance alliance if China refuses to merge into the international system and remains dissatisfied. According to the Power Transition Theory, “[An] alliance created by the dominant power is designed to strengthen the stability of the system by creating a preponderance of satisfied countries” (Tammen, Kulger, Lemke, Alsharabati, Efirid and Organski 2000, 33). If two of the instruments fail to transform China from being dissatisfied to satisfied, the only way for the United States to maintain stability of the international system is to reinforce its alliance system through attracting more great, middle and small powers to support its leadership. Thus, a cold peace would be achieved between the United States and China under the Power Transition Theory.

To conclude, in order to accomplish the strategic goal of the hedgagement approach, the United States requires India to take an active role to ensure and increase its dissuasive power to hedge against the future ambitions of China. Despite Sino-Indian relations improving over the last decade, the misgivings of India still exist. Therefore, India wants to cooperate with the United States to prevent a negative future of China. However, India also resists working too closely with the United States because it is apprehensive over the anger China may take against India; thus negatively affecting bilateral trade between the two nations. Hence, it is possible to conclude that India would like to follow the expected role of the United States in

its two-pronged policy, at least for the foreseeable future, because its situation is similar to that of the United States.

Moreover, both India and the United States are aiming to wait and monitor the future role of China. Also, they both want to prevent a future aggressive China but without directly “attacking” China. Thus, a lower form of alignment could be created because both nations want to increase their dissuasive power and rely on a soft balancing strategy. Thus, the hedgagement approach is feasible when India is willing to be one of the balancers in the Asia-Pacific region. However, even though India would like to work with the United States to hedge against China, it may implement different instruments to dissuade China; something that may not be expected by the United States. In the most extreme case, this difference may even influence the effective introduction of other U.S. foreign policies.

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