

38<sup>th</sup> Taiwan-U.S. Conference on Contemporary China  
**China Faces the Future**

July 14–15, 2009

Center for Northeast Asian Policy Studies, The Brookings Institution  
Institute of International Relations, National Chengchi University

The Brookings Institution  
1775 Massachusetts Avenue, NW  
Washington, DC

Session I: China's External Grand Strategy

**“Chindia” or Rivalry?**  
**China's Rise and the Role of Sino-Indian Relations in**  
**China's External Strategy**

Vincent Wei-cheng Wang  
Department of Political Science  
University of Richmond

(Draft. Do not quote. Comments are welcome.)

This paper contributes to the discussion on China's external grand strategy by focusing on one component: Sino-Indian relations through the lens of Indian and Chinese elites' perspectives on the other country's rise. The paper is divided into five sections. Section one succinctly reviews China's evolving external strategy since the end of the Cold War. Section two introduces Chinese discourse on "comprehensive national power" as a convenient way to frame the debates on China's security assessment and external strategy. Section three is devoted to one aspect of China's external strategy -- Indo-Chinese relations -- by analyzing the most important elements comprising this complex relationship. This section focuses on Indian elites' perspectives on the rise of China. Section four concisely summarizes Chinese security analysts' perspectives on a rising India in light of the changing bilateral relations. Section five provides a conceptual framework for analyzing the future prospects of Sino-Indian relations by juxtaposing three paradigms (geopolitics, geoeconomics, and geocivilizations) and compares three possible scenarios.

## CHINA'S EVOLVING EXTERNAL STRATEGY SINCE THE END OF THE COLD WAR

In the first two decades since the end of the Cold War, Chinese analysts have been continuously assessing (or reassessing) their country's external security environment and debating over appropriate responses and necessary adjustments.<sup>1</sup> Crucial to these debates are such issues as

- the structure of the international system after the Cold War (multipolarity or unipolarity),
- whether America's role in global affairs is in decline,
- China's role in the international system and proper grand strategy (i.e., the distinctive combination of political, economic, and military means to ensure a state's national interests or to achieve the objectives of the regime),<sup>2</sup>
- the best ways to deal with the United States, and
- relations with other great powers (Japan, Russia, and India in particular).

---

<sup>1</sup> For discussions of Chinese analysts' perception of the country's external security environment, especially along its periphery, see Michael Pillsbury, *China Debates the Future Security Environment* (Washington, D.C.: National Defense University Press, 2000); Yang Chengxu, ed., *Zhongguo zhoubian anquan huanjing toudi* [*Perspectives of China's Security Along Its Boundaries*](Beijing: Zhongguo qingnian chubanshe, 2003); and Zhu Tingchang, ed., *Zhongguo zhoubian anquan huanjing yu anquan zhanlue* [*China's Security Environment Along the Periphery and Security Strategy*](Beijing: Shishi chubanshe, 2002).

<sup>2</sup> For two similar definitions of "grand strategy" as the term is usually used by international relations scholars, see Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (Stanford, Calif.: Stanford University Press, 2005), 17 and Thomas M. Kane, *Chinese Grand Strategy and Maritime Power* (London: Frank Cass, 2002), 2.

While most analysts agree that China's security environment has, on the whole, markedly improved with the dissipation of Cold War confrontation, many of them nonetheless see various external threats and internal challenges that can make China vulnerable. Unlike the Cold War era when China faced military pressure from the Soviet Union and hostile policies of the United States, China today is fairly sanguine that large-scale military conflicts involving great powers are unlikely to occur and that China is likely to be increasingly secure from traditional security threats (i.e., military threats by a foreign power against China's territory or the physical security of China's population), although, like other major countries, it is not immune from non-traditional security threats.

The disintegration of the Soviet Union and the end of the Cold War occurred during a critical juncture of China's post-Mao development. China's economic reform and opening, orchestrated by Deng Xiaoping in 1978-9, had achieved substantial initial success but also encountered difficulties (witness the 1989 Tiananmen Crisis). China's leaders concluded that the country needed a peaceful international environment for at least another two decades – a period of “strategic importance” for the country to concentrate on the further development of its economy. Economic development was to be the overriding lynchpin to increasing China's wealth, power, prestige, and international standing.

Other than China's own effort, the U.S., with its overwhelming military capabilities that could be used against China but also the technologies and markets crucial to China's economic growth, could play a decisive role in China's aspirations. So, managing relations with the U.S. and navigating in an international system, which many Chinese analysts saw as reflecting Western (especially American) values and strengths, would be critically important.

Consequently, the former paramount leader Deng Xiaoping gave guidance to China's foreign and security policy apparatus that, collectively, has come to be known as the “24 character” strategy: “observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership” (*lengjing guan cha, zhan wen jiaogen, chenzhuo yingfu, taoguang yanghui, shanyu shouzhuo, juebu dangtou*). Later, the phrase, “make some contributions (*you suo zuo wei*)” was added.

This 24-character maxim has fundamentally guided China's security and foreign policies since the early 1990s, as Chinese national security officials and academics have often quoted elements of this strategy, especially in the context of China's diplomacy and military strategy. Certain aspects of this strategy have been debated in recent years – namely the relative emphasis placed upon “never claim leadership” or “make some contributions.” In the view of the Pentagon, China's increased international profile suggests Beijing is leaning toward a more assertive, confident diplomacy. Taken as a whole, Deng's strategy remains instructive in that it suggests “both a short-term desire to downplay China's capabilities and avoid confrontation, and a long-term strategy to build up China's power to maximize options for the future.”<sup>3</sup>

While following Deng's fundamental strategy, China's post-Deng leaders calibrated their

---

<sup>3</sup> U.S. Department of Defense, *Annual Report to Congress: Military Power of the People's Republic of China, 2007*, p. 7; available online at <http://www.defenselink.mil/pubs/pdfs/070523-China-Military-Power-final.pdf>.

tactics. While Third-Generation leaders (centered on Jiang Zemin) successfully returned China to international respectability from the pariah state in the aftermath of the 1989 Tiananmen crackdown, certain actions they took, such as the 1994 Mischief Reef row, the 1995-6 Taiwan Strait crises, and poor human rights records exacerbated by a confrontational approach toward international norms on human rights, helped fuel a generally negative international discourse over China's rise – most notably the so-called “China Threat” debate.<sup>4</sup> Many in the West and in China believed that a new “cold war” was forming between the U.S. and China.<sup>5</sup>

China's Fourth-Generation leaders (centered on Hu Jintao) worked to rectify some of the consequences of the policies of their predecessors. They promoted the concept of a “harmonious society” (*hexie shehui*) domestically to address some of the side effects of rapid and single-minded growth, such as social unrest, income inequality, environmental degradation. Internationally they pursued a policy of “peaceful rise” (*heping jueqi*)<sup>6</sup> or “peaceful development” (*heping fazhan*)<sup>7</sup> that relies more on reassurance (good neighbor policy) and incentives (lucrative trade or investment deals) than on coercion or power politics. China's expanding economy is now regarded more as an opportunity than a threat, and its more polished foreign policy exudes confidence and poise.<sup>8</sup> While the Western world has more or less concluded that China's rise is perhaps inevitable, as of yet there has been no consensus on the implications of China's rise for the rest of the world.<sup>9</sup>

---

<sup>4</sup> See Michael Brown et al, eds., *The Rise of China* (Cambridge, MA: MIT Press, 2000). The two books that helped set the stage for the “great debate” over China were Richard Bernstein and Ross H. Munro, *The Coming Conflict with China* (New York: Knopf, 1997) and Andrew J. Nathan and Robert S. Ross, *The Great Wall and the Empty Fortress* (New York: Norton, 1997). Herbert Yee and Ian Storey, eds., *The China Threat: Perceptions, Myths, and Reality* (London: RoutledgeCurzon, 2002) assembles a range of views on this issue.

<sup>5</sup> For example, Bernstein and Munro, *The Coming Conflict with China*.

<sup>6</sup> For an exposition of the concept of “peaceful rise” aimed at Western audiences, see Zheng Bijian, “China's ‘Peaceful Rise’ to Great-Power Status,” *Foreign Affairs*, vol. 84, no. 5 (September/October 2005): 18-24. Zheng is considered one of the most important advisers to Hu.

<sup>7</sup> Starting in mid-2004, the theory of “peaceful rise,” put forth by the Hu Jintao regime as China's grand strategy for the 21<sup>st</sup> century, quietly disappeared from the statements of senior government officials and the CCP's official documents – to be replaced by a slogan of “peaceful development.” Analysts attribute this to the power struggle between Hu and his predecessor Jiang Zemin, who vacated the posts of Party chief in November 2002, and State president in March 2003, but held on to the chairmanship of the powerful Party Central Military Commission until October 2004, and was widely believed to be casting influence behind the scene. The opposition to Hu's favorite policy came from both those who rejected the use of the term “rise,” which they believed might aggravate the China Threat theory and hardliners led by the armed forces, who claimed that focusing only on a peaceful posture would result in China being taken lightly on the issues of maritime resources and Taiwan. In other words, some oppose “peaceful,” and others abjure “rise.” See “Tokyo Daily: ‘Peaceful Rise’ Theory Scrapped Due to Hu, Jiang Power Struggle,” *Tokyo Shimbun (Internet Version-WWW)*, 6 August 2004, FBIS-EAS-2004-0806, obtained via *World News Connection*, and “Peaceful ‘Rise’ No More, Replaced by ‘Development’: Facing Opposition from Various Sides, the Once Popular Slogan Suddenly Disappeared” (in Chinese), *The World Journal Online* (25 August 2004), <[http://www.worldjournal.com/wj-ch-news.php?nt\\_seq\\_id=1037880](http://www.worldjournal.com/wj-ch-news.php?nt_seq_id=1037880)>. Accessed 25 August 2004.

<sup>8</sup> For an account on China's more confident diplomacy, see Evan S. Medeiros and M. Taylor Fravel, “China's New Diplomacy,” *Foreign Affairs*, vol. 82, no. 6 (November-December 2003): 22-35. Bates Gill, *Rising Star: China's New Security Diplomacy* (Washington, DC: The Brookings Institution, 2007) provides a convincing case study of how China has modified its diplomacy in the security area and achieved greater success.

<sup>9</sup> Bonnie Glaser and Lyle Morris, “Chinese Perceptions of U.S. Decline and Power,” *China Brief*, vol. IX, iss 14 (9 July 2009): 4.

China's "peaceful rise" policy contains several interlocking elements:

1. It is based on an embrace of globalization as part of the solution to China's growth imperatives. It relies both on China's domestic economy and the international marketplace to sustain and fuel growth.
2. To achieve the goal of rising to great power status, China must secure a peaceful international environment that is crucial to sustaining China's economic development and augmenting China's power. Ensuring stability in China's periphery and avoiding premature showdown with the U.S. are thus essential.<sup>10</sup>
3. The new diplomacy is characterized by several important changes in style, if not substance:
  - Instead of acting like an aggrieved victim, China now aspires to be a responsible great power and is acting increasingly like one.
  - Whereas China used to distrust "multilateralism" for fear that multilateral institutions could be used to constrain or punish it, now Chinese leaders recognize that deeply engaging these organizations help promote the country's trade and security interests and limit American power.<sup>11</sup>
  - On many contentious and intractable issues, China has also adopted more pragmatic stances.<sup>12</sup>
  - China is more aware that its rise has consequences for the Asia-Pacific region and beyond. So it is keen on easing the concerns of various countries.
  - China has become much more actively engaged in, and seeks to shape, regional affairs. Its hosting of the Six-Party Talk over North Korea's nuclear issue is a good example.

---

<sup>10</sup> China's "charm offensive" toward Southeast Asia posed a sharp contrast to the Bush Administration's unilateralism and wars in Afghanistan and Iraq. See Vincent Wei-cheng Wang, "The Logic of China-ASEAN FTA: Economic Statecraft of 'Peaceful Ascendancy,'" in *China and Southeast Asia: Global Changes and regional Challenges*, eds., Ho Khai Leong and Samuel C. Y. Ku (Singapore: Institute of Southeast Asian Studies, 2005), 17-41; Jane Perlez, "China is Romping with the Neighbors (U.S. is Distracted)," *The New York Times* (3 December 2003): A1; "Asian Leaders Find China a More Cordial Neighbor," *NYT* (18 October 2003): A1; "The Charm from Beijing," *NYT* (9 October 2003). Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven: Yale University Press, 2007) is a fascinating account of China's "charm offensive" worldwide – often in regions neglected by the West.

<sup>11</sup> For China, the word "multilateralism" now sounds like a coded opposition to America's "unilateralism," and China prefers a "multipolar" world (in which China acts as a great power) to a "unipolar" world founded on U.S. hegemony.

<sup>12</sup> For example, on the South China Sea issue, China acceded to ASEAN's Treaty of Amity and Cooperation (TAC) and promoted peaceful dialogue over territorial disputes. On Taiwan, China has replaced its military bluster with economic enticement.

4. The major instrument used in advancing China's objectives is its economic power, which is buoyed by its phenomenal economic growth, rapidly expanding domestic markets, and driven by its voracious appetite for raw materials needed for its economic development.

To sum up, China's "peaceful rise" is a comprehensive long-term strategy leveraging globalization as catalyst to accelerate China's economic development and elevate China's power and stature. The language is peace and stability, the style is constructive diplomacy, and the substance is economics – at least for now.<sup>13</sup>

## COMPREHENSIVE NATIONAL POWER

Chinese academic and military writers are conscious of their country's standing in the world. To help conceptualize the structure of the international system, track the major countries' changing fortune, and evaluate the results of "peaceful rise," they developed a "scientific" method – Comprehensive National Power (*zonghe guoli*) -- to predict power relations among the major countries. Michael Pillsbury, a noted authority on Chinese military, describes CNP as a "unique aspect of China's strategic assessments of the future security environment."<sup>14</sup>

The CNP consists of various tangible and intangible factors that contribute to national power. Some writers denote CNP by compiling the absolute numbers for each major country. Others prefer to use a relative number (e.g., a country's CNP as a percentage or fraction of the CNP of the United States). The goals of the different methods are the same: (1) to show the *pecking order* of the major powers, and (2) to show the *gaps* between them (most importantly, the gap between the U.S. and the next few major powers that follow it).

Chinese writers on CNP also show the evolution of CNPs over time, including future projections. This way, CNP serves as an easy measure to gauge China's relative standing at a particular time and its rise and fall vis-à-vis other major countries over time. Table 1 is an example showing the relative importance of each component making up the CNP. Table 2 compares two different calculations and projections of CNP scores.<sup>15</sup>

---

<sup>13</sup> Wang, "The Logic," 32-34.

<sup>14</sup> Pillsbury, *China Debates*, 203.

<sup>15</sup> For more details and the various calculations, see Pillsbury, *China Debates*, chapter 5.

Table 1: Weighted Coefficients of Major Component Factors

National Power Factor	Weighted Coefficient
<b>Total CNP</b>	<b>1.00</b>
Natural resources	0.08
Economic activities capability	0.28
Foreign economic activities capability	0.13
Scientific and technological capability	0.15
Social development level	0.10
Military capability	0.10
Government regulation and control capability	0.08
Foreign affairs capability	0.08

Source: Wang Songfen, ed., *Shifie zhuyao guojia zonghe guoli bijiao .yanjiu* [Comparative Studies of the Comprehensive National Power of the World's Major Nations](Changsha: Hunan chubanshe, 1996), 169.

Table 2: CNP Scores and Ranks Over Time  
(as a Percentage of U.S. CNP by Year, U.S. = 100)[rank]

Country	1970	1980	1989/90		2000		2010		2020	
	CASS	CASS	Huang	CASS	Huang	CASS	Huang	CASS	Huang	CASS
U.S.	100 [1]	100 [1]	100 [1]	100 [1]	100 [1]	100 [1]	100 [1]	100 [1]	<b>100 [1]</b>	100 [2]
China	25 [9]	33 [8]	37 [6]	34 [8]	53 [5]	42 [7]	72 [3]	52 [7]	<b>97 [2]</b>	61 [5]
Germany	42 [3]	52 [3]	64 [3]	58 [3]	68 [3]	67 [3]	72 [2]	77 [3]	<b>77 [3]</b>	85 [3]
Japan	34 [4]	50 [4]	62 [4]	58 [3]	66 [4]	76 [2]	69 [4]	97 [2]	<b>73 [4]</b>	119 [1]
India	15 [10]	19 [10]	24 [9]	18 [10]	34 [8]	22 [10]	44 [6]	26 [10]	<b>57 [5]</b>	30 [10]
France	33 [6]	46 [5]	47 [5]	46 [5]	47 [6]	59 [4]	48 [5]	70 [4]	<b>48 [6]</b>	82 [4]
Brazil	-	-	26 [8]	-	33 [9]	-	39 [7]	-	<b>47 [7]</b>	-
England	34 [4]	42 [6]	36 [7]	42 [6]	34 [7]	48 [6]	33 [8]	54 [6]	<b>32 [8]</b>	60 [6]
Canada	33 [6]	35 [7]	23 [10]	36 [7]	22 [10]	38 [8]	21 [9]	40 [8]	<b>20 [9]</b>	42 [8]
Australia	26 [8]	29 [9]	19 [11]	28 [9]	18 [11]	29 [9]	17 [10]	31 [9]	<b>17 [10]</b>	32 [9]
USSR	64 [2]	77 [2]	65 [2]	66 [2]	79 [2]	-	-	-	-	-
Russia				(50)	-	54 [5]	-	57 [5]	-	56 [7]

Source: The scores for 1989 and 2000 are from Huang Shuofeng, *Zonghe guoli lun* (On Comprehensive National Power)(Beijing: Zhongguo shehui kexue chubanshe, 1992), 220-221. Scores for 2010 and 2020 were generated by Pillsbury. Table 2 combines the Tables 9 and 10 in Pillsbury, *China Debates*, 248-249. Huang = projections to 2020 of AMS (Academy of Military Science) GNP statistics. CASS = Chinese Academy of Social Sciences. Ranks for the 1970 and 1980 scores contain ties, because Pillsbury only provided percentages (of US CNP) for those years; actual CNP scores were provided for later years.

A detailed discussion of GNP is beyond the scope of this paper. However, for our purpose of obtaining an overview of China’s security assessment and external strategy, several findings are instructive:

1. Although Chinese analysts in the 1990s debated (or even championed for) a multipolar world, for the foreseeable future, the United States will remain the most powerful country. Other than Pillsbury’s projections, CNP trends seem to confirm the widely accepted view that the international structure since the end of the Cold War has been characterized by “*yi chao, duo qiang*” (one superpower, many great powers), although the gaps between “number one” and “numbers two and three” have narrowed.

2. There are variations between the two studies. In general, the CASS study is more conservative on China's CNP, but seems to give Japan's economic power the kind of weight (or "Japan as number one" hype) that fairly common before 1990, but inappropriate today. In contrast, the Huang study seems to give more credit to China's rise and better conforms to popular western image of China catching up in the early decades of the twenty-first century.
3. Both studies show that China's CNP has improved – both absolutely and relatively -- from 1970 to 2000, and is projected to improve further after 2000. By 2010, they project China's CNP will be the third or fifth highest, and by 2020 China will become either the second or fifth most powerful nation in the world. In other words, if China's economy can continue to grow, *without interruption*, at the rate it has achieved in the past three decades, China will certainly have accomplished its objective of peacefully rising into great (or even preeminent) power status.<sup>16</sup>
4. Until its disintegration, the Soviet Union was the second most powerful nation. Although its CNP trailed that of the U.S., it also led the third highest CNP by a margin. This confirms that the international system during the Cold War was essentially *bipolar*. However, after 1991, Russia – the smaller and weaker successor state to the USSR – did not play as important a role in world affairs as the USSR did during the Cold War.
5. Germany's and Japan's CNPs have consistently been around the third or fourth highest. Considering, as Table 1 shows, 56% of CNP consists of economic variables (domestic production, foreign trade, and science technology), this is a testimony of these two nations' powerful economies. Yet as a "one-dimensional power," their limited military profile (as a result of their aggression and defeat during World War II) prevented their CNPs from being even higher.

---

<sup>16</sup> This prompted certain prominent Westerners to jump on the bandwagon. Former U.S. national security advisors Zbigniew Brzezinski emphasized that instead of focusing on G20, the world should focus on G2, and Henry Kissinger stressed the "community of fate" between these two most important countries. Both stressed that priority should be given to maintaining good US-China relations and advocated to upgrade bilateral relations to the same level as the global partnership the U.S. had with Europe and Japan after World War II. Historian Niall Ferguson and economist Moritz Schularick coined the term "Chimerica" to denote the symbiotic relationship between the U.S. and China (that has matched cheap Chinese manufacturing exports to US consumer-led demand and turned Chinese export surpluses into dollar-denominated reserves with the aim of preventing their own currency from appreciating and enabled the U.S. to finance its burgeoning deficits at historically low interest rates). Some even promoted the idea of "Pax Chimerica" as a benevolent replacement of "Pax Americana." See Zachary Karabell, "It's Beijing – Or Bust; It's Beijing – Or Bust," *The Washington Post* (29 March 2009); Paul Gillette, "Why Chimerica Along May Not Ring Quite True," *The Irish Times* (6 June 2009): 13; and "Agency Says G2 Concept Not in Line with China's Strategic Interests," *BBC Monitoring Asia Pacific* (9 April 2009) based on Shi Ren, "One Cannot Preclude the Possibility that the West is 'Playing a Joke' on China by Making a Publicity Hype for 'Chimerica,'" *Zhongguo Tongxun She (China News Agency)*; all obtained via *Lexis-Nexis*. It should be noted that those few Chinese authors willing to address this issue were generally more reserved. They questioned whether "G2" could be sustained politically or would be in China's strategic interests. The U.S. government under the Bush Administration showed little official interest in the concept of "G2." However, encumbered by a crippling economic recession, the new Obama Administration has sought to maintain a cooperative relationship with China by reassuring the safety of China's dollar-denominated assets and avoiding criticizing China's "currency manipulation."



6. This table shows that over time, certain developing countries (most notably, China, India, and Brazil) have played larger roles in international affairs, and their weights are expected to eclipse those of such industrialized nations as Britain, Canada, and Australia. This adds to the “multipolarity” (*duojihua*) some envision in the 21<sup>st</sup> century.
7. This table shows that momentous economic changes – either consistent / prolonged differential rates of growth or the different degrees of suffering from a financial calamity (and the different abilities to resume growth) – would entail profound geopolitical shift, as evidenced by changes in CNP (both scores and ranks). As an example, conventional wisdom holds that the 1997-98 Asian Financial Crisis saw Japan decline and China rise vis-à-vis each other.<sup>17</sup>

In this context, one interesting and timely question is the geopolitical meaning of the current global financial crisis that started with the U.S. in 2008. The Chinese are already vigorously debating such questions as:

- Do the U.S.-originating economic crisis and America’s military entanglement in Iraq and Afghanistan signify the decline of the U.S. – both power and legitimacy?<sup>18</sup>
- Does that mean the international system will move toward a genuinely multipolar or even “apolar” one?
- While in relative terms, China’s economy has so far outperformed all leading nations, how much can China expect to really close the gap with the U.S.?
- How should China adjust its behavior as its capabilities continue to grow – in absolute and relative terms? Should China continue to “hide its capacities and bide its time” (*taoguang yanghui*)? Or it is in its interests to start “making contributions” (*yousuo zuowei*)?
- If China is to take a more active (if not assertive) approach in its external strategy, would its interests be best served by focusing on playing the role of being “the number two” (*lao er*)? This basically means accepting and hoping to reap the most benefits from a Western-directed world order. Molding China into a “responsible stakeholder” seems a more acceptable scenario to Western elites and has become the dominant discourse.<sup>19</sup> Or,

---

<sup>17</sup> See, for example, Robert B. Zoellick and Philip D. Zelikow, eds., *America and the East Asian Crisis: Memos to a President* (New York: W.W. Norton, 2000).

<sup>18</sup> America’s experience in Iraq and Afghanistan may prompt some critics to invoke the classic “imperial overstretch” phenomenon that historian Paul Kennedy explicated in his *The Rise and Fall of the Great Powers* (New York: Random House, 1987).

<sup>19</sup> Robert Zoellick, former U.S. Trade Representative and current World Bank President, first coined the phrase “responsible stakeholder” to signify America’s policy and expectations on a rising China. “USTR Says China’s Power Must Be Integrated Into World Community” (USTR Zoellick’s Feb. 25 remarks to Asia Society), e-mail update from “USINFO East Asia” <[iipgeap@STATE.GOV](mailto:iipgeap@STATE.GOV)>. Political scientist John Ikenberry thinks this strategy is both possible and preferable for the West. “The Rise of China and the Future of the West,” *Foreign Affairs*, vol. 87, no. 1 (January / February 2008): 23-37.

a more likely possibility is for China to play both hands as a stakeholder and challenger – working with the existing system (cooperate and soft-balance if necessary) while also challenging U.S. preeminence through persuasion, rather than enforcement?<sup>20</sup>

These questions predicated on the assessment (or perception) of a rising China vis-à-vis a declining America are undoubtedly important and are addressed by other contributors to this conference. This paper seeks to make a contribution by focusing on one aspect of China's security assessment and external strategy – Sino-Indian relations – that has not received as much attention by Chinese analysts (who tend to focus on Sino-American relations) as it should.

## CHINA RISING AND INDIA RISING: ANALYZING A COMPLEX RELATIONSHIP

One of the most significant developments in the still nascent twenty-first century is the rise of China and India. The economic takeoffs of the world's two most populous nations are occurring simultaneously. China's and India's ascent entail far-reaching and complex geopolitical and geoeconomic implications. As one of the growing number books on this subject<sup>21</sup> put it, “rarely has the economic ascent of two still relatively poor nations been watched with such a mixture of awe, opportunism, and trepidation.”<sup>22</sup>

While the implications for the rise of China have been debated in the global or systemic contexts,<sup>23</sup> as well as regional or bilateral contexts,<sup>24</sup> relatively sparse scholarly discussion has been devoted to either the rise of the other great power – India,<sup>25</sup> or how these two Asian great powers – India and China<sup>26</sup> – perceive the ascendancy of the other state. Yet as constructivists<sup>27</sup>

---

<sup>20</sup> Liselotte Odgaard, “The Art of Walking on Two Legs: Stakeholder and Challenger Elements in China's National Security Strategy after the Cold War,” lecture at Wilson International Center for Scholars, 20 May 2009.

<sup>21</sup> For example, Bill Emmott, *Rivals: How the Power Struggle Between China, India, and Japan Will Shape Out Next Decade* (Harcourt Books, 2008); Pete Encardio, ed. *Chindia: How China and India are Revolutionizing Global Business* (New York: McGraw-Hill, 2007); John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (Seattle: University of Washington Press, 2002); Tarun Khanna, *Billions of Entrepreneurs: How China and India Are Reshaping Their Future and Yours* (Boston: Harvard Business School Press, 2007); Robyn Meredith, *The Elephant and the Dragon: The Rise of India and China and What It Mean for All of Us* (New York: W.W. Norton, 2007); and Waheguru Pal Singh Sidhu and Jing-dong Yuan, *China and India: Cooperation or Conflict?* (Boulder, CO: Lynne Rienner Publishers, 2003).

<sup>22</sup> Engardio, *Chindia*, 16.

<sup>23</sup> See Michael Brown, et al., eds, *The Rise of Chin.* (Cambridge: The MIT Press, 2000); John Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001); and Alastair Iain Johnston, *Social States: China in International Institutions, 1980-2000* (Princeton: Princeton University Press, 2008).

<sup>24</sup> See David C. Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2007); William W. Keller and Thomas G. Rawski, eds., *China's Rise and the Balance of Influence in Asia*, (Pittsburgh: University of Pittsburgh Press, 2007); Robert G. Sutter, *China's Rise in Asia: Promises and Perils*, (Lanham, MD: Rowman & Littlefield 2005); Vincent Wei-cheng Wang, “China's Economic Statecraft Toward Southeast Asia: Free Trade Agreement and “Peaceful Rise.”” *American Journal of Chinese Studies* 13, no. 1, (April 2006): 5-34; and Brantly Womack, *China and Vietnam: The Politics of Asymmetry*, (Cambridge University Press, 2006).

<sup>25</sup> See Arvind Panagariya, *India: The Emerging Giant*, (Oxford University Press, 2008) and Stephen G. Cohen, *India: Emerging Power*, (Washington, DC: Brookings Institution Press, 2001).

<sup>26</sup> Meredith, *The Elephant and the Dragon*, describes these two nations as “The Elephant and the Dragon.”

would certainly agree, how these two very different Asian giants perceive each other and consequently negotiate their paths in substantially changed global and regional contexts will be important for scholarly interest and policy making.

This paper analyzes this complex relationship and examines how Indian elites – in political, security, and economic arenas – perceive the rise of China. It also briefly discusses how Chinese elites view India-China relations. The paper also assesses the prospects of Indo-Chinese partnership (“Chindia”)<sup>28</sup> or rivalry in future bilateral relationship. Three perspectives - - geopolitical, geoeconomic, and geocivilizational – are used to study this important yet difficult relationship.

## History

Although China and India were two adjoining civilizations, there was remarkably little historical evidence of direct political interaction between them.<sup>29</sup> However, there was mutual intellectual fascination. Many Chinese scholars visited India in the first millennium to study Buddhism and other subjects, and many of them spent a decade or more in India. Chinese monks such as Faxian in the fifth century and Xuanzang in the seventh played important roles in introducing Buddhism to China and bridging the two cultures. Many Indian scholars also went to China and worked there between the first century and the eleventh.<sup>30</sup>

However, religion was not the only relationship between the two. Trade was also important. Indian intermediaries facilitated trade between China and Western Asia for centuries.<sup>31</sup> A branch of the famous Silk Road extended into the plains of northern India. But for the most part there was little interaction – mostly indirect – between China and India before the arrival of western imperial powers.

Colonialism afflicted both India and China and pitted the two civilizations against each other. During the Opium War (1839-1842), Britain tried to forcibly sell in China the opium from its East India Company.

These two nations’ shared colonial experience contributed to empathy – a kind of Asian and anti-imperial pride -- between them. Both Nehru and Gandhi were friendly with the Nationalist Chinese leader Chiang Kai-shek. India gained independence from Britain in 1947. When Mao Zedong established a communist regime in China in 1949, India was among the first to recognize the People’s Republic of China on 1 April 1950. Nehru, typical of Indian leaders, personally invested in maintaining friendly ties with China and cultivating personal relationships with Chinese leaders, especially Chinese Premier Zhou Enlai. Nehru, who promoted the slogan

---

<sup>27</sup> See Alexander Wendt, “Anarchy is What States Make of It: The Social Construction of Power Politics,” *International Organization*, vol. 46, no. 2(Spring 1992), 391-425. Wendt 1989.

<sup>28</sup> Engardio, *Chindia*.

<sup>29</sup> Sidhu and Yuan, *China and India*, 9.

<sup>30</sup> Sen, *The Argumentative Indian*, 161.

<sup>31</sup> *Ibid*, 166.

“*Hindi-Chini bhai-bhai*” (India and China are brothers), reportedly said, “China was my most admired nation.”<sup>32</sup> An Indian security analyst said, “From the 1950s on, we have looked at China from an Asian solidarity standpoint – whether it was nuclear weapons (China’s 1964 explosion) or the United Nations (PRC’s entry in 1971).”<sup>33</sup>

However, the good will was short-lived. For one thing, colonial legacy also sowed the seeds for discord. The so-called McMahon Line – a demarcation line drawn on map referred to in the 1914 Simla Accord, signed between Britain and Tibet – was to form the boundary between British India and Tibet, over which China claimed suzerainty. While Britain and Tibet considered the agreement binding, China disputed the McMahon Line. India considered the line international boundary. It was the root of the thorny and persistent border dispute between India and China (to be discussed later). Figures 1 and 2 show the disputed Indo-Chinese borders on the eastern sector (today’s Indian state of Arunachal Pradesh, formerly North East Frontier Agency) and on the western sector (today’s Chinese region of Aksai Chin).

In 1950, China’s People’s Liberation Army (PLA) entered Tibet and controlled the vast region that had historically served as a buffer (in strategic and cultural terms) between India and China. As former Indian Army Chief of Staff General Ved P. Malik put it, “The first time we (Indians) came into direct contact with Han Chinese was after 1950, when the PRC occupied Tibet. We suddenly became neighbors.”<sup>34</sup>

In 1959, after the failed uprising against the PRC, the Fourteenth Dalai Lama, Tibet’s highest religious and political leader, fled to India. Nehru in 1960 offered Dharamsala as a location for the Government of Tibet in Exile.<sup>35</sup> The Tibetan refuge in India became another irritant in the bilateral relationship.

In 1962 the small skirmishes that were not uncommon along the disputed border escalated into open military confrontation. War erupted on 20 October 1962 when Chinese troops forcibly evicted Indian troops from the Dhola post in the eastern sector. Over the next month the Chinese troops easily overwhelmed ill-prepared Indian troops in all sectors along the McMahon Line. Then on 21 November, the Chinese government announced a unilateral withdrawal to points where it considered the territorial boundaries to be. Although the war did not change the status quo of the border, India essentially had lost the war, suffering territorial loss and national humiliation.<sup>36</sup> Ever since then, the 1962 war has cast a long shadow over the Indo-Chinese relationship, and India’s defeat has colored Indians’ perceptions of China.

The worsening Indo-Chinese relations became entangled in the regional alignment during the Cold War, with the Soviet Union and India on one side, and China and Pakistan (and later the

---

<sup>32</sup> Speech by Prof. Tan Chung at National Taiwan University, Taipei, 20 May 2008. Tan and his father, Tan Yunshan, together spent 80 years in India.

<sup>33</sup> Interview with Prof. Phunchok Stobdan, Senior Fellow, Institute of Defense Studies and Analysis, Delhi, 2 June 2008.

<sup>34</sup> Interview with General Ved P. Malik, President, Institute of Security Studies, Observer Research Foundation, Delhi, 2 June 2008.

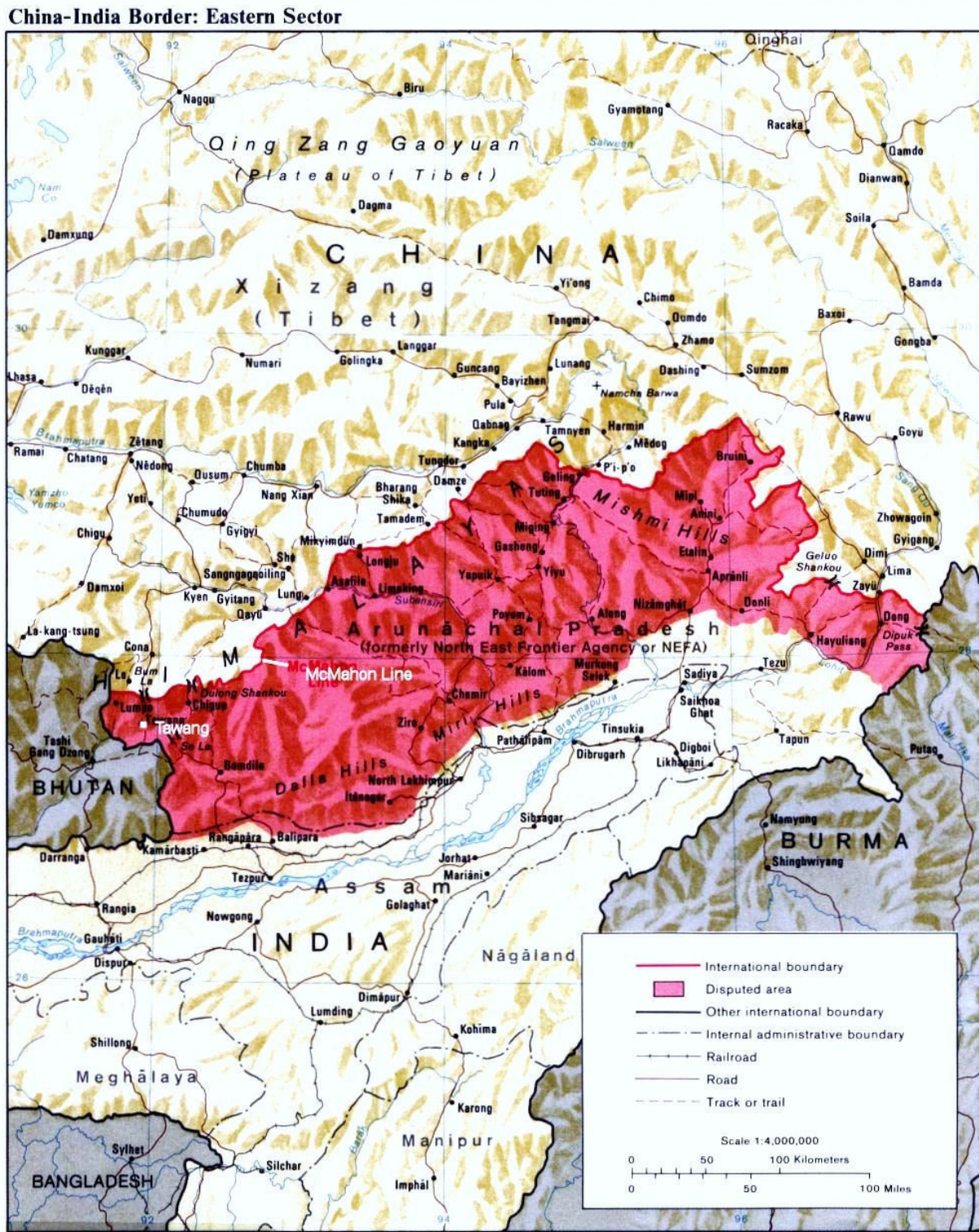
<sup>35</sup> See <http://www.tibet.com/>.

<sup>36</sup> Sidhu and Yuan, *China and India*, 15.

U.S.) on the other. China's successful nuclear tests in 1964 deepened Indian apprehensions. If the 1962 war taught India the importance of indigenous conventional deterrence, India's nuclear tests ten years later in 1974 sought to respond to China's nuclear capabilities. From 1962 to 1976 China and India were mired in a tense cold war. It was not until 1976 that the two countries again exchanged ambassadors.

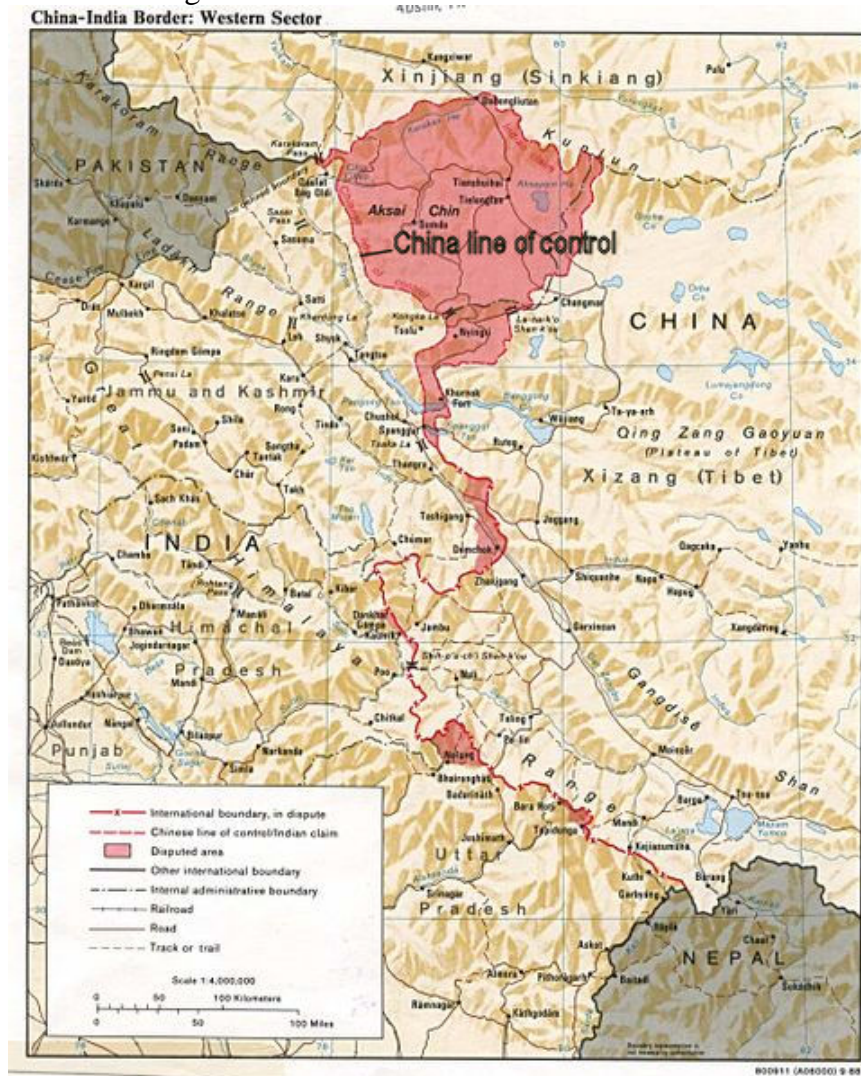
History clearly casts a long shadow on Indo-Chinese relations.

Figure 1: China-India Border: Eastern Sector



Source: [http://en.wikipedia.org/wiki/File:China\\_India\\_eastern\\_border\\_88.jpg](http://en.wikipedia.org/wiki/File:China_India_eastern_border_88.jpg)

Figure 2: China-India Border: Western Sector



Source: [http://en.wikipedia.org/wiki/File:China\\_India\\_western\\_border\\_88.jpg](http://en.wikipedia.org/wiki/File:China_India_western_border_88.jpg)

## Geography

Historically China and India each had its own geographic orientation: China toward East Asia, and India toward South Asia. But modern Tibet after China's entry in 1950 connected these two spheres. The development of missile technologies, made possible by the two countries' economic growth, had the effect of "shrinking the strategic chessboard."<sup>37</sup>

In recent years, China expanded its influence in the Central and Southwest Asian areas by its organizing and promoting the Shanghai Cooperation Organization (SCO).<sup>38</sup> Meanwhile, India pursued a Look East policy by strengthening its relationships with countries in East and Southeast Asia. Both countries seek to play a greater role in areas adjacent to their own, and even farther places. China and India thus maneuver on overlapping "strategic spaces."

Ranjit Gupta, a former Indian ambassador to five countries, thinks that China has always treated India with hostility, adopting a "systematic plan" to hem in India through the support of Pakistan, influence in Myanmar, Nepal, and Bangladesh, and military activities in Tibet. He argues that historically China has behaved like an imperial power, expanding when the empire was strong.<sup>39</sup>

In the past decade, in an effort to ensure its energy security and shore up its oil supply route,<sup>40</sup> China has pursued a "String of Pearls" strategy by constructing facilities and securing access to ports around India (e.g., Gwadar Port in Pakistan, Hambantota in Sri Lanka, Chittagong in Bangladesh, and Sittwe in Myanmar)(see Figure 3). This prompts some exaggerated Indians to warn that China is turning the Indian Ocean into a "Chinese Lake."<sup>41</sup> In 2009, China dispatched destroyers to the Gulf of Aden under the pretext of protecting Chinese merchant ships from Somali pirates prevalent in that area. The flotilla's passage through the Indian Ocean caused some concerns in India. There was apparently also a tense standoff involving Indian and Chinese warships.<sup>42</sup>

---

<sup>37</sup> Paul Bracken, *Fire in the East: The Rise of Asian Military Power and the Second Nuclear Age* (New York: Harper Collins, 1999).

<sup>38</sup> The SCO was founded in 2001 by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. All but Uzbekistan were the founders of the Shanghai Five, founded in 1996. It currently has four observers: India, Iran, Mongolia, and Pakistan. See <http://www.sectsc.org/>.

<sup>39</sup> Interview with Amb. Ranjit Gupta (retired), Delhi, 26 May 2008. Ambassador Gupta admitted that his viewpoints on China reflect that of the security community and are uncommon among the Indian foreign service.

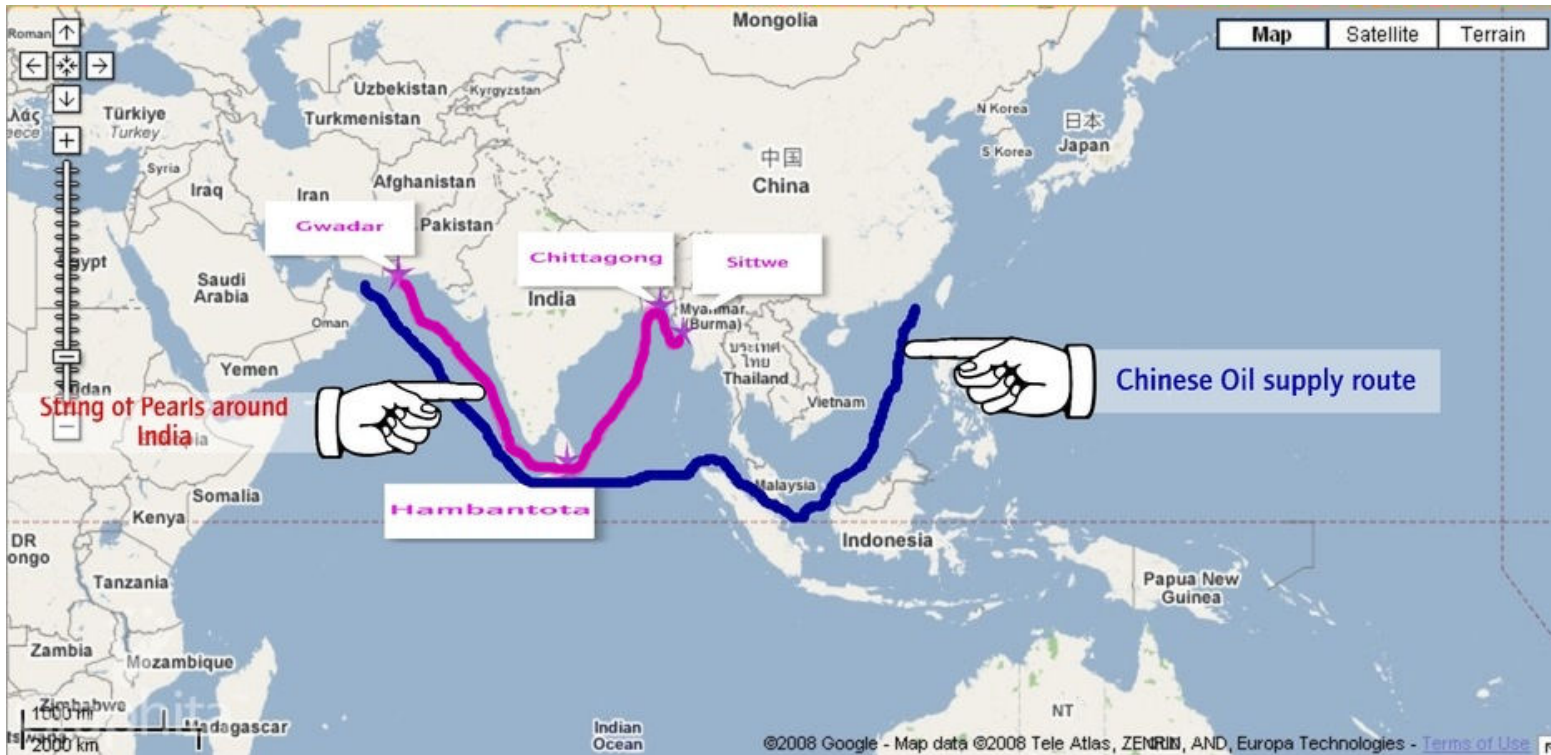
<sup>40</sup> Kenneth Lieberthal and Mikal Herberg, "China's Search for Energy Security: Implications for U.S. Policy." *NBR Analysis* 17(1)(April 2006), 3-42.

<sup>41</sup> "India's ocean is Chinese lake: 'String of pearls' threatens India, available at <http://www.zimbio.com/President+Mahinda+Rajapakse/articles/185/India+ocean+Chinese+lake+String+pearls+three> aten, accessed 12 February 2009.

<sup>42</sup> "Indian Navy Dismisses Reports of Submarine 'Forced' to Surface by Chinese ships," *BBC Monitoring South Asia*, 9 February 2009, obtained through *Lexis-Nexis*.



Figure 3: “String of Pearls”



Source: <http://www.marinebuzz.com/2008/01/23/china-garlands-india-with-string-of-pearls/>

## Territorial Disputes

Among all the issues separating China and India, the territorial disputes arising from the undemarcated border significantly inform Indians’ perspectives of China. Almost every Indian informant whom I met during a field research in 2008 raised the border issue as a major obstacle to better Indo-Chinese relationship. They feared the potential of a flare-up still exists.<sup>43</sup>

As mentioned earlier, the border disputes can be traced back to the McMahon Line. After the 1962 war, the two sides largely observed the Line of Actual Control (LAC) in the eastern sector and the Line of Control (LOC) in the western sector. The results are that China claims the Indian-controlled Arunachal Pradesh, and India claims the Chinese-controlled Aksai Chin. The Chinese claim is partially based on Tawang, the birthplace of the sixth Dalai Lama. The Chinese argue Tawang is a Tibetan territory, and Tibet is part of China. Therefore, the entire Arunachal Pradesh is Chinese territory.

India claims Aksai Chin, which connects Tibet and China’s northwestern province

<sup>43</sup> Interview with Brigadier Gurmeet Kanwal (retired), Director, Center for Land Warfare Studies, Delhi, 3 June 2008; interview with Rajeswari Pillai Rajagopalan, Senior Fellow, Observer Research Foundation, Delhi, 28 May 2008.

Xinjiang, as the eastern-most part of its Jammu and Kashmir state.<sup>44</sup> Kashmir itself was partitioned three-way by India, Pakistan, and China.

Occasionally Chinese emphasis of their legal titles deeply offended the Indians. Just days before Chinese President Hu Jintao's state visit to India in November 2006, Chinese Ambassador to India Sun Yuxi declared, "In our position the whole of what you call the state of Arunachal Pradesh is Chinese territory and Tawang is only one place in it and we are claiming all of that. That's our position."<sup>45</sup> In 2007, the Chinese Embassy in Delhi decided to emphasize its stance by declining a visa to an Indian official from north-eastern Arunachal Pradesh state on the grounds that he does not need one as he is a "Chinese citizen."<sup>46</sup>

The respective statuses of Tibet and Sikkim, which India incorporated in 1975 as its 22<sup>nd</sup> state, also add to the complexity.<sup>47</sup>

In reality, however, this issue is mainly a placeholder and its impact will be "bounded." In recent years, the two sides set up working groups to deal with the border issue and try to resolve it peacefully. The two sides have also done a better job of "compartmentalizing" this issue from overall improvement of bilateral relationship.<sup>48</sup> As an American diplomat aptly put, "The border issue is unlikely to be a serious problem in the relationship, because both sides benefit from this 'festering' that allows them to justify more military spending and certain postures."<sup>49</sup>

## **Mutual Threat Perception and Triangular Strategic Relationships**

Indo-Chinese relationship exhibits characteristics of a security dilemma:<sup>50</sup> the mutual fear and mistrust between them lead each nation to take measures to increase its own security. By doing so, it threatens the other nation, causing that nation to respond. The result is more insecurity.

---

<sup>44</sup> Historically, Aksai Chin was part of the Himalayan Kingdom of Ladakh. Ladakh was annexed from the rule of the local Namgyal dynasty by the Dorgas and the princely state of Kashmir in the 19<sup>th</sup> century. It was subsequently absorbed into British India.

<sup>45</sup> Randeep Ramesh, "International: Himalayan Dispute: Beijing Insists on Claim to Territory in Runup to President Hu's Visit to Delhi: Last Vestige of Old Tibetan Culture Clings on in Remote Indian State," *The Guardian* (20 November 2006): 23. Obtained through *Lexis-Nexis*.

<sup>46</sup> Ravi Velloor, "China Reaffirms Its Claim to Disputed State; No Visa for Indian Official from Arunachal as He Is a 'Chinese Citizen,'" *The Straits Times* (28 May 2007). Obtained through *Lexis-Nexis*.

<sup>47</sup> In 2000, the seventeenth Karmapa Ugyen Trinley Dorje, who had been proclaimed a Lama by China, made a dramatic escape from Tibet to the Rumtek Monastery in Sikkim. Chinese officials were in a quandary on this issue, as any protests to India would mean an explicit endorsement of India's governance of Sikkim, which the Chinese still regarded as an independent state occupied by India. China eventually recognized Sikkim as an Indian state in 2003, on the condition that India accepted Tibet as a part of China. This mutual recognition led to a thaw in Sino-Indian relations.

<sup>48</sup> Interviews with Sibi Goerge, Political Counselor, and S.D. Sharma, Head of Chancery, Embassy of India, Washington, DC, 9 May 2008.

<sup>49</sup> Interview with Joel Ehrendreich, Political Affairs, U.S. Embassy, Delhi, 4 June 2008.

<sup>50</sup> For a new theoretical discussion on this crucial concept in international relations, see Ken Booth and Nicholas Wheeler, *Security Dilemma: Fear, Cooperation, and Trust in World Politics* (London: Palgrave Macmillan, 2008).

As Table 3 shows, both countries have substantial military capabilities. Over time, each has deployed certain weapons against the other. As mentioned before, India's 1974 nuclear tests were spurred by China's successful tests in 1964. India, under BJP, in 1998 again exploded a nuclear bomb. India's defense secretary George Fernandes specifically rationalized India's actions on the threats India felt from a rising China and closer Sino-Pakistani alliance.<sup>51</sup>

China has always loomed large on India's defense and foreign policies. The 1962 war, the border dispute, the complex *ménages à trois* of China-India-U.S. and China-India-Pakistan, and each nation's ambitions all play a role, causing each side to suspect the true intentions of the other side's actions. Some Indians viewed the SCO and the String of Pearls with concerns.<sup>52</sup> India was especially concerned about China's military assistance to Pakistan, which allows the latter to act as a proxy to "weigh down" India.

A hard-nosed Indian analyst asserts, "China and India are natural rivals in Asia for geostrategic, economic, and ideological (democracy vs. autocracy) reasons. In every aspect, we are contrasts. Our interests clash. We also compete for the same resources in Africa. Such rivalry is not easily reconcilable."<sup>53</sup> Many Indians feel that a rising China may make it harder for India to ascend.<sup>54</sup>

### **Economic Partnership and Rivalry**

In many aspects, China's economic data are more impressive than India's (see Table 3): China has achieved higher growth rates, higher income level, larger economy, greater trade volume, and has attracted more foreign investment. But in many ways their economies are also complementary. China's success is mainly based on becoming the manufacturing base of foreign multinationals with global sales network, whereas India's is more domestically oriented, focusing on engineering and service.<sup>55</sup> China's hardware proficiency can complement India's software prowess. Some Indians and (fewer) Chinese envision the two nations merging into a giant "Chindia" – a formidable economic partnership with the world's largest populations and complementary economic strengths.<sup>56</sup>

Yet their two economies also compete, particularly over energy sources for each nation's economic development. While many in the Indian community see an economically rising China as an *opportunity* (for Indian products or services, for business alliance possibilities), more see it as a *threat*.

---

<sup>51</sup> "Defence Minister Calls China 'Potential Threat Number One,'" *PTI News Agency*, New Delhi, 3 May 1998 (*BBC Summary of World Broadcasts*, 5 May 1998). Obtained through *Lexis-Nexis*.

<sup>52</sup> Interview with Narendra Kumar Tripalhi, United Service Institution of India, Delhi, 2 June 2008.

<sup>53</sup> Interview with Bharat Karnad, Research Professor, National Security Studies, Center for Policy Research, Delhi, 4 June 2008.

<sup>54</sup> Interviews with Rajesh Rajagopalan, Professor in International Politics, Jawaharlal Nehru University, Delhi, 27 May 2008, and Nandan Unnikrishnan, Director, Eurasian Studies, Observer Research Foundation, Delhi, 28 May 2008.

<sup>55</sup> See Huang and Khanna (2003) and Engardio (2007).

<sup>56</sup> (Engardio 2007)

**Table 3**  
**China vs. India: Rise of Two Asian Giants**

<b>Indicator (Unit)</b> , information as of 2006	<b>China</b>	<b>India</b>
Gross Domestic Product (With PPP) (\$ bn)	10,000 <sup>e</sup>	4,042 <sup>e</sup>
GDP Real Growth Rate (%)	10.5 <sup>e</sup>	8.5 <sup>e</sup>
Gross Domestic Product (constant) (\$ bn)	2,095.9 <sup>a</sup>	703.3 <sup>a</sup>
Gross Domestic Product Per Capita (with PPP) (\$)	7,600 <sup>e</sup>	3,700 <sup>e</sup>
Exports (\$ bn)	974 <sup>e</sup>	112 <sup>e</sup>
Imports (\$ bn)	777.9 <sup>e</sup>	187.9 <sup>e</sup>
Main export partners (text)	US (21.4%), Hong Kong (16.3%), Japan (11%) <sup>e*</sup>	US (16.7%), UAE (8.5%), China (6.6%) <sup>e*</sup>
Main import partners (text)	Japan (15.2%), South Korea (11.6%), Taiwan (11.2%) <sup>e*</sup>	China (7.3%), US (5.6%) <sup>e*</sup>
Foreign direct investment (\$ bn)	78.1 <sup>c</sup>	17.5 <sup>c</sup>
Population (pop m)	1,314.0 <sup>f</sup>	1,111.7 <sup>f</sup>
Armed Forces (number)	2,255,000 <sup>d*</sup>	1,316,000 <sup>d*</sup>
Main Battle Tanks (number)	7,580 <sup>d</sup>	3,978 <sup>d</sup>
Artillery (number)	17,600 <sup>d</sup>	3,640 <sup>d</sup>
Surface Combatant Vessels (number)	76 <sup>d</sup>	58 <sup>d</sup>
Submarines (number)	58 <sup>d</sup>	16 <sup>d</sup>
Aircraft Carriers (number)	0 <sup>d</sup>	1 <sup>d</sup>
Combat Aircraft (number)	3,435 <sup>d</sup>	883 <sup>d</sup>
Attack Helicopters (number)	31 <sup>d</sup>	60 <sup>d</sup>
Nuclear weapons status (text)	Confirmed <sup>b</sup>	Confirmed <sup>b</sup>
Chemical weapons status (text)	Probable <sup>b</sup>	Confirmed <sup>b</sup>
Biological weapons status (text)	Suspected <sup>b</sup>	Unknown <sup>b</sup>
Short-range ballistic missile status (text)	Confirmed <sup>b*</sup>	Confirmed <sup>b*</sup>
Medium-range ballistic missile status (text)	Confirmed <sup>b*</sup>	Confirmed <sup>b*</sup>
Intermediate-range ballistic missile status (text)	None <sup>b</sup>	None <sup>b</sup>
Submarine-launched ballistic missile status (text)	Confirmed <sup>b*</sup>	None <sup>b</sup>
Intercontinental ballistic missile status (text)	Confirmed <sup>b*</sup>	None <sup>b</sup>
Strategic bomber status (text)	None <sup>b</sup>	None <sup>b</sup>
Strategic submarine status (text)	Confirmed <sup>b</sup>	None <sup>b</sup>
WMD Commitments (text)	BTWC, CWC, NPT <sup>b*</sup>	BTWC, CWC <sup>b*</sup>
Foreign exchange reserves (\$ bn)	1,066.34 <sup>c</sup>	170.19 <sup>c</sup>

Sources: NBR, *Strategic Asia* data query

<sup>a</sup> World Bank - WDI

<sup>b</sup> NBR Research Team

<sup>c</sup> IMF - IFS

<sup>d</sup> IISS Military Balance

<sup>e</sup> CIA World Factbook

<sup>f</sup> Census Bureau

\* Additional information available

During my field trip to Mumbai and Delhi in May-June 2008, I sought to study the impact of Chinese products on Indian companies and consumers by direct observation and elite interview. Indian companies that exclusively serviced the domestic market often complained about the inexpensive Chinese goods flooding the Indian market. Consumers were more ambivalent: While they generally liked the low-cost Chinese goods, they were also concerned about food and product safety, as well as the quality of the goods. Indian companies that sell to international markets invariably faced the strong competition from their Chinese counterparts. Some executives wondered the incredibly low prices of the Chinese products, which undermined the Indian companies, could only result from the Chinese government's help.<sup>57</sup> In this regard, India's experience is not too much different from those of other countries with backlash against cheap and unsafe Chinese products.

Such a multifaceted relationship results from many complex causes pointing toward different directions, as analyzed above. To conceptualize this relationship and to speculate its future, three paradigms are contrasted.<sup>58</sup> But before turning to them, I would like to briefly review Chinese elites' views on India, Sino-Indian relations, and the role of this bilateral relationship in China's external strategy.

## CHINESE PERSPECTIVES ON A RISING INDIA

It is fair to say that until now Chinese elite discourse on India has been predominantly informed by *realism*. This observation contains several aspects.

- *War and territorial disputes*: The 1962 war and the unresolved territorial disputes have importantly and continually conditioned Chinese perception of India.
- *Spheres of influence*: China concedes South Asia as India's sphere of influence and seeks to confine India in that region by establishing good relations with India's other South Asian neighbors (particularly Pakistan) – a balance of power strategy, while preventing India from involving in East Asia. In recent years, each has treaded into the other's sphere of influence: As a result of its growing dependence on foreign trade and raw materials and its desire to develop maritime power commensurate with its growing stature and interests, China has become more active in the Indian Ocean. Meanwhile, India's "Look East" policy has taken it to forger stronger ties with such Asian democracies as Japan, Australia, Taiwan, and Southeast Asia that lie at the Western Pacific littoral and have strong relations with the U.S.
- *Alignment*: The opposing alliances they belonged to during the Cold War (India with the Soviet Union and China with the U.S. and Pakistan) contributed to mutual suspicion and prevented a better relationship.

---

<sup>57</sup> Interviews with Anil Tiwari, Shree Krishna Engineering Works, Mumbai, 24 May 2008; Bhavin Shah, Alkon Plastics Pvt. Ltd., Mumbai, 24 May 2008; Prayag Thakkar, Mutual Industries, Mumbai, 24 May 2008; Vinay Sawar, Teryai Equipment, Mumbai, 24 May 2008.

<sup>58</sup> The following section benefits from Prof. Tan Chung's lecture, 20 May 2008.

- *Power considerations:* China has always been very conscious of its relative standing in the world vis-à-vis India's and the gap between the two, and concomitantly has usually regarded China enjoying a comfortable lead (a point that will be revisited later). Hence, China has taken measures to widen that gap (for example, by arming Pakistan to wage a kind of "proxy war") and tends to regard India's rising power wearily.
- *Mirror image of threat perceptions:* Whereas India justified its 1998 nuclear tests by invoking its perceived threats from China, China was irritated by such tactic and reacted very negatively by initially trying to enlisting the U.S. to "punish" India through sanctions. More recently, China fears that the U.S.-India nuclear deal not only is aimed at countering China but also breaches the non-proliferation regime.

The 1998 Indian nuclear tests ironically emerged as a sort of turning point in Chinese perspectives about, and policies toward, India. As the CNP comparisons in Table 2 may have alluded, throughout the Cold War and until the late 1990s, Beijing was, as Avery Goldstein pointed out, not convinced that relations with India would be strategically significant for China as the relations it was cultivating with other major powers.<sup>59</sup>

The generally skeptical or dismissive view of India held by Chinese elites resulted from several sources:

- China's confidence stemming from its military victory over India in 1962,
- China's more impressive economic performance compared to India's:
  - China's economic reform started much earlier (1978) than India's (1991),
  - China's growth rates (roughly 9-10 percent per year) have been more impressive than India's (roughly 6 percent a year),
  - China's GDP is at least twice the size of India's, and its people are, on average, wealthier than Indians,<sup>60</sup>
  - China handles greater merchandize trade, receives much more direct foreign investment, and enjoys larger foreign exchange reserves,
- Chinese analysts generally view India's ethnic, religious, and linguistic diversity (or cleavage) as a handicap,
- They also generally view India's domestic politics (federal system, extremely fragmented

<sup>59</sup> Goldstein described his Chinese interlocutors (during the 1998-2000 period) often expressing rather skeptical, even dismissive, views of India's prospects. *Rising to the Challenge*, 168. During my own field research in Beijing and Shanghai in summer 2006, I got essentially the same impression (albeit less dismissive). My interlocutors spent much greater amount of time discussing relations with the U.S., Japan, and issues such as North Korea, Taiwan, and terrorism.

<sup>60</sup> According to the CIA's *World Factbook*, China's and India's GDPs in 2008 were 7.8 trillion and 3.3 US dollars measured in purchasing power parity (or 4.2 vs. 1.2 trillion dollars measured in official exchange rates). China's and India's GDP per capita (purchasing power parity) in 2008 were \$6000 vs. \$2,800, respectively. Data from [https://cia.gov/library/publications/the-world-factbook/geos/countrytemplate\\_IN.html](https://cia.gov/library/publications/the-world-factbook/geos/countrytemplate_IN.html) and [https://cia.gov/library/publications/the-world-factbook/geos/countrytemplate\\_CH.html](https://cia.gov/library/publications/the-world-factbook/geos/countrytemplate_CH.html). Accessed 9 July 2009.

party politics, a chaotic democracy lacking efficiency) as a serious impediment to India's future prospects – the Indian form of democracy is an anathema to China.

Bilateral relations did not begin to improve and Chinese evaluations of India did not begin to change until the impetus provided by India's 1998 nuclear tests. Since then, official relations have considerably warmed. In June 2003, Indian Prime Minister Atal Bihari Vajpayee made a historic visit to China, the first in over a decade. The two have elevated their relationship to one of "strategic and cooperative partnership" for peace and stability. During Chinese President Hu Jintao's visit to India in November 2006, the two sides adopted a ten-point strategy to further strengthen the bilateral relationship. Jingdong Yuan, a China expert at Monterey Institute of International Studies, quoted a Chinese diplomat by characterizing China's new perspective: "Beijing now views its relationship with India one of global and strategic importance that is long-term, all around, and stable."<sup>61</sup>

Diplomatic pleasantries notwithstanding, Chinese perspectives on India in the early decade of the 21<sup>st</sup> century embody the following elements:

- While China must accomplish its goal of "peaceful rise" and to some extent reckon with the gains it has achieved so far, China must also accept that India is also rising, and it also has its ambitions to play a greater role in regional and global politics and economics.
- China must "manage" India's rise by reducing the threats a rising India will pose to China and by selectively cooperating on issues of mutual interests.
- To reduce threats, China should reduce or eliminate the chance that India may harm China's interests by compartmentalizing the border disputes, containing the Tibet issue, and keeping alive the "Pakistan card."
- To enhance cooperation, China should increase trade with India. It should also attempt to cajole India into taking the same side on various international issues, such as climate change (fast-growing large developing nations vs. well-established industrial economies that have polluted the environment), reforming the global trade and financial systems (redressing the "democratic deficits" of these institutions by allowing developing countries, particularly China, India, and Brazil, to play greater roles – not just acceptant of rules made by dominant western nations, but also participating in the rule-setting).<sup>62</sup>
- China must carefully monitor the implications of India's own military modernization and India's growing security and overall relations with the U.S. lest they harm China's interests or aspirations.
- While China must increase its attention given to India and treat India with more respect, China still does not see India as in the same league as China.

---

<sup>61</sup> Jingdong Yuan, "The Asian Triangle: Chinese Perspectives on a Rising India," *World Politics Review* (30 November 2008), available online at <http://www.worldpoliticsreview.com/article.aspx?id=2983>. Accessed 2 December 2008.

<sup>62</sup> Joseph E. Stiglitz, *Making Globalization Work* (W.W. Norton, 2006).

While Indian-Chinese relations have changed – for the better in many respects – the above complex motivations and calculations show that bilateral relations will remain mainly *instrumental* and *pragmatic*, rather than affective, and there remain limits to cooperation and potential for conflicts. To sort out the alternative scenarios, we need to not only inquire into the distribution of the various *types* of elites (realists, liberals, constructivists; so far the realists dominate both sides), but also can benefit from three contrasting paradigms.

## PARADIGMS

### Geopolitics

As soon as India and China came into direct contact through the Tibet nexus, geography has conditioned their relations. China and India are neighbors. The Chinese have a saying, “A distant relative is less useful than a proximate neighbor.” Friends can change, but neighbors can’t. “You can’t change geography,” says an Indian think tank analyst.<sup>63</sup> So the logic goes, India must get along with China. Indeed, various Indian leaders have made this a priority, although many Indians feel that India’s goodwill is not reciprocated. A third neighbor – Pakistan – further complicates the relationship between these two neighbors.

As discussed before, these two Asian giants’ strategic spaces overlap and they both have ambitions to become a major regional, if not world, power. The Chinese have a saying, “The same mountain cannot accommodate two tigers.” From the Indian’s perspectives, India cannot accept Chinese hegemony. A rising China makes India’s ascent more difficult, if not impossible. It can also explain why the Indians felt compelled to sign a landmark nuclear agreement with the U.S.

In the geopolitics paradigm, the logic of balance of power prevails. Competition, mutual suspicion, alliance, and military buildup – standard tenets of realism – have heavily conditioned Indo-Chinese relations. Power is important in this paradigm. Tan Chung depicts power politics as horizontal expansion, which leads to border disputes. As stated, historically China and India did not have border disputes. China did not occupy Tibet until 1950. Modern concepts of sovereignty and territorial integrity have ensnarled both China and India.

Viewing Indo-Chinese relations through the geopolitics paradigm will have a negative impact on the relationship. Many of my informants seemed to accept certain basic realist premises and their arguments confirmed the geopolitics paradigm.

### Geoeconomics

Yet at the same time, China and India are both rising economically. And there exists complementarity between their economies. In the geoeconomics paradigm, the logic is interconnectivity and mutual dependence. This creates space (complementarity) and turns the

---

<sup>63</sup> Interview with Nandan Unnikrishnan.



zero-sum competition in the first paradigm into a win-win situation. An increasing number of books champion this prospect.<sup>64</sup> China's hardware combining with India's software; China's *yang* blending with India's *yin*. Judging from the relatively still moderate trade volume between the two (\$40 billion per year) and the fact that neither is a key trading partner to the other, there exists immense potential for a closer economic partnership to gradually emerge, which would help ameliorate the overall bilateral relationship.

However, the emergence of a "Chindia" requires a leap of faith that is not supported by evidence. While several of my informants thought Chindia was a good idea, almost nobody predicted it would happen.

## Geocivilizations

The third paradigm is not the mainstay of western international relations theories. It is reflectivist, rather than rationalist. Its logic is affinity, rather than material interests.

Economic historian Angus Maddison opined that in the past one thousand years, China's population had constituted 1/3 to 1/6 of the world's population, and India's population had sometimes been larger than China's. Tan Chung opined that this meant that these two countries were most hospitable. He described the two's relationship as "made in heaven." With population congregating, wealth was created. With their shared origins in the Himalayas, Ganges and Indus gave rise to the Indian Civilization and Yellow and Yangtze gave rise to the Chinese Civilization.

As Sen pointed out, before the advent of modern history, there was a lot of mutual admiration between China and India. In the twentieth century, the two also shared Asian pride and anti-colonial solidarity. Their mutual suspicion and antipathy was a more recent phenomenon.

Mao Zedong in his lifetime only visited two "countries": the Soviet Union and the Indian Embassy. Nehru, whose affection for China was legendary, was welcomed by 500,000 people when he visited China. Every Chinese believe when they die, they "return to the west" (India). Buddhism originated in India but flourished in China. One Indian scholar hailing from Ladakh summarized his visits to China this way, "People conjure up India as 'the land of the Buddha,' or land of poverty."<sup>65</sup> Although some Indians rightly feel that Chinese may have behaved in a condescending or overbearing way toward the Indians, China's current advantage is not preordained or can be expected to last forever.

This paradigm will call for a total reconceptualization of the Indo-Chinese relationship. It may be far-fetched to think of an Indo-Chinese partnership that is as cordial or close as the U.S.-United Kingdom bond. But appreciating each other's civilizational attractiveness can form a deeper and more enduring bond that is currently missing in the Indo-Chinese relationship.

---

<sup>64</sup> Engardio, *Chindia*; Meredith, *The Elephant*.

<sup>65</sup> Interview with Phunchok Stobdan.

## WHITHER?

What would the future hold for Indo-Chinese relations? Largely speaking there are three scenarios. The first is continued, perhaps even heightened, *rivalry*. – guided by the logic of the geopolitics paradigm. Indications of this are not difficult to find. China figures prominently in Indian defense planning. China's growing military and economic power may deeply unsettle India. With newly accumulated wealth from almost two decades of fast growth, India may devote greater resources into the military. It will become more aligned with the U.S. – in a reversal of its stance during the Cold War. The U.S.-Indian nuclear agreement epitomized this trend. China may enhance its support of Pakistan and increase its influence in the South Asian continent, the Indian Ocean, and Southwest Asia.

The second possibility is “*Chindia*” -- driven by the logic of the geoeconomics paradigm -- to jointly promote a multipolar world and a more equitable global order (e.g., reforming the United Nations). However, an Indo-Chinese entente aimed at the U.S. is unlikely, as each derives many benefits by maintaining a good relationship with the U.S.

The third possibility is *pragmatic* management of their relationship, seeking solutions to their unresolved disputes while exploring areas of cooperation. Compared to the hot war of 1962 and the cold war that ensued, Indo-Chinese relationship has shown promise of normalization. However, irritants still exist. The two sides should not be satisfied with prolonged but indecisive talks on settling the border issue. The Chinese had border disputes with just about every one of its land neighbors. For long periods of time, the China typically remained stuck in principled positions without any real progress, but it had shown in a number of cases that it could make concessions and conclude an agreement.<sup>66</sup> Both China and India need to show greater political will in order to settle the border dispute (one example would be mutual recognition of each other's actual control). Other confidence-building measures, such as greater Chinese sensitivity to Indian concerns about China's support of Pakistan and greater transparency and better communication to prevent accidents or misperceptions, would help. For a truly solid relationship, the two will benefit from the insights of the geocivilization paradigm.

China and India are two large developing countries, both making remarkable transformation. Their choices, including interpreting the other's intentions, will importantly shape our future world. Just like Alexander Wendt cogently said, “Anarchy is what states make of it.”<sup>67</sup> The future of Indo-Chinese relationship is not condemned to rivalry and hospitality; nor will a “Chindia naturally result, just because it “makes sense.” To return to the constructivist's axiom, it depends on the evolving structure of elite identities and preferences, informed by the three paradigms and socialized through interactions.

---

<sup>66</sup> “Russia and China Settle Eastern-Border Dispute,” *The International Herald Tribune* (22 July 2008): 3.

<sup>67</sup> Wendt, “Anarchy.”