



Cato Handbook for Policymakers

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53. Relations with China, India, and Russia

Policymakers should

- maintain a policy of maximum economic and diplomatic engagement with China;
- adopt a hedging strategy regarding China by encouraging other major powers, especially Japan and India, to play more active security roles;
- continue attempting to foster closer relations with India;
- acknowledge that while Washington and New Delhi have some common interests, India is unlikely to become a pliable client state;
- further acknowledge that the U.S.-India nuclear deal has created additional difficulties in existing nonproliferation institutions;
- cease efforts toward admitting Ukraine and Georgia into the North Atlantic Treaty Organization;
- recognize that Russia, like most major powers past and present, will insist on a sphere of influence in its region; and
- seek ways to sustain cooperation with Moscow on important issues and avoid actions that may trigger a second cold war.

A major challenge for U.S. policymakers in the coming years is to cultivate stable and constructive relations with three especially important—and often difficult—actors in the international system: China, India, and Russia. The first two are rising great powers that have enormous economic and even military potential. Russia, however, is more a reviving great power. As the principal successor state to the defunct Soviet Union (and in reality, the core of the long-standing Russian empire), Russia went through a decade of acute disarray in the 1990s. It has recovered somewhat

during this decade, however, and although Moscow is unlikely to regain the superpower status that it claimed during the cold war, it is again a significant factor in both Europe and Central Asia and (to a lesser extent) in other regions as well.

Washington's relations with all three powers can be best described as uneasy. The United States and China maintain an extensive—and growing—economic relationship, but tensions are rising over an assortment of issues. Relations between the United States and India have improved noticeably since the end of the cold war. Throughout America's struggle with the Soviet Union, India ostensibly maintained a nonaligned stance but rather consistently tilted toward the USSR. That position annoyed Washington, which treated India as a *de facto* Soviet ally. Although relations have become better on multiple fronts, there is still some wariness between the United States and India.

Relations between Washington and Moscow have gone in the other direction. The hope of close, friendly ties, so prominent in the years immediately following the demise of the Soviet Union, has faded badly. Indeed, some experts warn that the two countries are on the brink of a second cold war.

China

American experts who deal with U.S. policy toward the People's Republic of China tend to cluster into two distinct camps. Members of the first faction focus on the growing trade ties between China and the United States and assert with a confidence bordering on certainty that economic progress in China will soon lead to political liberalization and the eventual emergence of a full-blown democracy. By contrast, members of the second faction view China as an ugly, authoritarian—if not totalitarian—power that is already a strategic adversary and may eventually pose a mortal threat to America. Both views contain some elements of truth, but neither is fully accurate.

There are reasons to worry about some aspects of Beijing's behavior both domestically and internationally. Nevertheless, China's rise as a great power seems much less destabilizing than the earlier rise of such malignantly expansionist states as Nazi Germany, Imperial Japan, and the Soviet Union. China is a crucial economic and diplomatic partner of the United States in many respects, and it is a country with important vested interests in the current international system.

In other respects, though, the PRC is a political and even strategic competitor of the United States. It has helped create the Shanghai Cooperation Organization, a strong security partnership linking China to Russia and various Central Asian countries. The SCO has not only conducted joint military exercises, it has also openly advocated trying to exclude the influence of “outside powers” (i.e., the United States) from Central Asia.

Likewise, Beijing has been, at best, marginally helpful in dealing with the Iranian nuclear crisis. A fairly consistent pattern has emerged. The United States and its European allies keep pushing for stronger economic sanctions against Tehran, whereas China (together with Russia) opposes such coercive measures and works to dilute any sanctions that are ultimately imposed. China has been somewhat more helpful in dealing with the North Korean nuclear crisis, but even in that case, Beijing has sometimes tried to fend off pressure on its longtime ally.

Some analysts are worried as well about allegedly fierce resource competition, especially over oil, between China and the United States. There is growing agitation in Washington about China’s extensive ties to key oil producers from the Persian Gulf to Africa to Latin America. Likewise, Beijing’s increasingly assertive diplomatic position regarding the oil-rich Spratly Islands in the South China Sea, the centerpiece of a massive territorial claim, is drawing hostile scrutiny from American analysts worried about China’s intentions. It is more than a remote possibility that the Spratlys could become the focal point of tensions between the United States and China. In addition to their probable oil resources, the islands stand astride key sea-lanes. To put it mildly, Washington is not inclined to recognize Beijing’s bold claims to virtually the entire South China Sea, which would give China control over sea-lanes that are crucial to Japan and other key American allies and clients in East Asia.

On the positive side of the ledger, however, is the large and vibrant U.S.-Chinese economic relationship. Sino-American trade exceeded \$387 billion in 2007, and China has become an increasingly important arena for U.S. trade and investment.

Yet even the economic ties involve some cause for American apprehension. In particular, China’s emergence as the second-largest holder of U.S. treasury debt (\$518 billion in 2007)—and probably the largest holder within the next three or four years—is a very significant development. It will become increasingly difficult for Washington to take a strong position on trade or strategic disputes with China if it means angering America’s chief banker.

One should not overstate the sources of tension, however, and assume that China and the United States are destined to be enemies, and perhaps even come to blows. As Brookings Institution scholars Richard Bush and Michael O’Hanlon note: “Most hypothetical causes of war between the United States and China turn out, upon inspection, to have little or no basis. The two countries will not duke it out simply to settle the question of who will ‘run the world’ in the twenty-first century.” The economic ties, in particular, create powerful incentives for sensible, cooperative behavior in both capitals.

Even the Taiwan issue, although remaining a dark cloud on the horizon, has become a less acute source of trouble in the short run. The election of Ma Ying-jeou as Taiwan’s president has brought to power a government committed to preserving the status quo instead of formalizing permanent political separation from the mainland. Already, economic ties between the mainland and Taiwan are expanding, direct air and sea links have begun, and political talks—suspended since 1999—have resumed. All these steps suggest a period of relative quiescence as long as Ma and his Kuomintang Party retain power. In the long run, though, a confrontation regarding the issue of reunification is still a serious danger.

Although Ma endorses eventual reunification, he also attaches three very important caveats to that goal. First, he has made it clear that reunification can take place only if mainland China evolves into a prosperous, liberal democracy. As he put it, reunification becomes possible once “developments in Mainland China reach a stage when its political democracy, economic prosperity, and social well-being become *congruent* with those of Taiwan.” Ma—and most Kuomintang Party members—have no interest in unifying with China in its current, authoritarian incarnation. Second, reunification could take place only with the explicit endorsement of the Taiwanese people. In other words, Taiwan would have a veto. Again, Ma is categorical on that point: “Since Taiwan has become a full-fledged democracy, reunification with Mainland China cannot proceed without the consent of the Taiwanese people.” Third, the Kuomintang Party has reluctantly conceded that all options—even independence—must be available to Taiwanese voters when it comes time to make a decision.

All those caveats are an anathema to Beijing. The PRC’s political elite has no intention of giving up the Communist Party’s monopoly of power and transforming China into a Western-style democracy. Chinese leaders have also emphasized repeatedly that Taiwanese voters cannot have a veto

over whether reunification takes place. And Taiwanese independence is an option that Beijing considers utterly illegitimate, even if that is what the island's population might desire.

Beijing expects serious negotiations for reunification at some point. One wonders what will happen if those hopes fail to materialize. One also must wonder how long the status quo will be acceptable to Beijing as China's economic and military power continues to grow. At what point will Chinese leaders find it intolerable to have an upstart, *de facto* independent country barely 100 miles off China's coast—an upstart island that the overwhelming majority of mainlanders believe is rightfully Chinese territory? Moreover, that upstart island occupies an important strategic location astride the principal sea-lanes in the western Pacific. A clash between Beijing and Taipei remains all too likely in the long run. And given America's implicit defense commitment to Taiwan in the 1979 Taiwan Relations Act (see Chapter 54, "East Asian Security Commitments"), the United States would be caught right in the middle of such a confrontation. That is why Washington should move to sever that defense commitment in an orderly but prompt manner.

Beyond the issue of Taiwan, general U.S. security policy toward China should adhere to the current policy of engagement—with a slight nod toward a hedging strategy. The best course from the standpoint of American interests would be to encourage the emergence of multiple centers of power in Asia. The existence of several significant security actors would complicate the PRC's strategic calculations.

Encouraging the evolution of a multipolar strategic environment is not the same as adopting a U.S.-led containment policy against China. Washington does not have to be the godfather of a vast anti-PRC alliance. If U.S. officials stop smothering Japan and other allies in an effort to perpetuate their security dependence on the United States, and fully accept India as an independent, capable military power, China's neighbors will draw their own conclusions about Beijing's probable strategic behavior and adopt policies accordingly. Washington merely needs to get out of the way of that most normal of processes in the international system.

Encouraging—or at least accepting—the evolution of a balance of power designed to contain any PRC expansionist ambitions is also distinct from regarding China as an implacable foe of the United States. Washington ought to treat China as simply another great power and cultivate a normal relationship, recognizing that the interests of the two countries will sometimes coincide and sometimes conflict. Cooperation needs to be

fostered in the first case, and an effort to contain adverse effects must be made in the latter. A normal relationship is inconsistent with attempts to isolate the PRC economically as well as adopt an overt containment policy. Such an approach would be especially unwise. A policy based on the assumption that China will inevitably become an aggressor and a mortal enemy of the United States could easily create a tragic, self-fulfilling prophecy.

Embracing the goal of multipolarity, of course, would mean relinquishing America's own hegemony in East Asia. Washington would have to be content with a status of "first among equals" in the region, and that would entail some loss of control. But a hegemonic role is probably unsustainable over the long term in any case. It is a manifestation of national hubris to think that the United States can forever dominate a region that contains nearly a third of the world's population and is becoming an increasingly sophisticated locus of economic and technological output.

U.S. leaders can adjust gracefully to the emergence of a more normal configuration of power in the region, or they can resist change to the bitter end. If they choose the former course, the United States will be able to influence the nature of the new multipolar strategic environment in Asia and seek the maximum advantage for American interests. The U.S.-PRC relationship would then be merely one component of a complex mosaic of relationships throughout the region, and the United States would have a significant opportunity to pursue a policy that avoided the extremes of viewing the PRC as a strategic partner or a new enemy. Washington would be able to develop a policy toward China that was prudent, sustainable, and beneficial to American interests.

India

Throughout the 1990s, U.S. policy toward India remained rooted in outdated cold war apprehensions. Stemming from India's prominent role in the Non-Aligned Movement, U.S. leaders had long resented New Delhi's role in world affairs, with some viewing the NAM as a fundamentally hostile institution in the context of the cold war. Although India's foremost interest in the NAM was to ally itself with the Soviet Union against China, Washington long misunderstood this reality and saw India as dangerously sympathetic to communism—and with it, the Soviet view of world affairs. Thus, when the Soviet Union collapsed, the linchpin of U.S.-Indian relations—the struggle against communism and India's role in that struggle—was removed and U.S. policy was adrift.

U.S. policymakers were slow to react to this new reality. The traditional U.S. alliance with Pakistan endured through the 1990s and grew in the 2000s, with the Bush administration deeming the government of Pervez Musharraf a “major non-NATO ally” in 2004, granting it expanded access to U.S. military technology. At the same time, the Bush administration maintained a close relationship with Pakistan. However, it attempted to reach out to India.

The centerpiece of the U.S. opening to India was the agreement, announced in 2005 and formally framed in 2007, for American assistance to India’s nuclear program in exchange for limited inspections of India’s civilian nuclear facilities by the International Atomic Energy Agency. Because India was as a nonsignatory to the nuclear Non-Proliferation Treaty, this development was lauded as a nonproliferation success by the Bush administration.

However, the deal underwent several revisions after having been first introduced, with nearly every round of revisions either expanding existing loopholes for India or creating new ones. Since India only promised to allow IAEA monitoring of its civilian facilities, and maintained the right to define what qualifies as “civilian,” the deal wound up providing India significant space to maintain a parallel nuclear weapons program outside the scrutiny of the IAEA.

More important, the ad hoc agreement with India has provided significant rhetorical ammunition to countries like Iran, who regularly operate their nuclear programs at the edge of the IAEA’s writ. Iran immediately began comparing U.S. cooperation with non-NPT signatory India, and Iran’s own status as a signatory to the NPT. Washington essentially conceded the main thrust of this argument when Assistant Secretary of State Richard Boucher responded in 2006 to a reporter’s question about the Iran-India analogy by admitting: “Is there a double-standard? Yeah. There should be.” Although this candor may be acceptable among Americans in Washington, it should not be difficult to see how hard a sale such an approach to proliferation is among other world powers.

The nuclear deal has accordingly presented a potential problem for U.S.-Indian relations: the deal is viewed as a cornerstone of a new relationship between the two countries. Should the deal unravel in the future, there will be sour feelings on both sides and the prospect for better relations between the two nations will deteriorate. The important work of improving U.S.-Indian relations would have been better served if the Bush administration had either chosen a different way of bringing the countries together

or, at the very least, not sent the president to India with an explicit mandate to sign a deal without having the particulars worked out in advance. This situation was used by India to extract further concessions from Washington in the last minutes of negotiations.

The reason the clumsy handling of the deal is so regrettable is that improved relations with India should be a central component of the U.S. approach to China in the coming years. With over a billion citizens and an annual economic output well over \$1 trillion, India should provide constraints on Chinese strategic designs in the coming decades. The point is not to frame a “containment” policy of China, but to recognize that a China surrounded by weaker, poorer states without good relations with the United States is likely to act differently than it would with sturdy, prosperous states in Asia enjoying good relations with Washington. Historical animosity between India and China, while it certainly exists, is not at the level of acrimony of Chinese-Japanese relations, and accordingly, cooperation with India should cause less alarm in Beijing than expanded U.S.-Japanese cooperation would.

Although the objective of cultivating good relations with other major Asian powers is important, Washington ought not to fall into the trap of viewing nations as either friend or foe—with us or against us. On certain issues, particularly its energy cooperation with Iran, India is unlikely to satisfy American objectives. On other issues, including economic and military matters, American and Indian objectives overlap and allow for significant cooperation. Accordingly, U.S. policymakers should take care in the implementation of the Indian nuclear deal to emphasize American unanimity on the importance of expanding relations with India, while disagreeing on the merits of the deal itself. Beyond the nuclear deal, policymakers need to realize that India will conduct a foreign policy driven by its self-interest, and that will drive it toward the U.S. position in some cases and away from it in others.

Russia

Few people want to return to the animosity and tensions that marked relations between Washington and Moscow throughout the cold war. But clumsy policies by both the United States and Russia now threaten to bring back those unhappy days. Washington continues to press for further expansion of NATO to Russia’s border and is meddling in parochial disputes between Russia and its small neighbor Georgia. For its part, the

Medvedev-Putin regime shows signs of trying to cause headaches for the United States in the Caribbean.

Both governments need to adopt more cautious policies. Secretary of State Condoleezza Rice once famously dismissed the concept of spheres of influence as an obsolete notion, and that view has become all too common among America's foreign policy elite. But that doctrine is very much alive, and U.S. and Russian leaders ignore that reality at their peril.

If a new cold war emerges, Washington will have done much to invite it. But Russia has become needlessly provocative as well. The dark hints in summer 2008 that it might station bombers in Cuba were reckless. For Americans, even the possibility that Moscow might deploy a nuclear-capable weapon system in Cuba brings back memories of the most nightmarish episode of the cold war—the Cuban missile crisis. No American government would tolerate such a move—nor should it. Moscow's growing flirtation with Venezuela's Hugo Chávez, an obnoxious nemesis of the United States, is also creating gratuitous tensions. Moscow's joint air and naval exercises with Venezuelan military forces in September 2008 especially did not improve relations with America.

Those moves likely reflect mounting Russian anger at U.S. policies that seem calculated to undermine Russia's influence in its own backyard and even humiliate Moscow. Washington's "in your face" approach is not a recent development. U.S. officials took advantage of Russia's economic and military disarray during the 1990s to establish a dominant position in central and eastern Europe. Washington successfully engineered the admission of Poland, Hungary, and the Czech Republic to NATO in 1998—over the Yeltsin government's objections. That expansion of the alliance was nonprovocative, though, compared with the second round earlier this decade that incorporated Latvia, Estonia, and Lithuania, entities that had been part of the Soviet Union.

NATO expansion was not the only manifestation of contempt for Russia's interests during the 1990s. So too was Western policy in the Balkans—traditionally a key region of concern to Moscow. In 1995, NATO forces intervened in Bosnia's civil war to the clear disadvantage of the Serbs, Russia's long-standing coreligionists and political allies. And then in 1999, the United States and its allies waged an air war against Serbia, ultimately wrenching away its restive province of Kosovo.

Although Russia's political elite was furious at such behavior, given the weakness of the country, they could do little except issue impotent complaints. But that situation has changed. The country is much stronger

both economically and militarily than it was a decade ago, and Moscow has begun to push back. For example, it has emphasized that Washington's attempt to gain NATO membership for Ukraine and Georgia crosses a bright red line and will not be tolerated.

Unfortunately, U.S. policymakers don't seem to grasp that the power relationship is different than it was in the 1990s. The Bush administration has pressed forward with plans to deploy missile defense systems in Poland and the Czech Republic, a move that Russia views as an attempt to degrade the effectiveness of its strategic nuclear forces. In response, Moscow has warned Warsaw and Prague that it will target both countries for retaliation in wartime.

Washington's Balkan policy has also remained shockingly insensitive. In February 2008, the United States and its leading European allies bypassed the United Nations Security Council (and hence Russia's veto) to grant Kosovo independence. Russia responded by rallying other countries that worry about that precedent with regard to their own secessionist-minded minorities and has blocked Kosovo's entry into various international organizations. Thanks in part to Moscow's lobbying, only 50 governments have recognized Kosovo's independence—most of them long-standing U.S. allies and clients.

Russian leaders are also showing Washington that Moscow can exploit the Kosovo precedent for its own purposes. That became all too evident in August 2008, when Russia repulsed an attempt by the government of neighboring Georgia to reestablish military and political control over the secessionist region of South Ossetia. Moscow launched a full-scale military counteroffensive against Georgian forces and penetrated deeply into Georgian territory. The Kremlin followed up that move by recognizing the independence of South Ossetia and Abkhazia, another secessionist region. Unfortunately, instead of beating a graceful diplomatic retreat, the United States has responded with further meddling, dispatching a humanitarian aid mission, providing Georgia with \$1 billion in reconstruction aid, and redoubling its lobbying efforts on behalf of admitting Georgia (and Ukraine) to NATO.

One could scarcely imagine an issue with less relevance to genuine American interests than the political status of two obscure regions in a small country on Russia's border. Likewise, it is difficult to imagine what genuine Russian interests justify Moscow's bid to forge closer ties with the likes of Cuba and Venezuela. Both Russia and the United States have engaged in thoroughly immature behavior. We are not yet in a new cold

war, but unless the two governments adopt far more responsible policies, they may soon produce that tragic outcome.

Conclusion

It is imperative for U.S. leaders to get the right policy toward these three prickly great powers. China and India could well become economic powerhouses before mid-century, and both countries will likely play increasingly significant geostrategic roles in their regions and beyond. Russia may not regain entry to the ranks of elite powers, but it, too, cannot be ignored or marginalized. Among other factors, Russia is the one country with a nuclear arsenal large enough to extinguish America's civilization. Washington may be able to get away with pursuing unwise or ineffectual policies toward lesser powers (as it has with Cuba, for example). It does not have that luxury regarding policy toward China, India, and Russia.

Suggested Readings

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