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Understanding China's North-East and South Asia Policies

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Key Points

- The capacity of the United States to credibly guarantee a stable international system in Asia may, in the future, become increasingly moot.
- In this context, aggressive posturing by China in territorial disputes is causing widespread concern in the Asia-Pacific region. Understanding China's foreign policy is, therefore, imperative.
- While regional political and military-technological constraints compel China to tread with caution, access to overseas force-multipliers encourages an assertive foreign policy.
- Though regional political constraints will continue to restrict China's actions in the long run, its economic and military-technological constraints will ease in the medium to long run. Newer constraints will very likely come to bear, however, as overseas strategic investments wither and helpful regimes that serve as force-multipliers may weaken or turn hostile.
- In the foreseeable future, China would be unable to sustain aggression abroad over extended periods, but this does not mean that it will not be involved in aggressions at all.
- There are limits to how far China's neighbours can mitigate conflicts through diplomatic engagement; but nimble defences should be sufficient to deal with occasional Chinese aggressions.

Summary

The capacity of the United States to credibly guarantee a stable international system in Asia may, in the future, become increasingly moot. In this context, China's aggressive posturing in territorial disputes has caused widespread concern in the Asia-Pacific region. Sensing growing opposition, however, China renewed co-operation with its neighbours. Chinese foreign policy advice is, in fact, divided between those who favour reliance on easily available shortcuts against competing powers and those, aware of binding constraints, who urge caution. Understanding the combination of aggressive and peaceful overtures that characterise Chinese foreign policy is, therefore, imperative.

In the medium to long run, just when some of China's binding economic and military constraints are expected to relax, the remaining regional political constraints on its capacity to project power abroad will be complemented by newer constraints, as overseas strategic investments either wither along with the currently co-operative regimes or turn hostile. A rising China would, therefore, be unable to sustain aggression abroad over extended periods in the foreseeable future.

But, this does not mean that it will not be involved in aggressions at all. While instances of direct aggression, if any, will be brief, China will continue to rely on overseas force-multipliers for as long as possible. Consequently, there are limits to what countries in conflict with China can achieve through diplomatic engagement – despite which they will face Chinese aggression, both supported and limited, by structural factors. Nimble defences should, however, be sufficient to deal with occasional Chinese aggressions.

Introduction

Over the last two decades, Asia has seen the emergence of competing centres of power, an unprecedented development in its modern history. Each of the three key regions of Asia – East, West and South – has at least two competing nuclear powers, declared or undeclared. Of these, at least one already has the capacity to attack American territory using nuclear-armed missiles, or will be able to do so in the not-too-distant future. Moreover, nuclear powers in each of those key regions have at least one nuclear-capable “ally” in each of the other regions. Also, five Asian nuclear powers each have at least two nuclear neighbours. Given the strategic complications, the ex-ante commitment of the United States to intervene as a balancer in conflicts involving Asian powers may no longer be as credible as it once was. In other words, the United States' capacity to credibly guarantee a stable international system in Asia may become increasingly moot.

In this context, China's aggressive posturing in recent maritime disputes with Japan, the Philippines and Vietnam (and India), has caused widespread concern in the Asia-Pacific region. Sensing growing opposition, however, China renewed co-operation with its neighbours to calm the tensions. Still, policy-makers across the region are panicking at the prospect of China's premature rise as the regional and, possibly global, hegemon. The

combination of aggressive and peaceful overtures that characterise Chinese foreign policy, therefore, bears closer scrutiny.

Analysis

There are at least six competing — but not mutually exclusive — explanations of China's foreign policy in South and North-East Asia. These explanations relate to different ways of understanding China's intentions and motivations and, by implication, different ways of engaging with a rising China. So, a fuller understanding of these explanations and their inter-relationships is indispensable to policy-makers across the world.

First, the “learning-by-doing” hypothesis presumes that the Chinese leadership is sincerely committed to a policy of peaceful rise. It suggests that, as an emerging global power, China is still learning to conduct its foreign policy. Mistakes and misadventures are not unlikely at this early stage, particularly when the international system is in a state of flux and the sole superpower is preoccupied with domestic crises and foreign policy misadventures. Aggressive posturing results from misunderstanding and miscalculation, whereas co-operative gestures can correct inadvertent or unacceptable damage. These cycles of co-operation and non-cooperation are unlikely to persist beyond the short run, after which China's foreign policy is more likely to be balanced.

Second, the “hawk-dove” hypothesis presumes that the Chinese leadership is divided over policy matters. It suggests that conflict between hawks and doves results in uneven policies. However, such conflicts are an unavoidable part of collective decision-making in diverse societies. So, those cycles will persist indefinitely.

Third, the “bargaining” hypothesis presumes a Chinese leadership committed to co-operative international arrangements. It suggests that occasional non-co-operation helps China to obtain better outcomes, commensurate with its growing power. After its economy stabilises, China is likely to prefer to maintain the status quo. Meanwhile, the periods of non-cooperation will be relatively short. Self-adjusting international institutions that accommodate China's legitimate interests should be sufficient to check Chinese aggression by increasing the returns from co-operation.

Fourth, the “deliberate expansion” hypothesis presumes an insincere Chinese leadership. It suggests that Chinese aggressions gradually extend the limits of its neighbours' tolerance for China's growing power and subsequently peaceful overtures help to cement the new limits as the status quo. China will continue to rely on this mixed strategy until it achieves its potential. In the meantime, only a military alliance could deter Chinese aggressions.

Fifth, the “structural” hypothesis presumes that, contrary to its popular image, the present Chinese leadership has limited power. Factors over which it has insufficient control often influence its decision-making. It suggests that a constellation of regional political, historical and technological factors — along with significant domestic problems — constrains China's hegemonic ambitions. However, the sunk costs incurred by earlier Chinese administrations in cultivating diplomatic and military assets in countries like North Korea and Pakistan, make China — which continues to be structurally and technologically incapable of projecting power

abroad – reliant on such countries as force-multipliers in its international dealings. This interplay between geostrategic constraints and the availability of cheap force-multipliers, explains China’s foreign policy, at least in South and North-East Asia.

Access to force-multipliers encourages an aggressive foreign policy, whereas regional political and military-technological constraints compel China to tread with caution. While China’s regional political constraints will continue to restrict its actions for a long time, its economic and military-technological constraints will relax in the medium to long run. As time passes, newer constraints are likely to come to bear, if overseas investments wither and helpful regimes weaken or become hostile. All this would mean that instances of direct Chinese aggression, if any, will be brief, because of structural constraints.

Sixth, the “inertial ideological commitments” hypothesis presumes that the Communist Party of China has certain rigid domestic political commitments. On the one hand, these commitments predispose China to support regressive regimes abroad, in exchange for strategic concessions. On the other, they reduce China’s credibility as a potential leader of an international system, in which a number of countries – including some of those in its immediate neighbourhood – are committed to democracy and related values, in both the domestic and international arenas. The former encourages aggression through proxies, whereas the latter imposes constraints on Chinese diplomacy.

A few comparative observations on these competing explanations are in order. The first explanation is invalid in the case of South and North-East Asia because China has had six decades to fine-tune its policies, even though it emerged as a major power only recently. Second, the fifth explanation subsumes the second if strategic constraints support “doves”, while the availability of overseas force-multipliers sustains “hawks”. Third, according to the first two explanations, the cycles of co-operation and non-cooperation are by-products of phenomena that are otherwise innocuous from the international perspective. According to the third and fourth explanations, the cycles arise from deliberate choices by leaders. But the fifth and sixth explanations invoke the interplay between structural factors, which the current Chinese leadership cannot eliminate in the short-term. Fourth, while a combination of these explanations may help to explain specific developments in China’s foreign policy, the fifth (and, to a large extent, the sixth) explanation is the most dependable guide to long-term policy-making, because it relies on objectively verifiable and persistent structural factors. In contrast, the first two explanations invoke relatively transient factors, whereas the third and fourth are critically dependent on subjective inferences about the intentions of the Chinese leadership.

In the rest of this discussion we will engage with the relatively less explored fifth explanation (extended to cover the sixth). We will first discuss the factors that compel China to observe caution in its overseas dealings, followed by a discussion on the strategic investments that support contrary behaviour. We will then explore the future of these strategic investments, which, in turn, will lead us to a discussion on how the first set of factors is likely to grow in importance at the expense of the factors that promote aggression.

Barriers to Overseas Aggression

As early as 2015, China could emerge as the world's largest economy (on a purchasing power parity basis). While its share in global output and trade will continue to rise in the near future, it has already displaced Western nations as the most important trading partner for a wide range of countries. But this does not necessarily imply a relationship between the economic and geo-political ascendancy of a country. Even the most optimistic estimates suggest that China, with an ageing and increasingly restive population, needs about two decades to catch up with the United States' economy in real terms, assuming the latter declines irreversibly. In the meantime, the most significant obstacle to China's political ascendance is its inability to manage its own neighbourhood, let alone legitimately lead it. A number of structural factors limit China's capacity to overcome this obstacle.

First, China is much larger than all its East Asian neighbours put together, accounting for as much as half of its neighbourhood's area, population, gross domestic product (on a purchasing power parity basis), foreign exchange and gold reserves, and armed forces. The consequent power differentials translate into a sense of insecurity in its neighbourhood. Our assessment will not alter fundamentally if we also treat South Asia, or more precisely India and Pakistan, as part of China's immediate neighbourhood, even though China is essentially an East Asian country.

Second, given its central location in its region and its enormous geographical expanse, China shares land and maritime borders with most of the regional countries of immediate interest to it. Conventional conflicts are not decreasing in shared border areas, particularly where borders are not settled beyond dispute and multilateral forums like ASEAN (the Association of South-East Asian Nations) that could, in principle, arbitrate territorial disputes, are weak. The possibility of territorial conflicts accentuates the sense of insecurity in China's neighbourhood. China's aggressive posturing in recent maritime disputes seems to confirm its neighbours' worst fears about the trajectory of its foreign policy.

Third, the next largest countries (Japan and Indonesia) and economies (Japan and South Korea) in China's region are not that small either, which limits China's capacity to achieve regional hegemony. In fact, it fosters regional polarisation. To an extent, ASEAN allows the smaller countries to jointly confront the threat of Chinese hegemony; but there are limits to ASEAN's capacity to do this because of internal political divisions.

Two additional factors check China's hegemonic ambitions. One is Russia, one of China's immediate neighbours, and an erstwhile global power with weapons and space programmes still among the best in the world. It continues to nurture an ambition to re-emerge as a global power. The other is that a number of countries in China's wider neighbourhood have nuclear capacity – North Korea, Russia, India and Pakistan, which further limits China's hegemonic ambitions. To the list of China's nuclear-capable neighbours we can also add Japan, which has extensive experience in working with nuclear materials and access to advanced technologies. If and when Japan surmounts constitutional hurdles and chooses to arm itself with nuclear weapons, it would be able to do so more efficiently than some of the newer nuclear-armed states.

Disunity and conflict engendered by geographical factors and the distribution of economic and nuclear powers are further aggravated by differences in economic (state-controlled versus free market economies) and political (one party rule versus democracy) systems and divisive historical memories (such as the Japanese occupation of China during the Second World War and the Korean and Vietnam Wars). The sense of insecurity in China's neighbourhood is persistent and engenders a steady *demand* for external intervention in regional conflicts involving China. Consequently, it is not difficult for outsiders to interfere and thwart the achievement of consensus in China's neighbourhood, which constrains Beijing's ability to achieve its foreign policy goals in that region. The presence of a global superpower and of regional powers based in other parts of the world that possess trans-regional, and, at times, global reach, ensures an adequate *supply of* such intervention. The ease with which the United States rejuvenated its military ties with East Asian countries and improved its relationship with Vietnam in the last two years, is a case in point.

But even an economically weakened United States would be difficult to oust from East Asia, because it has already incurred the sunk costs of entrenching itself across the region. It can also share the burden of recurring expenses with China's relatively wealthier neighbours, who, for some time to come, will continue to depend on the United States even for routine self-defence. This ensures that there will be support for a status quo favourable to the United States in China's neighbourhood, which, in turn, severely limits China's capacity to emerge as the neighbourhood leader.

One could argue, however, that China has the capacity to successfully rally non-Western countries behind it. For instance, a number of developing countries, including some in China's neighbourhood, support China's enhanced claims within the international system. Actually, these countries believe that there would be positive externalities from a Chinese-led weakening of Western control over existing international institutions. The grounds on which Chinese claims are accepted – its share of the world population, economic output, trade, et cetera – also legitimise similar *demands* from other rising powers; but these same countries will oppose China if Beijing tries to impose its worldview. On the other hand, to balance a rising China, the West is prepared to *supply* better shares to other rising powers. So, the West can still introduce international collective action problems that would constrain China. In fact, despite all the talk about a different world order, China strangely does not have *any* plan to reform the international system that can rally its otherwise apprehensive neighbours. To the contrary, alarmed by China's heavy-handed foreign policy, some of those neighbours are renewing their ties with the United States.

In any case, even without binding regional political constraints, China is a decade or two away from acquiring the technological capacity to project power far from its shores. Most of its next generation weapons systems are either on the drawing board or barely tested. They are not expected to be fully operational before the end of this decade. Producing these capabilities in sufficient numbers and mastering their use at some distance off the Chinese coast in synchronisation with rest of the conventional armed forces, will further delay battle readiness. In short, China is at least a decade, if not two, away from becoming a trans-regional military power, which is also the time it needs to come close to the United States' economy in real terms. In the meantime, any Chinese attempt at assertion can be checked

by the United States (and its allies), which will be able to maintain its transnational military infrastructure despite economic problems at home. This is because military infrastructure has a long life cycle and the United States is not yet faced with mass decommissioning.

Last, but not least, unrest in the Han majority regions (particularly in the countryside) due to growing economic inequality and environmental problems, chronic unrest in the ethnic minority regions (that constitute more than 60 per cent of China's area), and the potentially impending transition to a relatively freer political system, all impose further restrictions on China's capacity to sustain aggression abroad.

But let us assume, for the sake of argument, that China faces no hurdles in its quest for global dominance. What would a world dominated by China look like? The most sympathetic answer anyone can give is 'we don't know', which is surprising because China has nurtured global ambitions since the 1950s. Without denying the merits of China's claim to a share of global leadership, we need to know how its ascent would address the longstanding grievances that smaller countries have against international institutions and the democracy deficit in the international system. For instance, will China's ascendancy lessen the international political disenfranchisement of its neighbours like Vietnam and Mongolia? Unlike 1945, when might decided right, the answers to such questions are important in 2012.

Actually, China does not have any credible reform plan that will make the international system more just (which is also true of its "competitor", India). The little reformist zeal that China has seems to be self-serving and is likely to weaken after it achieves its goals. This should be evident from China's enthusiasm for IMF and World Bank reforms and its non-committal approach to reform of the UN Security Council, of which it is already a permanent member. This also explains why China's ability to secure greater voting rights in international institutions does not necessarily entail altering the basic structure of those international institutions. The countries that support greater Chinese claims within the system will oppose it if it tries to dominate world bodies, because of the uncertainty about any Chinese-dominated international system.

On the other hand, the United States will continue to be sought after by China's own dissidents and neighbours, while China is unlikely to receive an invite from any Western country to intervene in intra-Western conflicts. Even if there were an opportunity, China is far from having the technological capacity to intervene in the United States' backyard. So, the West and its allies can still checkmate China in the international arena. China can only overcome this hurdle with an inclusive vision for reforming the international system that is acceptable to its neighbours, rather than through military means. But as long as the Communist Party is committed to an authoritarian model of governance at home, it can neither credibly talk of reforms, nor can it engage appropriately with its major Asian competitors that are committed to democracy. So, the Communist Party's vision deficit compounds regional political and military constraints and China's own domestic problems. Interestingly, China is susceptible to US intervention due to its lack of democracy. It cannot respond in kind for the same reason, thus closing a vicious circle that could be broken through political liberalisation; but that would weaken the Communist Party.

In short, for the foreseeable future, international posturing notwithstanding, the aforesaid constraints will make China an inward-looking, defensive power.

Temptations to Aggression

Cold War strategic investments and an unwillingness, or inability, to learn from the common knowledge of the United States' experience as the reigning global power, introduce a contrary element into Chinese policy-making. This lack of vision pushes it towards an aggressive foreign policy.

We noted above that China is structurally constrained in the projection of power far from its shores. During the Cold War, China made substantial strategic investments in countries like North Korea, Pakistan and Burma. These countries are neighbours of China's major Asian competitors and serve as cheap force-multipliers. In addition, Pakistan and Burma can also serve as conduits to the Indian Ocean Region. Unsurprisingly, China seems to be reluctant to forgo the sunk costs incurred in these countries. In fact, China refuses to learn from the United States' experience, where blind reliance on extremist Islamic regimes as strategic assets and cheap force-multipliers along the borders of the Soviet Union, has boomeranged. This is evident from China's recent willingness to court, among others, the Fijian military and also its readiness to deal with unpopular regimes in resource-rich or strategically important countries.

So, it seems that in its quest for greater power in the global arena, China is straining the international system. It is supporting regimes that it would love to see disappear when it achieves strategic predominance, whatever that might mean in a world that abounds in long-range nuclear missiles. For instance, by manipulating Pakistan to corner India, and North Korea to keep Japan and South Korea engaged, China is encouraging regimes that won't suddenly change should China achieve its strategic goals. China could still take heed of the United States' current problems and reverse its myopic policy of supporting such regimes. By doing so, it would contribute to global stability by coming to the aid of millions now suffering under these regimes and also make its life as a potential global power easier.

But, unfortunately, "communist" China seems to be condemned to repeat the mistakes of "neo-colonial" United States. This is because reversing its policy abroad would force it to forfeit diplomatic and military investments. It would also affect China's domestic political scene where, despite the growing incidence of civilian unrest, the Communist Party is steadfast in maintaining the idea that political liberalisation should wait. So, the nature of the Communist Party is an impediment in more ways than one. On the one hand, as pointed out earlier, one-party rule limits China's ability to credibly propose reforms to the international system. On the other, it promotes a foreign policy that relies on myopic engagements with perverse regimes abroad. This explains, to some extent, the contradictory postures in China's foreign policy.

The Future of China's Overseas Strategic Investments

In the short-term, countries like Pakistan and North Korea will be a source of concern for China's competitors. But, in the medium to long run when China should have overcome its

military constraints and emerged as a high-income country, these countries will present it with newer international constraints that will add to the persistent regional political constraints discussed earlier. There are six reasons for this.

First, political repression and economic distress make such states potential sources of refugees. China may end up hosting such refugees if the domestic situation in North Korea or Burma deteriorates dramatically. In fact, Burma's neighbours, like Thailand (and to a lesser extent India, Bangladesh, and China), are already hosting a large number of refugees belonging to ethnic minorities.

Second, almost two-thirds of Chinese territory is populated by ethnic minorities that have not been completely overwhelmed by Han settlers and ethnic tensions continue to simmer. In this context, an unpredictable Pakistan, bordering ethnic minority regions of China, could potentially encourage independence movements. Ironically, soon after defending Pakistan's sincerity in the aftermath of Osama bin Laden's death, China was compelled to blame Pakistan-based Islamic extremists for fomenting trouble in Xinjiang province.

Third, sooner rather than later, countries at the receiving end of the Chinese policy of "encirclement" will respond in kind, completing a vicious circle. The increased willingness of outside powers to engage China's neighbours, like Mongolia and Vietnam, is a case in point. What is more interesting is that now even Burma is responding positively to overtures from outside powers.

Fourth, China will find its investment in countries like Pakistan and North Korea growing beyond reasonable limits and, consequently, much more difficult to give up. The reason is that China's support makes the current regimes in these countries relatively impervious to potential international sanctions, which, in turn, discourages domestic opposition. Muted domestic opposition further limits the international community's options, which then feeds back negatively to whatever domestic opposition there may be, ultimately forcing the country into a low-level political equilibrium. If such a regime's diplomatic isolation grows and its international economic options diminish, then it will become increasingly dependent on Chinese support. In this context, it is worth noting that China is already one of the most important trading partners and a vital source of foreign investment and defence supplies for these countries. However, it may find it difficult to cut off that support when further support is not mutually beneficial. This is because of the massive sunk costs already incurred in nurturing a strategic relationship, particularly with the armed forces of such countries. But, in such circumstances, continued support means increasing those sunk costs and greater difficulty in reversing the existing foreign policy.

There is one more reason why China cannot readily withdraw support from a variety of pariah/semi-pariah regimes, which are clients for its military industries. In the short run, these regimes do not contribute substantially to the production volumes of China's defence industries. China possibly hopes that, in the long run, these clients could help it break into the lucrative international arms market and also gain strategic clout; but this is not a promising policy for two reasons. Like the United States, China could one day find itself in the line of fire of the weapons it is supplying to perverse regimes. Also, there are exogenous limits to China's share of the international weapons market. Most of world's top defence

spenders are China's competitors (the US, Russia, India, Japan and ASEAN countries) or captive clientele of China's competitors (like oil-rich West Asian countries). China's clientele would, therefore, mostly remain confined to smaller countries that need showcase weapons and tyrants who have few other options. Still, China's state-owned enterprises that have secured preferential access to the markets not provisioned by the West, will oppose severing ties. Ultimately, the fact that China's trade with countries like North Korea and Pakistan pales into insignificance in comparison to its trade with South Korea, Japan, and India, is likely to dictate its foreign policy.

Fifth, after it assumes international policing responsibilities as a global power, China could find its influence on countries like Pakistan and North Korea waning. There are two reasons for this. One is that the regimes that are presently in its good books could join its competitors once China exerts pressure upon them to behave; just as Pakistan's leaders these days rush to China whenever the United States demands sincere participation in the War on Terror. The other is that these regimes could also channel domestic discontent against China; just as Pakistan often directs domestic discontent towards the United States. In fact, as argued next, China could face a popular backlash even if it continues to maintain good relationships with these regimes.

Last, but not least, a reliance on state influence to obtain lucrative contracts from authoritarian regimes and a willingness to diplomatically bail out such regimes in exchange for strategic concessions could prove to be costly in the medium to long run. This course is reminiscent of the United States' risky engagement with petro-Sheikhs and Pakistan. China could end up on the wrong side and face popular backlash when the current incumbents are deposed. China's difficulty in engaging with the new regimes in South Sudan and Libya is a case in point. Burma, North Korea and Pakistan (after the military is subordinated to the civilian leadership), could present China with much more serious challenges.

In fact, China risks popular backlash for yet another reason, namely, the mode of its economic engagement. The generally bad environmental and labour management by Chinese companies often shows China in a poor light; for example, the outrage against the Myitsone Dam project in Burma. Furthermore, Chinese companies largely depend on Chinese labour, which disappoints locals who could potentially benefit from China's investments.

To make matters worse, the myopia of China's foreign and economic policies is compounded by an empathy deficit. Here again, China has missed the lessons that the United States' experience has to offer. For instance, China's Pakistan policy seems to be based on the belief that while the people of China love to prosper and win Fields Medals and Nobel Prizes (in sciences, of course), the people of Pakistan love to wallow in medievalism and poverty. It will be surprising if, in the medium to long run, this does not generate a popular backlash against Chinese involvement in Pakistan.

In short, in the medium to long run, the perverse regimes in its good books would divert China's attention from more important domestic and global problems; just as formerly useful authoritarian Islamic regimes currently provide the United States with a major foreign policy challenge and distract it from more serious problems. In light of the above, we can

argue that perverse regimes that presently help China to fulfil short-term strategic goals will, at some stage, turn into liabilities, impeding China's strategic autonomy and its capacity to achieve its longer-term goals.

Concluding Remarks

Chinese foreign policy towards North-East and South Asia is unlikely to shed its inherent inconsistencies in the foreseeable future, because of massive commitments in countries that serve as cheap force-multipliers. Its policy advice will continue to be divided between those who favour reliance on easily available shortcuts against competing powers and those, aware of binding constraints, who urge caution. This division will assume greater significance as a new generation of Chinese leaders assumes power in an uncertain international environment. In the medium to long run, however, just when some of China's binding economic and military constraints are expected to relax, the remaining constraints on its propensity to aggression will be complemented by newer ones, as overseas strategic investments either wither along with the currently co-operative regimes or turn hostile.

In short, a rising China would be unable (and, therefore, unlikely) to sustain aggression abroad over extended periods; but this does not mean that it will not be involved in aggressions at all. While instances of direct aggression, if any, will be brief, China will continue to rely on overseas force-multipliers for as long as possible. Consequently, there are limits to what countries in conflict with China can achieve through diplomatic engagement – despite which they will face Chinese aggression, both supported and limited, by structural factors. Nimble defences should, however, be sufficient to deal with occasional Chinese aggressions.

Foreign and defence policies based on an understanding contrary to the “structural” hypothesis discussed here, will result in China's neighbours overinvesting in defence infrastructure and pursuing inappropriate diplomatic initiatives. They will not only fail to meet the “threat” posed by a rising China, but also further escalate any arms race in the region. On the other hand, by seeing the Chinese “threat” for what it is, China's neighbours will not only avoid the misallocation of scarce resources, but also leave room for constructive engagement. This suggestion could be misleading in two cases, which are not mutually exclusive. First, if there are strong reasons to believe that, in the near future, North Korea and Pakistan are very likely to become involved in conflicts with their neighbours to deflect attention from domestic problems, and that China will support them to secure its strategic investments in those countries. Second, if the lobby whose immediate interests are served by an escalation of international conflicts, is more likely than not to be pushed into a corner in the course of internal power struggles within the Communist Party.

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