

CHAPTER 5

CHINESE FOREIGN POLICY DURING THE POST-MAO ERA

5 Chinese Foreign Policy During the Post-Mao Era

5.1 Introduction

In 1976, China lost two of its most prominent leaders: Mao Tse-Tung, first Chairman of the Chinese Communist Party and CPC Central Military Commission and Chou En-Lai, Premier of the People's Republic of China and the Vice-Chairman of the Communist Party of China. Both the leaders had contributed significantly to create a base for China's rise as a great power during their reign. They had a vision of what Chinese people need but the bipolar system of Cold War had created a challenge for China to manage the external environment and rise continuously in the domestic environment simultaneously. The international system entered into a new pattern of interaction with an interdependence approach in 1970s. Both the superpowers - U.S. and U.S.S.R. - entered into the phase of détente. When there was high tension between superpowers, China was longing for an important role to play in the system but during détente China formally got a chance through UN Security Council to play an important role in the international system.

The transition was taking place not only in the international environment but also in the domestic environment in China. Almost all major political, economic, military as well as decision-making process underwent a transition in China. The actual rise of China can be seen in this era during which the transition is carried out by focusing on the actual power generation policies and its implementation. The chapter consists of various continuities and the transition in the above aspects in detail. This chapter is confined to 1979 to 1990 period of foreign policy continuities and changes. The first section consists of various modifications in the political aspect as discussed below.

5.1.1 Post-Mao Political Transition

Major modifications started taking place after the failure of Cultural Revolution to bring expected result. China had a Central Government, where power was centred into the single authority and in the Communist party. It was a critical phase to continue all the decisions and policies amongst different factions which existed and hence wise decision makers were required to normalize the unrest amongst the Communist Party, bureaucracy as well as millions of people who were getting affected who had lost properties since the establishment of the People's Republic of China due to Great Leap Forward or Hundred Flowers Blossom or the famine affecting the Commune system. Mao, after the death of Chou En-Lai, had decided Hua Kuo-Feng as his successor. "The new leadership who succeeded Mao Tse-Tung was centred around Hua Kuo-Feng, Yeh Chien-Ying and Li Hsien-nien" (Jurgen, 1985, p. 140). The main goal was to restore economic and social stability at the domestic level and "carry on Mao Tse-Tung's philosophical thoughts in the development as that was the only basis for Hua's legitimation as Party leader" (Jurgen, 1985, p. 143).

Hua Kuo-Feng introduced agricultural and rural societal policies by making changes in the Constitution through further opening up opportunities for radicalization of rural societal policies. But the implementation of Four Modernizations got possible only after Deng Xiaoping returned to CCP.

Deng Xiaoping was of moderate views and was the most experienced leader who along with Peng Dehuai was purged during the Cultural Revolution from CCP. "Alone of the world's Communist leaders, Deng Xiaoping has charted a course that has combined for his country rapid economic development, successful economic reform and openness to the

capitalistic international economy with continued dictatorship of Communist Party” (Yahuda, Deng Xiaoping: The Statesman, 1993, p. 551). His wisdom to understand the international system and giving a clearer economic foreign policy with a strong nationalist character makes him a statesman. He made a public appearance back in 1973 in Beijing with Mao’s consent. The next year in January 1975, Deng was “promoted to be a Vice-Chairman of the Central Committee and was listed among the Vice-Premiers appointed by the National People’s Congress and also was appointed as Chief of the General Staff” (Gardner, 1982, pp. 62-63).

Deng as a moderate and Chou En-Lai’s close associate was keen to implement Chou’s call for the ‘Four Modernizations’ which were discussed within the Party. The moderate faction tried to identify the flaws in the existing system and found that reforms are required for the developmental process in the party, current leadership, economic policies at the domestic level and improvement in the relations with great powers as well as neighbouring states and regions which had “resulted into three major policy documents on 1) ‘On the General Programme of Work for the Whole Party and the Whole Nation’, 2) ‘Some Problems in Accelerating Industrial Development’ and 3) ‘On Some Problems in the Field of Science and Technology’.” (Gardner, 1982, p. 68).

“During the fifth plenum from February 23 to 29, 1980, Hu Yaobang and Zhao Ziyang were elected to the Standing Committee of the Politburo”(Gardner, 1982, pp. 174-175). The power of the moderates had become stronger in the party and major positions were now replaced at all the levels by the reformer or moderate faction led by Deng Xiaoping. In a meeting in 1980, Deng discussed his analysis of what was the appropriate policy option to be adopted and implemented for China’s rise as a great power (Gardner, 1982, p. 175).

After the meeting held by Deng, Hua Kuo-Feng announced his retirement and suggested Zhao Ziyang to take his position as a premier. “Hua also announced that a number of veteran cadres, including Deng and Li Xiannian, had given up their posts as Vice-Premiers because they were ‘advanced in age’.” (Gardner, 1982, p. 177). China had undergone major transformation during this era where these facts and history might be useful as a background to understand the continuity and changes in the foreign policy discussed in this chapter.

5.2 Continuities in Chinese Foreign Policy in Post-Mao Era

Foreign Policy is a dynamic process but it always changes gradually hence along with the changes in the foreign policy of China in post-Mao era, there were few fundamental characteristics of Chinese foreign policy which did not change immediately after Mao’s death. The scholars and students might be able to analyze each step towards the rise of China through this discussion on continuities and changes in Chinese foreign policy during the post-Mao era.

5.2.1 Continuities in the Objectives of Chinese Foreign Policy

As discussed in previous chapter about the objectives of Chinese foreign policies, there are several objectives that had continued with emphasis on the goal of modernization. The basic goal of security has obviously continued. China’s several attempts to include Taiwan, Manchuria, Inner Mongolia, Sinkiang and Tibet also had been continued. But in order to achieve these goals, China had identified to give prime emphasis to the objective of Four Modernization and delineate foreign as well as domestic policy accordingly.

The other goals to be identified were as a sovereign state had been achieved in the previous era. The continuity in the anti-hegemony and anti-imperialism has been analyzed in the systemic level objectives. But to attain the above mentioned goals, there are certain approaches as well as path to move on. The continuities in the means to achieve the end are discussed in this section.

5.2.2 Continuities in the Means and Approaches of Chinese Foreign Policy

Each great power has taken a distinct path in order to rise as a great power and China is no exception to skip that part to rise as a great power. China had been focusing on the relationship with the superpowers as a means to generate power. During Mao era, China tried to lean towards the Soviet Union and jumped into various conflicts on behalf of the Soviet Union to bring more number of states under the Communist bloc. In return, Chinese military got various benefits as well as China could raise its GDP with the help of agricultural policies. The methods to have profitable relations with superpower had continued and also to receive the techniques of power generation with the help of superpowers continued. The change in its approach has been discussed in the later section of this chapter.

The foreign policy approaches as discussed in chapter 3 explain that the continuities in the nature of state and decision-making process help one understand China's foreign policy behaviour during the transition phase.

5.2.2.1 *Continuities in the Nature of State*

Firstly, the nature of the State i.e. the political nature remained the same as it was during the Mao era. China advocated socialism and Mao had dreamt to attain the “stateless and classless society” which was the end. This end continued during the Deng period but only the means to achieve the end had changed. To achieve this goal in the post-Mao era, Deng Xiaoping came to power and continued Chou En-Lai’s dream in his “Four Modernization” goal of 100 years for the development of China.

Secondly, though China adopted capitalist means in its foreign policy for the developmental process, Mao’s aim to remain anti-imperialist had been continued even in the post-Mao era. Though the moderate leaders took over the power and introduced reforms in political and economic aspects of China their stand for anti-imperialism and anti-hegemony remained the same. Probably, these are the two aims which helped China to rise as a great power through which they could gain the trust from other super power and great powers in the world. Mao’s Third World leadership dream was continued during the post-Mao era. As there are continuities in the nature of the state, there are several continuities in the decision-making process also.

5.2.2.2 *Continuities in Decision-Making Process*

Firstly, Mao was the most powerful leader and the sole decision-maker whose decisions were accepted by other party members and political leaders. Deng, though moderate, continued to be the pre-eminent leader. The decisions taken during the post-Mao era were either taken by Deng or he was consulted before the final decisions were taken. Deng’s approval in all decisions was must.

Secondly, the role of the Central Secretariat as well as Politburo and its Standing Committee remained same in the decision-making process. Though The Central Foreign Affairs Leading Group (CFALG) was established, they had to prepare only policy drafts while the final decisions were delineated and finalized by the Central Secretariat and the Politburo.

Thirdly, the role of CCP and the PLA i.e. the party system and the military system in the foreign policy decision-making continued the way it was during Mao era.

5.2.2.3 *Continuities in Foreign Economic Policy*

In the foreign economic policies, there are several strategies that had continued even in the post-Mao era. One of them is the import substitution strategy that continued even in the post-Mao era. Deng Xiaoping continued the import substitution strategy in order to promote Chinese goods in the markets of the world. Gautam Sen has discussed that these strategies prevailed during Mao era. But these strategies could not give proper boost to the economy of China due to its occupation in several conflicts. The creation of economic zones was a plan that had been implemented but due to the effects of Cultural Revolution, the idea was dropped which had been revived during post-Mao era (Sen, *Post-Reform China and the International Economy: Economic Change and Liberalisation Under Sovereign Control*, 2000, p. 929). The economic policy of import-substitution strategy had continued from the Mao era. As there are continuities in foreign economic policy, so are in the foreign security policy.

5.2.2.4 *Continuities in Foreign Security Policy*

The strategic thinking during Mao era was driven by more offensive approach and China was engaged in several conflicts which continued with its support in Vietnam War even

in the post-Mao era through United Front. The army of red guards also continued with technological advancement and the extension in Naval and Air Force wings of the PLA. China also kept on advancing in preparing ballistic missiles and nuclear power during post-Mao era. Lee Ngok discussed about the PLAN's advancement during Deng era as "With adequate surveillance support and maritime air defence capabilities, the People's Liberation Army Navy (PLAN) can cooperate in an environment 600 nautical miles from the home base and project power against its adversaries... In turn, the nuclear-powered attack submarines and Romeo class patrol submarines reinforce China's naval combat power against littoral states which do not possess high-level anti-submarine warfare capabilities" (Ngok, 1991, pp. 5.6-5.7).

5.2.3 Continuities in the Relationship with Other Actors of International System

China's relations with Soviet Union had worsened during Mao era. This continued even in the post-Mao era. The formal political and economic relations had continued in the Sino-Soviet relations. Due to the Sino-Soviet rift, relations with Eastern European states were not good during Mao era. That had continued but the change in European Union structure had brought several changes in the equations between China and EU in the post-Cold War era.

The improved relations with United States also continued during the post-Mao era. It had taken China to a new stage that brought back its confidence. China's relationship with Great powers continued but the equations had obviously changed. And the changes in the foreign policy are discussed as follows.

5.3 Changes in the Chinese Foreign Policy During the Post-Mao Era

As discussed above foreign policy is a dynamic process. It undergoes gradual changes. The continuities in the post-Mao foreign policies have been discussed but there are major changes that have actually contributed in China's rise as a great power. China could begin enhancing power during this era which has continued till now in contemporary times of 21st century. In order to understand the other changes in various aspects of foreign policy let us begin with the changes in the foreign policy objectives.

5.3.1 Changes in the Objectives of Chinese Foreign Policy

At the time of establishment of PRC, its foreign policy objective was based on ideological goal to be achieved to bring prosperity amongst the people. Mao Tse-Tung got initial success in creating the background but his isolationism and self-help policy in the international system could not achieve the goal of China's great power status, consequently the time had arrived to bring reforms in the enhancement of capability of state by strengthening economy, military and diplomatic relations with the other great powers in order to survive and sustain in the international system.

Deng with his far sight tried to normalize relations with other great powers through economic reforms as well as military reforms to enhance the capabilities and with a motive to rise as a great power. In order to improve relations with other states, trade was the only means which could help to break the isolation and actively participate in the existing system. "A main motivation of Deng's open-door policy is to attract foreign investment" (Chow, 2007, p. 326). The main objective of Chinese foreign policy was to enhance the capabilities with its foreign policy to become more powerful and participate actively in the international system.

5.3.2 Changes in the Means and Approaches of the Chinese Foreign Policy

The means to rise as a great power is to enhance the capabilities and activate the power it possesses. Changes in the economic, political, military aspects along with the changes in the nature of the state and the decision-making process that can help understand the foreign policy approaches adopted by the Chinese leaders in the post-Mao era. As foreign policy is a dynamic process, there are few gradual changes that have taken place in the post-Mao era.

5.3.2.1 *Changes in the Nature of the State*

In the nature of the State, the political nature had continued but the nature of the state had changed in the economic aspect. Let us understand the change in the economic nature of the State of China in the post-Mao era.

The first change which took place in post-Mao era was change in the means. The revolutionary means adopted by Mao Tse-Tung resulted into an adversity as neither policies such as Great leap forward nor the Cultural Revolution of 1968 helped him attain the enhancement of capabilities for China to achieve the end to rise as a great power. Consequently, the revolutionary means were dropped and economic means to rise as a great power were adopted.

Secondly, Deng Xiaoping who was a visionary leader designed the future of China by partly adopting liberal capitalist means of economic development and politically a Communist path by giving it a name of “building socialism with Chinese characteristics” so as to rise as a great power which was called “national communism” (Yahuda, Deng Xiaoping: The Statesman, 1993, p. 555). Probably, socialism with Chinese characteristics could be considered as Marxist-Leninist-Maoist-Dengist thoughts in which Deng tried to

implement Mao's thoughts to rise in his unique way with the pattern adopted by Western states and the other states to rise as a great power.

The "Four Modernization" by Chou En-lai brought a 50 percent change in Mao's style of working with revolutionary approach. The moderates were milder in approach compared to the extremist style of Mao's and radical faction's working pattern.

The reforms were thus introduced by identifying the appropriate reform policies which had been implemented by other states to rise as great power which were modified to make them suitable for Chinese people by adding Chinese characteristics. "In his report "On Questions of China's Four Modernizations and Reform", Comrade Hu Yaobang, Chairman of the Central Committee of the Chinese Communist Party, made clear that our general principle should be for us to proceed from actual reality and carry out the reform comprehensively and systematically, and determinedly and methodically" (Shaozhi, 1983, p. 47).

Thirdly, to bring Four Modernizations in effect, the leaders tried to scrutinize the system and identified the places where the reforms needed to be launched beginning from the political aspect, the form of government dealings with the public in all political and economic sectors were through adopting democratic means to achieve goal to rise as a Great Power (Shaozhi, 1983, p. 49).

In a way, Deng-Xiaoping's attempt to launch reforms was almost more than 90 degrees and less than 180 degrees. We can say that the ends remained the same but the means were shifted from practicing reforms in two most affecting sectors – political and economic life of Chinese population. Deng Xiaoping had "launched a pragmatic-revisionist approach in which the new leadership insists on "finding truth" from

practice”(Chang, 1984, p. 280). As the reforms were launched gradually from practicing, the initiation of reforms began from changes at political level in the decision-making pattern of foreign policies and reforms in the structural aspects in the party and bureaucracy while reforms in the agricultural sector and industrialization were introduced for the economic reforms. These were the most pivotal changes which have been discussed in detail in this chapter.

5.3.2.2 *Changes in the Decision-Making Approach*

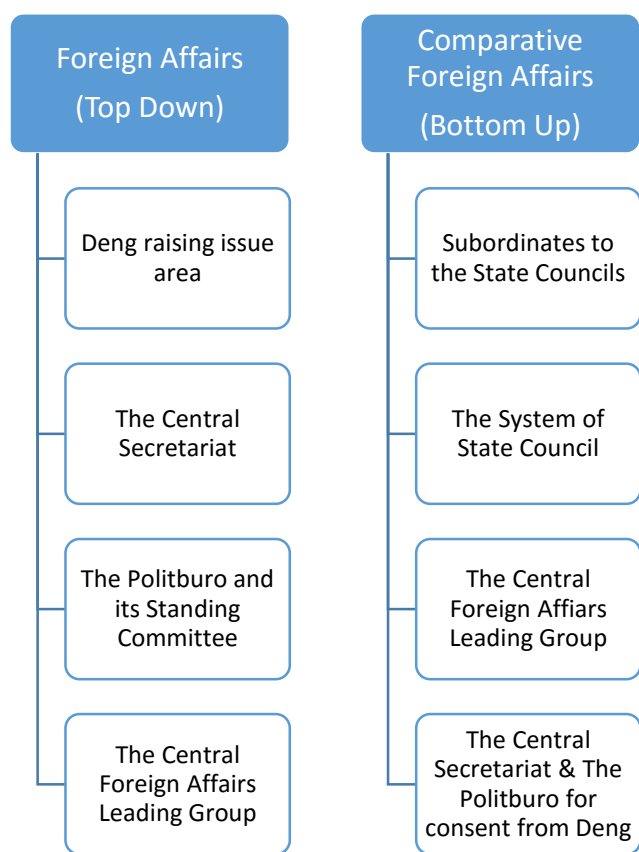
Decision-making process is one of the key aspects which should be analyzed while studying the role of China’s foreign policy in its rise as a great power.

Post-Mao era has mainly focused on the changes and reforms needed to be introduced for China’s rise with the help of foreign policy. The most crucial factor of the success of foreign policy is its precise decision-making and correct implementation at both the levels i.e. foreign policy with other international actors as well as within the state. China’s leaders not only focused on changing the policy but also changed the decision-making pattern which was earlier popular during Mao era.

Deng Xiaoping had firstly introduced different institutions for the foreign policy decision-making. The Central Secretariat (1980-1987), The Politburo and its Standing Committee, The Central Foreign Affairs Leading Group (CFALG), The System of State Council and The System of the Party & the Military are the main institutions which contributed either in providing the correct information to the pre-eminent leader or to implement the policy designed by the pre-eminent leader in accurate form. “China’s decision-making process reveals “multiplicity” during Deng’s era. Deng handed decision-making authority down to other leaders through institutionalization. Deng was still the pre-eminent leader with

final authority, yet his role in the decision-making process depended on the different issues and concerns”(Hsu C.-C. , Foreign Policy Decision-Making Processin Deng's China: Three Patterns for Analysis, 1999, p. 198). The pre-eminent leader along with retired elders as well as the leaders in power was mainly taking all foreign policy decisions. During post-Mao era, “The most important leaders were Chen Yun, Li Xiannian, Bo Yibo, Peng Xhen, etc”(Hsu C.-C. , Foreign Policy Decision-Making Processin Deng's China: Three Patterns for Analysis, 1999, p. 201).

Figure 5.1: Flow of the Hierarchical Pattern in Decision-Making of Foreign Policy:



The institutional personnel used to work in a typical two-way hierarchical pattern of process from top to bottom and bottom to top information and policy implementation channel. “The former one signifies that top leaders used to raise the policy issue, or they

formed a decision by taking the issues directly to the highest decision-making institute.....The later one signifies that the lower bureaucracy raised the policy issue to the decision-making group”(Hsu C.-C. , Foreign Policy Decision-Making Process in Deng's China: Three Patterns for Analysis, 1999, p. 202). This was a significant change which was seen in the decision-making pattern where Mao had taken all the decisions mainly himself or consulted his elite party members whom he trusted during crisis situations. While Deng's style was more democratic and he took opinions from his bureaucratic officials in certain matters which were related to the proper implementation of the policy or getting accurate information regarding the actual scenario within the state. He even raised issue-areas and used to delegate for the drafting of policy to his officers. “Unlike Mao, Deng's political style leaned toward consultation and consensus rather than coercion. Deng also had less authority and power than Mao and he has tolerated different opinions at the top level. Deng emphasized and highly valued opinions and consultation...”(Hsu C.-C. , Foreign Policy Decision-Making Process in Deng's China: Three Patterns for Analysis, 1999, p. 203).

Deng Xiaoping had established a special institute called The Central Foreign Affairs Leading Group (CFALG). This central group was at the middle level as per the hierarchical pattern of decision-making process in both the matters of foreign affairs as well as comparative foreign affairs. The unique part of this institute was in case of two or more different policy options, the CFALG used to send all the options to the higher decision-makers for their opinion to select the best applicable policy option by the pre-eminent leaders (Hsu C.-C. , Foreign Policy Decision-Making Process in Deng's China: Three Patterns for Analysis, 1999, p. 210).

In the technical matters of economic trade, Deng delegated his powers of decision-making to the State Council by considering the accurate production and requirement of the goods in the market.

5.3.2.3 *Changes in Foreign Economic Policy*

Economic policies are the main sources of power enhancement. China had focused on foreign economic policies in order to enhance its power. The domestic policy introduced during Mao era could not help China rise as much as it was expected and required to achieve the goal. China got bigger opportunity by opening up to the foreign markets. It proved beneficial in both terms- qualitatively as well as quantitatively. Competition of the products in foreign markets generated demand of finely produced goods, which helped it to improve the quality and quantity of goods. Thus foreign capital and foreign markets have contributed in the modernization process of China. “In line with this, Chinese economic reformers have used competition from imported goods to force Chinese enterprises to become more efficient, and have encouraged foreign investment to improve Chinese technology and management practices”(Saunders P. C., 2000, p. 57).

5.3.2.3.1 Foreign Aid

To achieve the foreign policy objectives, Deng had identified three sectors: political and economic. So the economic aspect chosen by Deng was appropriate and he tried to bring major changes with his own understanding and farsightedness to make china a powerful state. Consequently, the policy changes in the economic sector were given due importance for the rise of China as a great power which is as follows:

During Mao era, all the trade or business were restricted and required permission to carry out trade with any of the foreign states from the State government which during Deng era had changed. During Mao era, China was not a member of any international organizations such as World Bank or IMF and so the domestic procurement price did not match the international sale prices so as to ease the process. Chinese currency renminbi (RMB) needed to be convertible as well as opening up to the existing international market was required (Huang, 1999, p. 160). Consequently the reforms were introduced in the domestic as well as foreign policy.

Macroeconomic policy reforms introduced in post-Mao era were aimed to achieve China's growth in production to increase the export rate and reach the markets throughout the world as per the demand in the international market. There are four basic requirements for the production of goods those are land, labour, capital and technology. To enhance the rate of production, China had land and labour but borrowed capital and technology from the other states existing during Cold-War era with the help of its open-door foreign policy. All the major macroeconomic reforms were carried out by focusing mainly on the development of production and improving its relations throughout the world with its goods and services. Through this way China had adopted a neutral and unbiased position to establish its positive and defensive image in the world to become a responsible great power.

Though China had opened up for foreign aid, it has protected the key sectors of the local markets. This shows China's mercantilist approach which other states of South East Asia had adopted to raise their economy.

Philip Saunders is of view that “As China’s involvement in the world economy has deepened, Chinese leaders have sought to maintain a careful balance between the benefits offered by economic integration and the vulnerabilities it creates. The primary benefit is the chance to use foreign markets, capital and technology to fulfil the nationalist dream of turning China into a rich and powerful country”(Saunders P. C., 2000, p. 55). All these capital and technology are useful to invest in the strengthening of the military.

5.3.2.3.2 Foreign Trade

During Mao era there was no such scope to expand exports with the foreign countries as the policies framed during that time were delineated by keeping in mind the demand of the Chinese citizens while during Deng era the scope had widened as the policies were framed by keeping in mind the demand of the products in the international market. Contents of opening up of the policies are described by David Wall in his article that there was monopoly in the market that was removed so that a competition may encourage firms to produce better products. Another pivotal reform was the establishment of Special Economic Zones. “Furthermore, in what turned out to be an important addition to the reform package, four locations in China (three, Shenzhen, Zhuhai and Shantou, in Guangdong province and one, Xiamen, in Fujian) were designated as Special Economic Zones”(Wall, China As a Trade Partner: Threat or Opportunity for the OECD?, 1996, p. 335).

Deng had opened up foreign trade changes in export-imports, the goods and services which Mao did not allow. In order to enhance capability, Deng Xiaoping had identified the areas to bring reforms in agricultural sector, industrial sector and increase the

production to expand the foreign trade prospects throughout the world. Mao Tse-Tung's commune system was reformed by Deng with the goal of export promotion, formally adopted in August 1979... exports were identified as the principal method for acquiring foreign exchange for the modernization of China's economy (Sen, *Post-Reform China and the International Economy: Economic Change and Liberalisation Under Sovereign Control*, 2000, p. 929).

Foreign trade has made drastic changes in export-import. It had risen so rapidly that within a decade China could double its exports and earn twice "as much hard currency as did Soviet Union and Eastern European states combined"(Reynolds, 1989, p. 28). The foreign trade balance and growth rates within the decade are shown in the table below.

Table: 5.1 Foreign Trade Balance and Growth Rates, 1978-1988

Year	Trade Balance (Exports-Imports) (Billion US\$)	Annual Growth Rates (\$)	
		Exports	Imports
1978-80	-1.6	21.6	19.7
1981-83	1.3	13.1	4.5
1984-86	-5.1	5.4	30.1
1987	1.9	28.1	-1.2
1988	-7.7	20.6	27.9

Source: (Reynolds, 1989, p. 30)

5.3.2.3.3 Foreign Direct Investment

Foreign Direct Investment is a form of foreign capital which has been invested by foreign firms in the state which is receiving the investment inflows. China during post-Mao era adopted Open-Door policy to allow foreign firms to invest in China. This gave job opportunities to the Chinese population that reduces unemployment in the state.

Table 5.2: Foreign Direct Investment in China, 1979-1990 (Millions of US \$)

<u>Year</u>	<u>Contracted</u>	<u>Actual</u>
1979-82 (Cumulative)	6,999	1,767
1983	1,917	916
1984	2,875	1,419
1985	6,333	1,959
1986	3,330	2,244
1987	4,319	2,647
1988	6,191	3,739
1989	6,294	3,773
1990	6,987	3,755

Sources: (Lardy N. R., 1995, p. 1066)

The data shows, that it grew from modest amounts of a few hundred million dollars annually in the late 1970s and early 1980s to almost four billion dollars annually in the late 1980s

The neo-liberal institutional approach of foreign policy, China had opened doors for the MNCs to invest in China. This step has contributed to China's rise as a great power.

Today China is a base of multinational corporations such as Lenovo, Haier, Huawei, TCL and many more. Earlier during Mao era, the policies were focused on bringing changes into domestic production. Mao tried to advocate SOEs which had limited access to the foreign markets. But Deng had adopted great opportunity by adopting both the statist and neo-liberal approach in Chinese foreign policy.

The neo-liberal institutional approach of Chinese foreign policy can be traced in analyzing the role of foreign institutes like IMF, World Bank, etc to provide foreign capital to China. It had “borrowed money from multilateral lending institutions such as the World Bank and the Asian Development Bank; from national development banks such as the Japanese Overseas Economic Co-operation Fund; from national export-import banks such as the United States Export Import Bank; and from Commercial Banks”(Lardy N. R., 1995, p. 1065). Due to large funding and investment, China could focus on larger amount of production as a result of such foreign direct investments. The investors needed production of goods with huge labour force which they could find in China. Now this large production was easily supplied to the markets in the whole world (Kim, 1979, p. 492). Probably, that could be the base for the world to move on the path of globalization.

5.3.2.4 Changes in Foreign Security Policy

The foreign security policy had undergone drastic changes as the neo-realist offensive approach during Mao era towards its neighbours had turned into neo-realist defensive approach so there was a noticeable change in the security policy during the post-Mao era.

5.3.2.4.1 Strategic Thinking

China's security policy has been analyzed by its strategic thinking and behaviour which is "a systematic understanding of patterns of conflicts and crisis management would be a helpful addition to the evolving debate about the meaning of China's rise" (Johnston, 2009, p. 261). China's strategic thinking might give the scholars and students of Chinese foreign policy to measure and predict China's strategic behaviour with other states in future. There are different scholars who have expressed the strategic thinking based on their particular perspective. During Mao era, the strategic thinking of Chinese military was giving emphasis to the red guards - 'red over experts', which had changed during Deng period to 'experts over red'. The Naval and Air Forces got a start during Deng era as well as the introduction of technological sophistication in military got developed during Deng era (Lanteigne, 2009, p. 80). Many research centres were established which have contributed in 21st century to China's advancement in its space programmes.

China is accurate in the bilateral relations in carrying out trade matters but simultaneously can oppose the same state in matters of war or any other global issue. For example, bilaterally during Deng era, Beijing took all the technological, financial, as well as learning skills or training its citizens but opposed both the Soviet Union and United States in accessing power over China. Recently, When Chinese president visited India; they showed great pleasure in carrying out bilateral economic relations but simultaneously showed the limitations by its military on the borders. From these examples one can understand its cordial behaviour in matters of trade but offensive behaviour in terms of achieving its goals regarding borders.

5.3.2.4.2 Military Capability

China could successfully acquire arms from the great powers. Russian aids in terms of military technology has been stated as "... the acquisition of new weapons, especially from Russia: several squadrons of Russian advanced fighter aircraft, in-flight refuelling technology, several Russian troop transport aircraft, attack helicopters, surface-to-air missiles, several Russian Kilo-class submarines, three improved Chinese submarines, three guided-missile frigates, several missile patrol craft and two tank landing ships" (Joffe, 1997, p. 62).

The sources of arms acquisition were again the existing two great powers. In June 1981, the new Secretary of State Alexander Haig, paid an official visit to China during which he confirmed American agreement to sell 'dual usage' technology to China and promised to lift embargo on the sale to China on many kinds of offensive weapons also to step up co-operation between the war departments of two countries (Shutter, 1986, p. 132). From the above information one can analyze that Chinese development of Navy and Air force as well as technical advancement in arms production, training to the Military officials was provided by both Soviet Union and United States.

There have been different perspectives which are discussed by scholars based on their analysis of the strategic culture. According to Steve Chan, it was a deliberate strategic policy delineated to monitor the actions of China's potential adversaries and to deter them carrying out unwanted policies, as the domestic and foreign policy reforms during 1980s were of prime importance than any other conflicts in the international system (Johnston, 2009, p. 261). Beijing had very clear goal to rise as a great power, in order

to achieve this goal, she brought major reforms to adjust with the existing International Order and then gradually learnt to manoeuvre the adversaries into their allies and enhance its capabilities with whatever aids they get from the system.

There has been other analysis which throws a light on one of the biggest hurdle in achieving World peace is of arms sales. China is well known for arms sales in the international arms market during the 1980s, primarily selling to both sides in the Iran-Iraq war. The quantity of supply was high as it “estimated at \$21 billion for the years 1979-91” (Joffe, 1997, p. 60). “The General Staff Department and the Commission on National Defense Science, Technology, and Industry own the practical decision power for arms sale” (Hsu C.-C. , Foreign Policy Decision-Making Process in Deng's China: Three Patterns for Analysis, 1999, p. 214).

5.3.3 Changes in the Relationship with Other Actors of the International System

In the international system, during late 1970s and 1980s the bipolar system was existent and a Cold War situation was prevalent in which China's foreign policy reforms brought major changes and shifts in this Cold War bipolar system. China has acted as third party intervening in the conflict resulting into détente. During Mao era the foreign policy of PRC was isolationist as well as self dependent for their growth in terms of capabilities while in the Deng era, the open-door policy was adopted for the growth in terms of capabilities. Secondly, during Mao era Beijing granted loans to Third World countries while during Deng era they started accepting loans and help from the developed states as well as the international monetary organizations such as World Bank, IMF, Asian Development Bank etc.

5.3.3.1 *Changes in the Relations with United States*

After the visit by US President Nixon during 1972, the relations between America and China had taken off on the path of development. In 1979, America formally accepted and recognized PRC. This resulted into increase in trade and tourism by 200% (Faust, 2007, p. 137). China and United States formally opened up and established diplomatic relations with each other.

Sino-American relations during Reagan Administration had been more stable than the previous era. Reagan had dealt with China very tactfully and provided military and economic aid to China. Even China's actions with Tibetan activists and its relations regarding arms sales to Iran did not put any halt in the continuity of Sino-U.S. relations.

The diplomatic relations between Beijing and Washington which were initiated during Mao era got a proper thrust during Deng era. Beijing's diplomacy has contributed a systematic improvement in the Chinese foreign relations in the international system during Deng era. Deng could establish cordial relations with United States. While there were certain strategic issues such as Vietnam War, Cambodia issue of removal of Khmer Rouge in which China and U.S were in opposition to each other (Kreisberg, 1989, p. 118). President Reagan had aided and provided opportunity for the improvements in Chinese economic and military power as positively serving American interests by economic value to the United States. "This favourable situation allowed Beijing to pursue both economic growth and increased national power without worrying about reactions from other great powers"(Saunders P. C., 2000, p. 61).

5.3.3.2 *Changes in the Relations with Soviet Union*

Sino-Soviet Relations saw a complete change during Deng era compared to Mao era. It was a reverse process as during Mao era till Stalin's death, Sino-Soviet relations were cordial which worsened in the later stages during Khrushchev reign into Sino-Soviet rift. The Sino-Soviet relations in the initial years of Deng era until late 1980s were more in opposing condition in terms of ideological differences; developmental policy differences as well as China's views against Soviet invasion of Afghanistan. Sino-Soviet bilateral relations, China's role in United Nations, China's Communist approach by United Front were the causes which brought a thaw in tensions in the late 1980s.

5.3.3.3 *Changes in the Relations with Neighbours*

Sino-Japanese relations had been in unrest during Mao era after the establishment of PRC but Japan could establish diplomatic relations by 1972 only after America formally recognized it and the two countries established embassies in Washington and Beijing. The trade went on between both the states even during Mao era as well as during Deng era with the open door policy. The change that had occurred was China's insecurity in the Japanese "remilitarization" as it was aware of Japan's military strength in history. But the common factor between both of them was to maintain peace regionally and deter the growth of two great powers (Shutter, 1986, p. 187).

Deng Xiaoping found Japanese pattern to raise its economy impressive and logical. Faust and Kornberg have discussed it as "the combination of centralized, authoritarian political power with land reform, emphasis on industrial investment leading to quick growth, and promotion of exports was attractive to the Chinese leadership"(Faust, 2007, p. 190).

China and Japan have entered into economic interdependence through benefitting by exporting raw materials to Japan for its industries and buying technology and capital goods from Japan. So both have now developed cordial relations with each other. The relations regarding military are more sceptical and it is a matter of concern for China if Japan is remilitarizing in a few years.

The relations with India were in conflicting situation after Dalai Lama arrived in India during Mao era. 1962 war and Soviet support to India had virtually frozen relations between both the states. An agreement during Prime Minister Rajiv Gandhi's visit to Beijing in the year 1988 "apparently sobered by a war scare along their disputed border in 1986-87, Chinese and Indian leaders, meeting in New Delhi for an eighth round of talks in November 1987, agreed to upgrade their discussions to the political level while maintaining peace and tranquillity along the border pending a settlement" (Levine S. I., 1989, pp. 58-59).

With Pakistan, China had been having strategic relations as China tried to have good relations with almost all states which had been allies to United States- Japan, Pakistan, Southeast Asian states, Western European states, etc. Pakistan was of help to keep a check on Soviet invasion of Afghanistan. Its bilateral trade relations were cordial. China-U.S.-Pakistan is an anti-Soviet team of states which are together since the post-Mao era.

5.3.3.4 *Changes in the Relations with South East Asia*

ASEAN states as well as Vietnam and Cambodia had special relations with China. China's relations with these states are natural as there are many Chinese nationals who had settled in all these states. So Overseas Chinese was one of Mao's concerns to expand Communism through them with the help of United Front. However, during Deng era, trade was given preference as well as to change China's image globally, ASEAN was the key region, where its behaviour and actions helped China to get closer to United States. In earlier years when Vietnam War was going on, China tried to support the Communist Parties in the other states but later on China finally got successful in ousting Vietnamese military from Cambodia, where China opposed Soviet Union and took a stand in favour of United States.

The major change with ASEAN states was that the support to Communist parties was stopped during Deng era. Foreign Minister Li Peng promised that China will not interfere in the internal matters of those states and carry bilateral trade relations cordially (Levine S. I., 1989, p. 64).

5.3.3.5 *Changes in the Relations with Europe*

China's relationship with Europe has been well in contemporary times but its beginning can be traced back since 1978. During Deng era, China had mostly focused on bilateral relations rather than on multilateral arrangements. As the relations with Russia during that time were not good, the relations with Eastern European states were also not good. But the bilateral trade with the states such as United Kingdom, Netherlands etc, had economic relations with China. This was the phase that gave China a chance to understand the European states to deal with them as a group. So during later years after 1993, formal

establishment of supranational entity European Union, China was much comfortable to conduct its economic relations with EU.

5.3.3.6 *Role in United Nations*

During Mao era, China got a permanent membership in Security Council but still China needed to enhance its capabilities to be considered as a great power which can act as a balancer in the international system. Deng with his combination of altruistic values in expressing the Chinese perspective of World Order had been one of the key reasons for China to rise as a great power. Its normative structure presented in the United Nations, “System has been put into eight points by Samuel Kim as (1) anti-hegemony; (2) international egalitarianism; (3) populism; (4) anti-racism; (5) nationalism (which is closer to Herder’s cultural pluralism than to Hitler’s romantic chauvinism); (6) struggle at the dialectical imperative in resolving all types of contradictions; (7) self-reliance; and (8) mutual respect, state sovereignty, equality, and territorial integrity” (Kim, 1979, p. 491). These eight points are the key points to understand the Chinese multilateral diplomacy which it advocated in the United Nations through which Beijing by 1981 could make its independent policy towards both the great powers.

5.4 Reasons for the Transition in the Chinese Foreign Policy

The continuities and changes in the foreign policy are leaving a question why this transition was required and what could be its obvious reasons for the transition. There are several domestic factors as well as international factors that are responsible for the transitions that have been discussed below.

5.4.1 Domestic Factors responsible for the Transition

China is a state established with a purpose to rise and change its future with genuine efforts to enhance the power-capability of the state to become a great power. Mao era has witnessed a lot of issues such as Sino-Soviet rift, wars with neighbouring states, lack of economic-technological assistance, and people's participation as Red Guards in PLA, lack of technological advancement in military. David Chang has analyzed that "many policies of the past several decades should be modified or reversed. Major misdeeds of the Cultural Revolution must be corrected. Injured individuals and confiscated properties in the 1960s must be compensated"(Chang, 1984, p. 279). The first reason for introducing reforms could be to correct the mistakes which had occurred during Mao era.

The reform in the leadership after Mao's death was of significance as Hua was not able to address the issues which occurred and created unrest but he focused more on the spreading of Mao's thoughts. "During the first quarter of 1977, Hua was successfully able to restore some level of stability however, certain cases of sabotage and internal clashes were reported but Hua mainly focused on spreading Mao's thoughts by publishing his 1956 speech "On the Ten Great Relationships" (Jurgen, 1985, p. 144).

Another reason to bring reforms in leadership was the internal unrest amongst the party as well as the people. Mao's style of radical leadership was not appreciated by Chinese people. They were in need of somewhat moderate leadership which Deng could understand within two years of Hua's leadership. CCP's internal goals were set but the situation in the state bureaucracy and the social as well as economic unrest was to be addressed on urgent basis, due to different factions at different levels which resulted into loss of 45,000-50,000 lives during 1976-1977 as reported in more than sixty newscast reports (Jurgen, 1985, p.

141). Between these unrest lots of human rights demonstrations with democratic style started taking place. Many wall posters were posted in Peking which was soon called “the democracy wall” (Minchu Ch’iang) which was praised by Deng in his talks with foreigners (Jurgen, 1985, p. 159). It shows that the people of China were expecting moderate and liberal style of leadership in CCP. Hua could not succeed in controlling this situation which resulted into the transformation in leadership.

Along with the transformation in leadership, the decision-making process also required reforms. Mao’s style was authoritative and always took decisions solely, while Deng gave opportunity to the officials to express their policy ideas and took the decision based on the rational and best policy option available to him.

Another important reason for transition was the poverty of millions of people. There were more than 65% of people living below poverty line during the Cultural Revolution. This was the major crisis that needed to be addressed by the leaders to improve the standard of living of people of China.

5.4.2 International Factors Responsible for the Transition

There are many international factors which had its own role and contribution in China’s decision to bring reforms at almost all levels. One of the reasons could be that during Mao era, the economic development could not be enhanced to the expected results but the economic developments in the neighbouring states of the regions such as Hong Kong, Singapore, Taiwan as well as South Korea had been developed faster by mercantilism but China with its strategies could not develop faster.

Another reason for the reforms could be to convince the world which had been dominated by liberal Western states that China can become a responsible great power. For that China

had to open up and support interdependence to enhance its economic and military capabilities and enter into the power game of international system. Hence it was very much required to reform foreign policy to build a different image of China. "...liberals argue that increasing integration into the world economy and growing economic interdependence will enforce China's need to abide by the international rules of the game" (Saunders P. C., 2000, p. 59).

The realist views the vulnerabilities attached with the history and the dependence for the enhancement of capabilities but it was sure that if China is to develop as a great power, then it should open up to the world (Saunders P. C., 2000, p. 63).

The main reason for Chinese entry in the international system and breaking its isolation policy was United States' support to China in its developmental process. Probably, Sino-Soviet rift during Khrushchev era, was the reason which led US to facilitate China and bring an equilibrium in the Cold War situation which had reached to extremes during the Cuban missile crisis "...but US political support for China's entry into the world economy also played an important facilitating role and helped China gain access to Western capital and technology" (Saunders P. C., 2000, p. 61).

Another major perspective was discussed by Gregory Chow that it was essential for the domestic producers for larger scope of development through foreign competition. "Without foreign competition, the protected domestic producers have no incentive to improve their products or change their technology"(Chow, 2007, p. 321).

The above stated reasons - both domestic and international - were responsible for the transition in Chinese foreign policy during post-Mao era.

5.5 Conclusion

The post-Mao era was a phase of establishing firm foundation to take-off for the rise of China. In order to go for transition in various aspects such as political and economic as well as military, it was a challenging task for the leaders who took the control in the post-Mao era. Overall post-Mao transition was a shift from its radical approach and neo-realist offensive approach into an economic interdependent and neo-realist defensive approach in its foreign policy.

The initial 2-3 years were the crucial years for the Chinese leaders to bring political transition carefully with peace. The foreign policy objectives were mostly continued than changed in the post-Mao era. Only the emphasis to a goal of power generation was a change.

Earlier during Mao era, the means to raise economy was to bring reforms in domestic policies during the Deng era the means to raise economy was to bring reforms in the foreign policy. The foreign policy approaches obviously had changed from offensive to defensive realism and from radical to liberal interdependent orientation.

The relationship with other actors of the international system also underwent change during the post-Mao era. Overall, these relations during Mao era were based on ideology that has shifted to the economic interdependence as its base to extend them. Another change was China getting closer to the states that are allies of America and moving away from the allies of Soviet Union due to the continued Sino-Soviet rift.

The relationship with international actors such as U.N., IMF, World Bank, and other financial institutions had provided foreign capital to China during this era. The development of neo-liberal institutions such as multinational companies and non-governmental

organizations had started functioning in China which has contributed in the pivotal role of China in the international system in the next phase of globalization.

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