

SAP ASSIGNMENT

THE US-CHINA RELATIONSHIP AND ITS IMPLICATIONS FOR THAILAND: HOW SHOULD THAILAND BALANCE ITS RELATIONS?

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INTRODUCTION

In the 19th century, Thailand was the only country in Southeast Asia capable of maintaining independence from the rivalry between British and French imperialism when the neighboring countries, Burma, Malaya, and Singapore, fell under the rule of the British government; Vietnam, Cambodia, and Laos were under the French government. In the 20th century Thailand made skilful use of diplomacy, and was able to avoid being treated like a defeated nation at the end of WWII even though Thailand had declared war against the US and its allies. During the Cold War, Thailand was able to withstand the communism threat; in contrast, South Vietnam, Cambodia, and Laos fell to communism.

Many small countries may ask, “How did Thailand maintain its political autonomy?” There were two main reasons that could account for the survival of Thailand’s autonomy. Firstly, “flexibility” is a special characteristic of Thai diplomacy throughout its history. It bends like “bamboo with the prevailing wind” without damaging its trunk and roots (Morrison & Suhrke 1978, p.141). Secondly, “pragmatism” would be internalized in every course of action by all Thai leaders: “all alternatives were considered”, chosen prudently, and “implemented” successfully to cope with the challenges facing the country (Morrison & Suhrke 1978, p.109). These two actions had been a traditional element of Thai diplomacy

since King Rama IV (1851-1867). It was the traditional Thai diplomacy that saved Siam from British and French colonialism. Interestingly, one may ask whether the traditional Thai diplomacy could be applicable in the 21st century with the rise of China. As this strategic assessment paper argues, “the answer is yes.”

This paper will examine and analyze Thai foreign relations within the context of US-Sino relations and its implications for Thailand. It is divided into seven sections: (1) US-Sino-Thai relations from 1949-1975; (2) Sino-Thai alignment during 1979-1990; (3) US-Thai relations in the Post Cold War Era; (4) the growing Sino-Thai ties 1990-2007; (5) the US hegemony and its interests in Southeast Asia; (6) China’s rise and its interests in Southeast Asia; and (7) the major issues of US-Sino relations and the implications for Thailand.

THE US-SINO-THAI RELATIONS FROM 1949-1975

The relationship between the US and China has greatly affected Thai security since the end of WWII. Whenever US-Sino relations were in poor shape, Thai security suffered. In 1949, when the communists took control of mainland China, Beijing supported communist movement in Southeast Asia; as a result, the Cold War between the US and China began throughout Asia from the Korean War to the Vietnam War.

US-Thai relations began when the US stood by Thailand and mitigated the increasing pressures from the European powers that considered Thailand as a defeated nation and demanded war reparations at the end of WWII (Morrison & Suhrke 1978, p.109). General Pibun Songkhram became Prime Minister (PM) after his successful coup in 1947 during the time when Thailand was surrounded by conflicts within the societies of its neighbors: Burma was fighting against communist terrorists; British and Malay forces were struggling against communist guerrillas in Malaya; and French colonial authorities were clashing with the Viet-Minh communists in Vietnam (Nuechterlein 1965, p.57). What Thailand saw was the attempt

of communist fighting to overthrow the government in its neighboring countries. Fearing that China wanted to turn Thailand into one of the next communist satellites, PM Pibun asked the US for military aids to strengthen its armed forces to counter the communist threat; however, his attempt failed until 1950 with the onset of the Korean War and American containment policy against China (Baker & Phongpaichit 2007, p.144).

Why did the Thai elites see communism as a threat? There were two reasons:

(1) Communism was perceived from its first appearance in Thailand as ideology that was incompatible with core values of the Kingdom, namely religious, monarchy, and capitalism (Snitwongse 1985, p.250);

(2) Thai elites' perception was that the Vietminh, supported by communist China, was seeking to take control of Laos, and Cambodia thereby threatening the security of the Thai northeastern provinces.

The Korean War. The US interests in Thailand began to grow exponentially when the Korean War broke out on June 25, 1950. Upon the outbreak of war, the UN immediately convened the Security Council, which adopted a resolution that defined the North Korean invasion as an act of aggression and called on its member states to aid South Korea. Thailand enthusiastically offered more than 6,500 troops to assist the US and the UN in the Korean War (Chanlett-Avery 2005, p.7), and it became the foremost US ally to oppose communism in Southeast Asia. By the end of October 1950, North Korea retreated close to the Yalu River; as a result, Mao Zedong (1950, p.107) sent PLA forces to push back the UN forces to the south of Seoul. This was the first time in modern history that Thailand became involved in the antagonistic relations between the US and China.

During 1950-1952, the Pibun government took many actions to demonstrate its solidarity with the Western powers against the Communist bloc: (1) Thailand recognized the “anti-communist emperor Bao Dai in South Vietnam”; and (2) Thailand launched a campaign

against communist elements at home; consequently, the US provided US\$50 million in economic aid in return (Baker & Phongpaichit 2007, p.144-146). In 1953, the US National Security Council proposed Thailand as an anti-Communist model for Southeast Asia (Baker & Phongpaichit 2007, p.146).

Why did Thailand decide to become involved in the Korean War? There were two pragmatic reasons.

Firstly, Thailand hoped that the UN and its allies would protect Thailand in return if it was invaded by communists. Thailand was highly vulnerable to land-based invasions particularly from North Vietnam. It became clear that the influence of communism in Cambodia and Laos was increasing, and it was believed that communism would infiltrate into Thailand after its neighbors were swallowed into the communist bloc.

Secondly, Thailand took the Korean War as an opportunity to push for an alliance with the US. Thailand hoped that the US would commit itself firmly to protect Thailand in the same way it did to South Korea. In short, what Thailand did was to seek alliance with the US to aggregate their capabilities to balance against the communist threat.

Sino-Thai Relations in 1955-56. The Southeast Asia Treaty Organization (SEATO) was established in 1955 by the US following the signing of the Manila Pact a year earlier (Nuechterlein 1965, p.114). Its purpose was to maintain and develop the individual and collective capacity to defend its members—US, UK, France, Australia, New Zealand, Thailand, Pakistan, and the Philippines—from armed attack and counter subversive activities (Rafferty 2003, pp.353-355). Surprisingly, at the Bundung Conference (in 1955) the Thai Foreign Minister Prince Wan Waithayakorn talked with Zhou Enlai with the aim of establishing diplomatic ties with China in that year (Chinwanno 2008, p.3). As a result, Thai representatives met secretly with Mao Zedong in Beijing to discuss Sino-Thai relations in 1955 and 1956 (Mao Zedong 1955-56, p.175). In this meeting, Mao reassured Thailand that

China's government would support neither communist party activity in Thailand nor among overseas Chinese to oppose the Thai government. Mao also proposed a policy of "peaceful coexistence, friendship and trade" with Thailand (Mao Zedong 1955-56, p.176).

Why did PM Pibun seek an alternative of having relations with China while he was trying to obtain a commitment from the US?

Firstly, PM Pibun was not sure whether the US would be willing to contribute its resource to protect Thailand from the North Vietnamese forces because SEATO did not include an automatic defense guarantee (Nuechterlein 1965, p.116).

Secondly, after the Bundung Conference, Thai attitudes towards China were improved. PM Pibun took this opportunity to seek an alternative to hedge for the US stance and to gain the support from liberal politicians to counter the army led by General Sarit Thanarat and the police forces led by General Phao Siyanon (Baker & Phongpaichit 2007, p.147).

The 2nd Indochina War (1964-1975). The brief rapprochement in Sino-Thai relations ended when General Sarit conducted a coup successfully in 1957. Sarit's regime broke off relations with China and banned all Thai citizens from trading and communicating with China (Chinwanno 2008, p.4). Sarit's government welcomed the US to "set up a new bureaucratic infrastructure" such as a "planning board, budget bureau, and a Thai central Bank"; hundreds of senior Thai officers were sent to the US for training (Baker & Phongpaichit 2007, p.151). The US began to construct strategic infrastructure in Thailand such as roads, ports and airfield for military purposes.

After General Salit carried out his coup against PM Pibun in 1957, he reassured Washington that Thailand would continue to be a US ally in the fight against communism in Southeast Asia because he believed that China would not stop supporting communists in North Vietnam, Laos, and Cambodia as long as the US supported South Vietnam. It was,

therefore, useless to increase its relations with China which would undermine the rising US-Thai relations. As a result, the US increased economic aid for Thailand to \$US46.5 million for the year 1958-1959 (Nuechterlein 1965, p.133). To ensure that the US would promptly act against danger to Thailand, another treaty, namely, the 1962 Thanat-Rusk communiqué which provided Thailand with a US security guarantee independent of SEATO in which the Thais had lost faith (Brandon & Chen 2002, p.3).

During the 2nd Indochina War (1964-1975), the US and Thailand shared common interests of maintaining South Vietnam, and weakening North Vietnam's influence in Laos and Cambodia (Morrison & Suhrke 1978, pp.119-121). Baker & Phongpaichit (2007, pp.148-149) noted that Thailand had authorized the US bombers to fly from Thailand to conduct strike on North Vietnam since 1964, and about 45,000 US personnel were invited to operate in Thailand. They also indicated that "some 11,000 Thai troops" were sent to South Vietnam to support the US; Thailand facilitated the US to recruit Thai "mercenaries" to fight in Laos. In response to the strong US-Thai military relationship, Beijing increased support for the Communist Party of Thailand in order to pressure Bangkok to change its foreign policy in ways favorable to China (Gurtov 1975, p.45).

In 1971, President Nixon "began the process of normalization of relations with China," which led to President Nixon's own visit to Beijing in 1972; the US rapprochement with China was "to balance its growing antagonism with the Soviet Union" and "to weaken China's ties to Hanoi at a time when the course of the Vietnam War was not going well" for the US (Kaufman 2006, p.105). Nixon began to reduce the US forces in Vietnam from 550,000 to 20,000 in three years. Consequently, Thailand began to question whether the US, its ally, could be fully trusted, and its fears were confirmed when the US pulled all of its troops out from South Vietnam in April 1975. Finally, South Vietnam, Cambodia, and Laos fell to communism.

The fall of the three countries was the most serious security concern for Thailand. How could Thailand survive in dangerous proximity to the formidable threat of communism? According to Chinwanno (2008, pp.5-8), democracy returned to Thailand in 1973, and this helped normalize its relations with China. PM Kukrit's foreign policy was "flexible" and was able to readjust Thai relations with China after the US pull-out. He sought diplomatic ties with China to counterbalance the Soviet-communist support of Vietnam (Morrison & Suhrke 1978, pp. 134-136). On July 1, 1975, Thailand established diplomatic ties with China and demanded that all of the US troops had to be withdrawn from Thailand by the 20th July 1976 (Morrison & Suhrke 1978, p.131).

It could be said that there were five lessons to be learnt from the US-Thai relations in the 2nd Indochina War:

(1) Thailand's security should not be dependent upon one country because it would give less flexibility and fewer options for Thailand. If that country changed its policy and abandoned Thailand abruptly, Thai security would be vulnerable;

(2) Thailand is a peripheral interest of the US. Therefore, it is doubtful whether the US would commit itself firmly to protect Thailand;

(3) The dynamic of US foreign policy which could change, depending on which administration was in power;

(4) There is no permanent friend or foe in the international politics. Thailand has to be flexible and quickly adjust its policy according to a constantly changing international environment. If Thailand did not promptly change when the US changed its position to accommodate with China in 1975, Thailand would have been isolated and its security would have been jeopardized;

(5) Whenever power and a perceived threat were in a state of imbalance, Thailand needed to seek access to an alternative power to balance its "threat-power equation." Two

types of power that could be put into the equation are internal power and external power. Although the former was enduring, it consumes time to get access. In contrast, the latter could immediately be accessed from the great power but this kind of power was fluid. Therefore, the external power was suitable for counterbalancing a temporary threat when it was needed. If Thailand were not able to make the threat-power equation balance, its policy would have to seek an accommodation with the adversary; otherwise, Thailand's sovereignty could be in danger.

THE SINO-THAI ALIGNMENT DURING 1979-1990

In 1979, the Chinese vice Premier Deng Xiaoping visited the US after the Carter administration transferred recognition of the legitimate government from Taiwan to mainland China, and then adopted a "One-China" policy. US-Sino relations were better in this period and so were Sino-Thai relations. In contrast, Sino-Vietnam relations deteriorated and hit rock bottom with the 1979 China-Vietnam Border War. The purpose of the war was to pressure Vietnam to pull its troops out of Cambodia. However, the Chinese attempt failed.

After the US retreat from mainland Southeast Asia, Thailand had to quickly build its relations with China to counterbalance Vietnam. Similarly, China was interested in Thailand because it was seeking an ally in Southeast Asia to counterbalance Vietnam which it saw as a "Soviet client state". Both Thailand and China gave extensively material and political support to the Khmer Rouge to oppose the Vietnamese occupation (Robinson & Shambaugh 1995, p.363). China under Deng Xiaoping changed China's foreign policy significantly. China was "no longer dictated by political ideology" (Wang 2007, p.38). Instead, Deng emphasized stability and economic growth; consequently, Beijing stopped supporting the communist insurgency in Thailand, and declared that overseas Chinese had to adopt the citizenship of their countries of residence. "By taking these two important measures, major irritants were

effectively removed from China's bilateral relationships with a number of Southeast Asian countries" (Yuan 2006, p.5).

In 1985, Thailand's foreign policy declared clearly that it would emphasize its trade relationship with all countries. Thailand began to promote a policy of "omnidirectionality" whose aim was to have good relations with all countries including countries in the communist bloc (Ferguson 1994, p.26). The omnidirectionality policy was implemented successfully in Chatichai's administration during 1988-1991. PM Chatichai's goal was to transform the battlefields of Indochina into marketplaces, enabling Thailand's economy to expand rapidly during his administration.

China, however, opposed Chatichai's policy, particularly that of the reconciling with Vietnam's occupation of Cambodia. In spite of the differences, Thailand purchased several frigates, tanks, and anti-aircraft weapon systems from China at the "friendship price" (Yuan 2006, p. 42). Although the Chinese government decided to crack down on thousands of student demonstrators in Beijing's Tiananmen Square, Thailand did not criticize China. Instead, it kept good trade relations with China without interfering in China's internal affairs which was praised by Yuan (2006, p. 43) as "Thailand has managed its relationship with China skillfully despite its alliance with the US." In contrast, the US suspended military sales to Beijing and froze its relations temporarily.

Why was China interested in Thailand during 1978-1991? There were two reasons: (1) China wanted Thailand to support the Khmer Rouge in Cambodia to fight against the Vietnamese occupation; and (2) China wanted to trade with Thailand because its policy shifted the focus to economic development, reform, and opening up.

Why was Thailand interested in China during this period? Firstly, Thailand needed China's support for its security with regard to Vietnam's invasion of Cambodia in 1978. Thailand would be a frontline state if Cambodia were dominated by Vietnam.

Secondly, Thailand used improved Sino-Thai relations as an economic opportunity to expand its markets in China, which in turn would expand its economy and perhaps persuade China to stop supporting communist insurgents in Thailand.

US-THAI RELATIONS IN THE POST COLD WAR ERA

The overall US policy during 1977-2000 can be “characterized by benign neglect and missed opportunities” (Karl Jackson cited in Mauzy & Job 2007, p.623). At the same period, Thai foreign policy emphasized more relations with its neighbors, and emphasized less US-Thai relations (Chambers 2004, p.461). There were two reasons for this. Firstly, Thailand wanted to keep some distance from the US in order to improve its relations with China and its communist neighbors particularly Vietnam, Laos, and Cambodia which in turn made Southeast Asia more peaceful and stable. Secondly, Thailand’s economy shifted from agriculture to industry during this period. To expand its economy, Thailand needed supply source and natural resources within its neighboring countries to feed its industries (Snitwongse 2001, p.194).

After military coup in 1991, US-Thai relations improved a little. Thailand allowed US ships and aircrafts to refuel in Thailand during the 1st Gulf War; however, the US suspended its military cooperation with Thailand after the 1992 massacre in Bangkok. Although Thailand became a member of the Non-Aligned Movement in 1993, US-Thai security cooperation was renewed in the first Chuan administration (1992-1995). Cobra Gold and CARAT—US-Thai joint military exercises—took place in 1995. At the same time, the Chuan administration strengthened economic ties with China and promoted “the policy of constructive engagement with Myanmar as well as supported for the Khmer Rouge in Cambodia” (Chambers 2004, p.462).

During the first Chuan administration there were several conflicts in US-Thai relations. Examples were the trade barrier between Thailand and the US, the acceptance of Myanmar as an ASEAN member, and the refusal of the US pre-positioning depot ship in the gulf of Thailand in 1994. Why did PM Chuan refuse the US? Chambers (2004, p.462) explained that the Chuan administration wanted to have a foreign policy with a greater degree of freedom from the US; therefore, his government “increasingly sought greater balance toward other countries, especially China.”

Chavalit Yongchaiyudh (1996-97) became prime minister after PM Chuan. His policy was stressed even greater distance from the US because he wanted to maintain the balance between China and the US. For example, the US wanted Thailand to ban investment to Myanmar; however, PM Chavalit refused. Instead, his government even moved closer in its ties with Yangon and supported its application to join ASEAN.

In 1997, Thailand and all of the ASEAN nations faced the financial crisis beginning with the collapse of the Thai Baht and capital outflows; consequently, stock markets in all ASEAN nations were in jeopardy. Initially, Thailand asked the US for help, but this was rejected by the Clinton’s administration. Instead, the US left Thailand in the hands of the International Monetary Fund (IMF) which later imposed many trade liberalization measures and regulations in exchange for its assistance.

Why did the US initially refused to help Thailand with regard to 1997 financial crisis? There were probably two reasons:

Firstly, “the US shifted its focus in Southeast Asia from security to economic issues” during the Clinton administration (Mauzy & Job 2007, p.625), and it had promoted trade liberalization policies but they were not recognized by Thailand. The Clinton administration, perhaps, wanted to use the 1997 financial crisis as an opportunity to impose several trade

liberalization policies upon the Thai economy through the IMF (Brandon & Chen 2002, p.2); and

Secondly, Thailand did not align itself with the US policy as its policy leaned toward China. For example, Thailand engaged with Myanmar's military regime while the US policy opposed it. Thailand's stance undermined its policy toward Myanmar. The US perhaps took advantage of the 1997 financial crisis to reassert its influence.

Although many Thais perceived that the US was not eager to help in the 1997 financial crisis (Tow 1999, p.16), Thailand had to adjust its policy to accommodate with the US in exchange for economic support; for instance, the second Chuan administration (1997-2001) shifted its policy to accept trade liberalization and "allowed majority ownership over Thai assets"; in addition, the Chuan administration also replaced a "non-interference policy in Myanmar with a flexible engagement whereby peers could exert pressure on Myanmar" (Chambers 2004, p.463). In spite of the adjustment with the US policy, Thailand and the US had one major conflict which "Thai were appalled when the US blocked the choice of a Thai to head the WTO" (Chambers 2004, p.463).

Most of Thais believed that Chuan's ruling Democrat Party was too good to the IMF, but its economy had not been improved; This is why Thaksin Shinawatra who was a "populist, nationalist, and anti-foreign platform ... won the election in a landslide" and became PM in 2001 (Chambers 2004, p.463). Thaksin's foreign policy was similar to Chatichai's foreign policy which was driven by market economy and initially kept distance from the US. After 9/11, US-Thai relations became better when PM Thaksin decided to send 130 troops to Afghanistan and 450 troops to Iraq in the southern city of Karbala (Chanlett-Avery 2005, p.8); why did PM Thaksin decide to send troops to Afghanistan and Iraq? There were two critical reasons:

(1) Thailand needed the US economy to sustain Thai economic growth, and the US “judged countries by their willingness to help” (Secretary of the State Colin Powell cited in Chambers 2004, p.465). In other word, the Bush administration has developed economic ties with allies and partners through Southeast Asia “based on their support for the war on terror and the Iraq war” (Mauzy & Job 2007, p.630). If Thailand did not support the US, it might not support the Thai economy in return;

(2) Thailand perhaps wanted to demonstrate that a long-time US-Thai alliance were the prime concern of Thailand even though it might rekindle problems with the Islamic separatist movement in Thailand’s southern border provinces.

Moreover, US-Thai relations were rejuvenated by the US declaration to upgrade Thailand’s status to that of a Major Non-NATO ally (MNNA) which Thailand are allowed to “more access foreign aid and military assistance from the US, including credit guarantees for major weapons purchases” (Chanlett-Avery 2005, p.9). Why did the US pronounce Thailand as a major Non-NATO ally? With critically examined, there were four reasons:

(1) The US wished to show the world that Thailand supported the War in Iraq and Afghanistan;

(2) The US might wish to repay Thailand for a faithful alliance;

(3) The US needs Thailand for its military logistic purpose. Thailand’s location is convenient for US aircraft to visit for refueling during the operation of the war in Iraq and Afghanistan. Thailand was the only ally in Southeast Asian mainland that the US felt comfortable to talk with because of a long history of US-Thai alliance; and

(4) The US might want to reengage its interest in Thailand in order to balance China’s influence.

The US MNNA status of Thailand has impacted positively upon US-Thai relations since 2003. For example, Thailand has quickly signed two series of secure trade initiatives

against terrorist attacks: (1) the Container Security Initiative (CSI); and (2) a bilateral project for satellite tracking of containers from Thai to American ports (Goh 2005, p.27). Furthermore, “Thailand had taken the lead in supporting US positions with regard to counter-terror proposals in ASEAN, APEC and the UN. Bangkok had even joined Washington’s coalition of the willing in Iraq” (Chambers 2004, p.470).

Apart from the US-Thai military relations, Thailand’s export to the US have been increasing 38.8% from US\$16.384 billion in 2000 (Vaughn & Morrison 2006, p.12) to US\$22.754 billion in 2007 (U.S. Census Bureau 2008). Thailand’s imports from the US have also been increased 27.2% from US\$6.643 billion in 2000 (Vaughn & Morrison 2006, p.11) to US\$8.454 billion in 2007 (U.S. Census Bureau 2008). This data indicates that there were heavy trade flows between Thailand and the US. In 2007, the US was Thailand’s largest export market, ahead of Japan and China; the US was the third biggest import market for Thailand after Japan and China. In terms of foreign investment, the US was the second largest foreign investor in Thailand after Japan, with a cumulative investment of over US\$21 billion through in 2004 (Ahearn & Morrison 2006, p. 5).

THE GROWING SINO-THAI TIES 1990-2007

The rise of Deng Xiaoping in 1979 changed Chinese foreign and domestic policy significantly. China was no longer a “communist expansionist” state; instead, stability and economic growth became the China’s top priorities. Nevertheless, its neighbors had not fully trusted Deng because China’s previous policy was to support communist insurgency in Southeast Asia. In 1997, Deng’s concept began to materialize under Jiang Zemin. He supported Deng’s concept by declaring that “China has to behave as a responsible great power” (Yunling and Shiping 2005, p.49). In 2000, China began to take many steps to demonstrate that its rise would not be a threat to its neighbors. This was done by constantly

implementing several policies to back up its goodwill such as “China’s win-win diplomacy”, “China as a good-neighbor”, “China’s peaceful rise”, “China’s promotion of multilateralism”, and so on and so forth (Glosny 2006, p.24-25). However, Taiwan’s independence has been the only exception that China has continued insisting “publicly the right to use force” should Taiwan declare independence (Allen & McVadon 1999, p.5).

The interaction between Thailand and China had been gradually closer through multilateral and bilateral relations since the beginning of the 1990s. China joined the Asia-Pacific Economic Cooperation (APEC) Forum in 1991. In 1992, China became involved in the Greater Mekong Sub-Region Economic Cooperation Program (GMSEC) which was initiated by the Asian Development Bank (ADB) to promote economic integration between China and the six countries along the Mekong River (Glosny 2006, p.31). In fact, China and Thailand have benefited most from the GMSEC (Grinter 2006, p.458). China joined the ASEAN Regional Forum (ARF) in 1994 where it has expressed its security concerns and works to develop trust and understanding between China and its members.

With regard to economic relations, Thai agricultural exports to China increased dramatically during 1994-95. In 2000, Sabhasri (2001, p.114) indicated that China was the sixth biggest exporting market for Thailand after the US, Japan, Singapore, Hong Kong, and Malaysia. He also noted that China was the fourth biggest source of Thailand’s imports after Japan, the US and Singapore. Thai investment in China ranked at eighth to ninth among major investors (Sabhasri 2001, pp.116-117).

When Thailand was hit by the Asian financial Crisis in 1997, China was enthusiastic to contribute US\$1 billion to the IMF to assist Thailand (Snitwongse 2001, p.202). Many Thai people appreciated China for its help. Why did Thailand appreciate China’s policy 1997 financial crisis? There were three reasons:

- (1) China was sympathetic to Thailand when it was in the bad situation.

(2) China refused to devalue its currency to protect the Hong Kong dollar (Storey 2007, p.5); however, the by-product of this was that it stopped the Thai Baht from falling further (Kurlantzick 2006, p.272); and

(3) China joined with the ASEAN plus Three (APT) to develop regional solutions to prevent financial problems in the future. China agreed with Thailand to establish the Asian bond which would be one of the financial tools to protect Asia from a future financial crisis (Glosny 2006, p.29). Due to China's goodwill, Sino-Thai relations were deepened and widened (Brandon & Chen 2002, p.3).

In 1999, the Sino-Thai Plan of Action for the 21st Century was signed by PM Chuan Leekpai. It marked a change in Sino-Thai relations in the future as Tow remarks on Thailand's strategic decision:

The Sino-Thai Plan of Action for the 21st Century is widely regarded as the clearest indicator of Thailand's changing strategic priorities in the post-Asian financial crisis period. ... It provides for mutual cooperation in areas of trade and investment, defense and security, judicial affairs, and science and technology. Most significant for Thailand, as a US ally, was the inclusion of a clause stating that both parties recognized the importance of establishing a new multi-polar security order (Tow 2004, p.499).

In terms of Sino-Thai trade cooperation, Thailand's exports to China had increased 417.4% from US\$4.380 billion in 2000 (Vaughn & Morrison 2006, p.10) to US\$22.665 billion in 2007 (China View 2008, p.2). Thailand's imports from China had increased 433.6% from US\$2.244 billion in 2000 (Vaughn & Morrison 2006, p.10) to US\$11.974 billion in 2007 (China View 2008, p.2). These data indicate that there has been rapid growth in trade flows between Thailand and China. Although Thailand's trade with China was in deficit with US\$313 million in 2003 (Chinwanno 2008, p.18), after 2004 Thai exports to China began to surpass Thai imports from China; for example, Thai exports to China in two consecutive years were US\$11.538 billion (2004), and US\$13.99 billion (2005) while Thai imports from

China in the same period were US\$5.8 billion (2004), and US\$7.8 billion (2005) (Vaughn 2006, p.10).

This rising in trade flows was the result of the Sino-Thai tightening by PM Thaksin (2001-2005). He implemented the “dual tracks” policy in order to accelerate Thailand’s economy after the financial crisis. The first track was to create new markets within the country by stimulating internal spending. The second track was to boost foreign trade particularly with the US, Japan, and China. Due to the high growth rate of China’s market, PM Thaksin prioritized Sino-Thai trade relations.

One of the key Chinese-Thai people who implemented Thaksin’s trade policy with China was the Minister of Finance and Treasury Somkid Jatusripitak. He approached China not only to deepen but also widen Sino-Thai relations; for example, when PM Thaksin paid an official visit to China, Somkid had already paved the way for him to sign a joint communiqué and three documents: (1) an inter-governmental cultural co-operation agreement; (2) a MOU for the setting up of bilateral commercial councils; and (3) an investment pact (Osborne 2006, p.92).

PM Thaksin also confirmed the Joint Statement on the Plan of Action for the 21st Century between China and Thailand signed in Bangkok in 1999, and he signed the agreement on 188 agricultural products which both countries agreed to offer mutual tariff-free treatment which began on the 1st October 2003. In addition, the five documents on bilateral cooperation, including an agreement on establishing a joint committee on trade, investment, and economic cooperation were signed. In 2004, two-way trade reached US\$17 billion (Chanlett-Avery 2005, p.12).

Apart from the boom trade, the Greater Mekong Sub-Region Economic Zone was also reactivated by both China and Thaksin’s ambitions develop trade between the western part of China and the northern part of Thailand. In 2005, the Chinese vice Premier Wu Yi and PM

Thaksin signed ten agreements on bilateral economic cooperation in energy, mining, food, and retailing

In May 29, 2007, Chinese Premier Wen Jiabao met Thai PM Surayud Chulanon in Beijing and signed the Joint Action Plan on China-Thailand Strategic Cooperation which would set detailed goals for future cooperation (English People's Daily Online 2007, p.1). China hoped that this cooperation would promote five bilateral ties: "maintaining high-level visits, especially timely communication on major bilateral and international issues; enhancing trade relations; expanding cooperation in education, culture and disease prevention; promoting relation between border cities; and strengthening cooperation in defense and fighting drug" (English People's Daily Online, 2007, p.1).

Why do Sino-Thai relations become better and closer? There are eight factors that explain why Sino-Thai relations become better and closer:

(1) China's principle for establishment of diplomatic relations based on equality, mutual benefit, mutual respect of territorial integrity and sovereignty are basically compatible with Thai national interests;

(2) China's policy shifts to economic development suited Thailand's economic recovery intention. Ideological differences between Thailand and China are no longer the major factor determining diplomatic ties. Both China and Thailand have focused on "pragmatic national interests" and all possible mutual interests are considered and chosen carefully to achieve each respective national interest (Jing 2003, p.36);

(3) China's market is very large and expanding, and it presents an opportunity for Thailand's export trade. Trade is fundamentally important for Thai economic growth. Although Thailand may have to compete with China in the world market, competition could drive both countries to greater prosperity;

(4) Thailand and China want to see a peaceful environment in the region because it is a fundamental requirement for trade; trade is the basis for prosperity; prosperity can create security;

(5) Thailand has neither a land border nor territorial sea overlap with China; and therefore, it is less likely to have a dispute with China;

(6) Chinese culture is well integrated into Thai culture particularly the traditional Confucian school of thought which is closely related to Buddhism. It is usual for Thai and Chinese to understand each other without difficulties;

(7) Ethnic Chinese are well assimilated into Thai society. They have contributed to Thai economic, political and social development; and

(8) Thailand is happy to have good relations with China as long as both countries' objectives are peace and stability.

THE US HEGEMONY AND ITS INTERESTS IN SOUTHEAST ASIA

The US has seven interests in Southeast Asia: “(1) promotion of stability and balance of power with the strategic objective of keeping the region from being dominated by any hegemon; (2) preventing being excluded from the region by another power or group of powers; (3) Freedom of navigation and protection of sea lanes that pass through Southeast Asia; (4) trade and investment interests in the region; (5) support of treaty alliance and friendship in the region; (6) promotion of democracy, rule of law, human rights and religious freedom; and (7) and preventing region from becoming a base of support for terrorists” (Vaughn & Morrison 2006, p.4).

How does the US achieve its interests in Southeast Asia? According to the US National Security Strategy 2002 (Bush 2002), the US has adopted primacy strategy which emphasizes the use of military and economic powers to achieve its interests and guard against

all possible challenges. Currently, the US National Security Strategy 2006 (Bush 2006) is the continuation of the US National Security Strategy 2002, but with less aggression, and it relies more on multilateral cooperation to achieve its goals.

According to Wang (2006, p.10), the US perceives China as the only country that is able to challenge the US interests in Southeast Asia in the future. Although US-China relations shifted towards greater cooperation after 9/11 in 2001, there have been two uncertainties about China's rise: (1) China's military expansion; and (2) its motivation (Rumsfeld 2006, pp.29-30).

Due to risks associated with these uncertainties, the US has adopted hedging strategy explicitly in its defense policy (Quadrennial Defense Review Report since 2006) against the possibility that US-Sino "cooperative approaches by themselves may fail" (Rumsfeld 2006, p.30). On the one hand, the US would cooperate with China through bilateral and multilateral agreements in order to shape China's interests within the international norms, rules, and institutions. On the other hand, the US would "dissuade" China by maintaining its strength and fortifying its friends and allies in Southeast Asia (Medeiros 2005, pp.149). "Should deterrence fail", the US would fight to restore peace and stability (Rumsfeld 2006, p.30).

How did the US primacy and hedging strategies affect Southeast Asia?

Firstly, they affected military relations with some countries in Southeast Asian nations. Since 9/11 the Bush administration has been selectively fortified defense relation with Thailand, Singapore, and the Philippines (Mauzy & Job 2007, pp. 629). The US has deepened cooperation on counter terrorism with Thailand and the Philippines and Singapore since 2002. On the one hand, it improved counter terrorism cooperation in Southeast Asia. On the other hand, it vaccinated them against Chinese influence over its central roles in Southeast Asia. In short, the US can kill two birds with the one stone. Therefore, the US is able not only to strengthen Southeast Asian nations but also to shape an unfavorable environment for China

to abuse its power by coercive means. In 2006, the US began to “work with Indonesia, Malaysia, the Philippines, Singapore, and Thailand to promote greater economic and political liberty” (Bush 2006, p.41).

Secondly, it affected the US bilateral trade and financial award relations with some countries in Southeast Asian nations. In term of bilateral trade, the US has completed a free trade agreement (FTA) with Singapore in 2002 (Bush 2006, p.26). In 2006 the US continued to negotiate the FTA with Thailand and Malaysia. In term of US financially fund, “the Bush administration has been financially rewarding state or withholding funds from them based on their support for the war on terror and the Iraq war” (Mauzy & Job 2007, p.630). For example, Thailand was awarded to sell 135,000 tons of rice to Iraq in 2004 (Dan Morgan cited in Chambers 2004, p.470). However, it was not clear whether the Thai exports to the US was increased by 21% compared to the same figure in 2003 as the result of the US “quid pro quo” policy (Chambers 2004, pp.468-470).

CHINA’S RISE AND ITS INTERESTS IN SOUTHEAST ASIA

Southeast Asia is an area on China’s periphery that is of vital interest due to three reasons: security, politics, and economics (Glosny 2006, p.26). According to Vaughn & Morrison (2006, p.7-8), China has six interests in Southeast Asia: “(1) maintaining a stable political and security environment, particularly on China’s periphery, that will allow China’s economic growth to continue; (2) maintaining and expanding trade routes transiting Southeast Asia; (3) gaining access to Southeast Asian energy resources and raw materials; (4) developing trade relationships for economic and political purposes; (5) Isolating Taiwan from Southeast Asia nations; and (6) gaining influence in Southeast Asia to defeat perceived attempts at strategic encirclement.”

How could China achieve these interests? According to Wang (2006, p.9) and many scholars such as Glosny (2006), Guo (2006) and Zhang (2007), China could achieve these interests if it maintains these two conditions:

(1) China must not be a threat to Southeast Asian nations. When they feel at ease with China, they would trade and cooperate more. If China uses coercive means, they may disengage with China and some of them may form an alliance with the US to counter China's threat and this is what happened during the period 1950-1975. Therefore, China's interests in Southeast Asia could not be achieved by might, but they could be achieved by a soft policy;

(2) China's domestic environment must be peaceful and stable. China would not be able to engage with Southeast Asian nations if its polity and society are still in trouble.

How would China meet this twofold goal?

Firstly, China has recently developed its "Harmonious World" strategy to cope with the international challenges imposed by the US which has set the rules facilitating its rise. This strategy was introduced by Chinese President Hu Jintao in his speech at the UN World Summit on 15th September 2005 (Zhang 2007, p.2). It reflects China's 21st Century world view in which all countries can live together peacefully no matter how different they are, including differences in culture, political organization, and values. With the Harmonious World strategy, six principles are upheld: "(1) peaceful co-existence and co-prosperity; (2) protecting and respecting sovereignty and identity; (3) recognizing interdependence and multilateral cooperation for common security; (4) promotion of mutual beneficial cooperation; (5) respecting cultural, social and political diversity; and (6) maintaining the UN authority and efficacy" (Zhang 2007, pp.4-5).

Secondly, China has to be reformed and developed in order to cope with internal challenges. China must maintain internal stability and moderate prosperity which include eight major tasks: "(1) taking economic development as the central task; (2) adhering to the

socialist road with preserve in reform and opening up; (3) releasing and developing the productive forces; (4) consolidating and improving the socialist system; (5) developing the socialist market economy; (6) developing socialist democracy; (7) advancing socialist culture and a harmonious socialist society; and (8) making China a prosperous, strong, democratic, culturally advanced and harmonious modern socialist country” (Jintao 2007, p.13-14).

How does the Harmonious World affect Southeast Asia? It affects Southeast Asia in four aspects:

Firstly it boosts the Southeast Asian economies. Because peace and stability are the result of the Harmonious World strategy, trade between China and Southeast Asian nations increased significantly. The Congressional Research Service (2008, p.88) revealed that China’s markets are of vital interest to Southeast Asian economic growth. China’s exports to Southeast Asia were as high as US\$94.243 billion and China’s import from Southeast Asia was US\$108.381 billion in 2007 (Congressional Research Service 2008, p.92). China’s total trade volume with Southeast Asia nations in 2007 was US\$202.624 billion which surpassed the US total trade volume, US\$171.731 billion in the same year;

Secondly, the Harmonious World strategy strengthens Southeast Asian security. China has emphasized shared Asian values in that China and Southeast Asian nations prefer “not to interfere” in each others’ domestic affairs (Kurlantzick 2006, p.272). Its strategies are able to reduce mistrust and suspicion through Southeast Asian nations and it gives Southeast Asia hope for peace, stability, and prosperity in the region;

Thirdly, China has been intensifying its relations with Southeast Asian nations by implementing a comprehensive security concept as its major agenda. This would widen and deepen Sino-Southeast Asian states’ cooperation such as improving political relations, expanding economic interaction, increasing military-to-military relations with transparency, and employing confidence-building measures. China also lowered tensions over the Spratly

Islands in the South China Sea by signing the Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002 (Roy 2005, p.309). China has signed a Declaration of Strategic Partnership with Indonesia and Thailand which describes various mechanisms for cooperation to achieve prosperity and peace; and

Fourthly, China's soft power has influenced Southeast Asian nations culturally. "Chinese culture, cuisine, calligraphy, cinema, curios, art, acupuncture, herbal medicine, and fashion fads have all emerged in Southeast Asian culture" (Eric Teo Chu Cheow cited in Glosny 2006, p.41). China has promoted its language in Southeast Asian nations by offering assistance to improve the Chinese teaching in foreign countries. In Thailand, Chinese language is one of the most important languages that are used in Sino-Thai business.

THE MAJOR ISSUES OF US-SINO RELATIONS AND IMPLICATIONS FOR THAILAND

The previous discussion has demonstrated that the US and China would cooperate and compete on a range of issues. In spite of the same peaceful and stability goals in the region, there are five major issues that are likely to affect Thailand in the future: (1) US-Thai-Sino economic interests; (2) US-Thai-Sino security interests; (3) US hedging against China; (4) the Taiwan conflict; and (5) the North Korean conflict.

US-Thai-Sino Economic Interest. Thailand could be served as a market sink as well as a supply sources of raw materials for both the US and China. They would need to trade with Thailand to sustain their economic growth, and vice versa. There are three implications of US-Thai-Sino economic interest for Thailand:

Firstly, the US and China do not want Thailand to exclude them from economic access in Thailand, but they want Thailand to open economy for them with equal access to markets and material supply sources in Thailand;

Secondly, in matter of export market the US has been the most important to Thailand, ahead of Japan, and China. The US has been Thailand's the third largest import after Japan and China. In matters of investment, the US was the second largest foreign investor in Thailand after Japan. Although China's market is an opportunity for Thailand, it must be balanced with the US long term trade and investment relationship. Thailand has to strengthen its trade and investment relations with the US on the one hand and it has to deeply engage in trade and investment relations with China on the other;

Thirdly, the ASEAN-China Free Trade Area (ACFTA) would reduce tariffs of over 20% to zero by 2010. ACFTA could hurt US exports of goods and service to Thailand due to the higher tariff (Vaughn & Morrison 2006, p.16). Thailand has to look for a similar agreement with the US in order to balance with China so that the US would not feel unfairly in the economic competition. In 2006, the US-Thai FTA was suspended temporarily due to political crisis in Thailand. Currently, Thailand and the US are negotiating a FTA.

US-Thai-Sino Security Interests. In term of security interests, Thailand is important for the US and China and vice versa for the following critical reasons:

(1) Thailand is important for the US as "a staging post" for the US rapid forces to deploy in "distant theaters" such as in the Middle East and South Asia (Tow 1999, p.17).

(2) Thailand is important for China's Great Western Development Strategy in term of opening and expanding trade routes between northern part of Thailand and western part of China to alleviate the social and stability problem due to an unequal development between the western part and the eastern coastal region (Phanishsarn 2006, p.256);

(3) The US is a long-term interest of Thailand's security as the balancer for the rise of China (Tow 1999, p.17). By the same token, China could be the balancer if the US neglects Southeast Asia;

(4) China wants to demonstrate to Southeast Asian nations that its goodwill with Thailand could be extended to all the Southeast Asian nations. China wants to eliminate all fears from Thailand and its neighbors about China's past communist expansion. Without those fears, China can move forward and can promote its economic cooperation with Thailand which in turn will foster not only its economy but also its security. The greater the economic cooperation, the better the regional economy will be. The better the regional economy, perhaps, the less US influence will exist in the region;

(5) The US would feel uncomfortable if China's influence were to exclude the US from security access to Thailand. Security access in Thailand has been in the US interests since the establishment of US-Thai alliance in 1950 and it is one of the major interests in Southeast Asia to facilitate a favorable World Order. Therefore, the US will protect its interests if it is not able to gain access. The US, perhaps, uses economic power to protect its interests in the form of economic coercion which might create an economic crisis for Thailand. Hardly anyone in Thailand would benefit from such a crisis. In order to prevent this crisis, Thailand has to balance the security interests of the US and China so that neither feels excluded by the other side.

The US Hedging Against China. According to Brown (Task Force 2007, p.100), "China and the US will find it difficult to manage the relationship during the next ten years to avoid a conflict" because the US will not have fully trusted China's peaceful development (Chambers 2004, p.470). Therefore, the US policy, in Chinese view, toward China would combine with engagement and encirclement at the same time (Medeiros 2005, pp.153-154). In the US 2006 QDR, there are three concepts to hedge against China:

(1) The US will strengthen "greater integration of defensive system among its international partners in ways that would complicate adversary's efforts to decouple them. ...

It will seek to strengthen partner nations' capacities to defend themselves and withstand attack" (Rumsfeld 2006, p.30);

(2) The US will "diversify its basing posture" by intensify bilateral relations to "mitigate anti-access" in the Pacific (Rumsfeld 2006, p.30);

(3) The US will fortify its capacities that would convince China that it cannot win if it wages war against the US (Rumsfeld 2006, pp.30-31).

There are three implications of the US hedging strategy against China for Thailand:

Firstly, China may see these US hedging activities as the US attempts militarily to encircle it. China perhaps wants to break the US encirclement by connecting transportation networks between the western part of China and Thailand through road and river so that the western part of China open up which in turn would access supply sources through it. Therefore, China would use of its soft power in economic, cultural, political and geopolitical areas to convince Thailand to minimize the effect of the US encirclement;

Secondly, the US perhaps sees the Chinese breaking-encirclement strategy is the China's attempts to expand its military access to the Malacca Strait and the Indian Ocean. Thereby, the world SLOCs might be at risk. To hedge against it, the US might intensify its relations with Thailand in order to balance Sino-Thai relations so that Thailand would not sway too far toward China;

Thirdly, if the two great power's interests in Thailand are maintained in balance and adjusted skillfully, Thailand would gain greater not only security, but also economy. Therefore, its policy has to be "flexible and pragmatic." Currently, Thailand has chosen a hedging strategy to engage and cooperate with China on the one hand, and Thailand maintains its strong alliance with the US on the other. As long as US-Sino relations are in good shape, the hedging strategy should be in the best interests of Thailand.

The Taiwan Conflict. China's Taiwan policy is very sensitive to the US stance. The Taiwan issue could become the most serious problem between the US and China for these reasons:

Firstly, in China's view the US ignores its sovereign right over Taiwan by interfering in its internal conflict (Deng 2001, p.353). China believes that Taiwan belongs to it long before China was defeated by Japan over the Taiwan conflict in 1895. After WWII in the Potsdam Proclamation in 1945, the US and its allies reaffirmed the Cairo Declaration of 1st December 1943 which "committed the US and other Allied powers to restoring China 'all the territories Japan has stolen from the Chinese', including Taiwan and Penghu" (Lijun 2001, p.10). Because China was one of the allies who fought against Japan in WWII, Chinese believe strongly that there is no reason why China should be divided. Furthermore, in 1972 the US President Richard Nixon issued the Shanghai Communiqué which "acknowledged" that Taiwan is a province of China (Lijun 2001, p.10-11). Therefore, Chinese would fight for its belief;

Secondly, one could reasonably expect that while China's regime is communist, the US would not fully trust it and consequently, it would neither let Taiwan reunite with China peacefully nor violently because of the following reasons:

(1) Taiwan's strategic location is essential for the security of Northeast Asia's SLOCs, deemed a vital interest not only in terms of US economic well-being, but also to a favorable world order (Nuechterlein 1985, p.207). The US must protect Taiwan in one way or another; otherwise, its vital interest in Northeast Asia would be at risk;

(2) According to Mead (1994, p.13-16), the American profoundly concern was freedom of the seas. The U.S. has considered that its citizens, goods, and ship have the right to travel freely in international water in time of peace and war. Therefore, the US would never

allow any power to threaten its sea power. If Taiwan were threatened by the Chinese navy, the US would defeat it;

(3) To encircle China effectively, the US has to keep Taiwan from China so that Taiwan could be used to check China's navy in the South China Sea.

What are the implications for Thailand?

Firstly, China would not feel comfortable if Southeast Asian mainland were to be dominated by the US while it has to wage war against Taiwan. China hopes that Thailand would neither support the US politically nor allow it to use Thailand as a base from which to fight against it. China has to find some way or other to break the US-Thai alliance to ensure that Thailand would not get involved into the Taiwan conflict.

Secondly, the US would prefer Thailand to stand on its side on Taiwan issue if conflict were to occur. The US might drag its alliances such as Thailand into the conflict as it did in several wars in the past.

Therefore, Thailand has to be "flexible and pragmatic" to respond to the Taiwan issue; otherwise, it might get caught in the conflict.

The North Korean Conflict. In 2002, North Korea withdrew from the Nuclear Non Proliferation Treaty, and it began to renew its nuclear installations at Yongbyon, In 2005, North Korea ceased all participation in all negotiation, and it began to launch seven test-fired Taepodong II long-range missiles to the Sea of Japan on 5 July 2006 (International Crisis Group 2006, p.1-2).

Although China did not support North Korea for its actions, China criticized the tough UN resolution on North Korea's missile tests as an overreaction. The Six-Party Talk has not made any progress to stop the North Korean nuclear program since 2005. Due to the fact that hardly anyone would benefit from the conflict, it is less likely that the US will use force against North Korea unless North Korea threaten peace and stability in East Asia.

Although there is no direct implication for Sino-Thai relations or US-Thai relations with regard to the current situation, Thailand has to monitor it closely and prepare for an uncertainty that might emerge and changes tension into war. At that time, Thailand might get involved in war because Thailand has been a strong ally with the US.

How should Thailand respond if some of the issues change in US-Sino relations from rivalry to enemy? If the conflicts and competitions could not be resolved politically and both sides might want to continue their respective policies by other means, then war might become inevitable as Clausewitz said, “War is merely the continuation of policy by other means” (Howard & Paret 1984, p.87).

As demonstrated earlier, US-Sino-Thai relations have very complex characteristics. It would be difficult to judge how Thailand would respond without studying Thai history. No one would try to understand Thai foreign policy without studying Thai modern history. The analysis of what Thailand has done in the past would help us to understand how Thailand would respond in the future. For smaller states like Thailand, there are six competitive strategies to deal with the two great powers as rivals: (1) bargaining; (2) bending; (3) balancing; (4) bandwagoning; (5) hedging; and (6) neutralizing.

The first competitive grand strategy is “**bargaining.**” The smaller state may choose a great power that could provide the better mutual interests and security for it, and bargain for the best conditions in exchange for its support for the great power’s policy (Morrison & Suhrke 1978, pp.6-9). This strategy would be more effective if the two rivals really need strong support from the smaller states for its global policy. For example, Thailand officially endorsed the anti-communist emperor Bao Dai in Vietnam in exchange for US economic and military aid in 1950 (Nuechterlein 1965, p.107).

The second strategy is “**bending or adjusting.**” The smaller state would have to bend or adjust its policy to accommodate the great power policy if it has no choice (Morrison &

Suhrke 1978, pp.9-11) and it does not want the great power to attack directly or indirectly. This strategy requires a flexible policy even to accommodate a former adversary. For example, when there was a sign that the US would no longer support troops in Vietnam in 1969, Thailand sought diplomatic ties with its former adversary China to counterpoise with Soviet-supported Communist Vietnam before the actual US pull out. In 1972, during the era of “Ping Pong Diplomacy”, Thailand sent a Thai delegation with its ping-pong team to negotiate with China in order to adjust its policy to accommodate itself to China in such matters as the abrogation of bans on Thai-China trade, and granting Thai citizenship to more than 300,000 oversea Chinese in Thailand (Morrison & Suhrke 1978, pp.134-136).

The third competitive grand strategy is “**balancing.**” The smaller state would seek to balance interests of two or more great powers. Its stance would never “firmly link to one larger power rather than another” (Osborne 2006, pp.47). For example, King Rama IV made a Treaty of Friendship and Commerce with Great Britain in 1855 and he also made similar treaties with the US and France. His aim was to create a condition that could balance their interests in Thailand in the hope that they would protect theirs and prevent the others from dominating Thailand. This condition was demonstrated in 1880 when France completed the subjugation of Vietnam, it laid claim to all territory east of the Mekong River and threatened Thailand sovereignty during 1893-1907, Britain intervened and made an agreement with France to guarantee the integrity of Thailand because Britain feared that it would lose its interests in Thailand, particularly large commercial stakes, and it wanted Thailand as a buffer state between its colonies (India/Burma) and France’s colonies (Nuechterlein 1965, pp. 20-21). Therefore, the balancing strategy is effective if the two rivals have a great stake in the smaller state particularly in a situation where, if one gains; the other loses.

The fourth competitive grand strategy is “**bandwagoning.**” Bandwagoning has two meanings. The first definition of bandwagoning is to “be on the winning side” or “profit-

seeking” (Roy 2005, p. 307). The second definition of bandwagoning is to “deal with only a single larger power” for its security for which the great power would provide protection in return (Osborne 2006, p.47). For example, Thailand declared war with Germany in the WWI in 1917 in order to get benefit from the winning side. Thailand also climbed on the US bandwagon by joining the SEATO in 1954 in the hope that the US would committed itself to defend Thailand from the communist threat. This strategy would work if the guarantor would have a strong commitment and the smaller state is a vital interest of the great power; otherwise, it would be in jeopardy; such as, the collapse of South Vietnam when the US withdrew its troop in 1975.

The fifth competitive strategy is “**hedging.**” According to Roy (2005, p.306), “hedging means keeping open more than one strategic option against the possibility of a future security threat.” The smaller state keeps strongly engagement with one side while compensating for the risk by the other side. In other words, the smaller state may “make an investment” with one side while it contracts a “life-insurance policy” with the other. This strategy works effectively if the two rivals have not yet become adversaries. An example is the uncertainty of the rise of China and whether it will be a threat or an opportunity, Thailand made a strategic partnership agreement with China in 1999 while it was maintaining its close alliance with the US, for the purpose of a hedge for its security.

The final competitive strategy is “**neutralizing.**” Neutralizing is an act of neutrality. Singh (1991, p.2) explained that “Neutrality is the legal status which arises from the abstention of a particular State from participation in a war between other States.” This strategy would be effective if belligerents recognize the neutral state. However, Thailand has never implemented this strategy to deal with great powers.

Two Possible Wars. According to the analysis earlier, there are two flash points that might lead to conflict between the US and China. The first flash point is a conflict over

Taiwan. Such a conflict might trigger China to confront the US directly. The second flash point is a conflict over North Korea which its strategic location lies closest to Beijing. Would Thailand's current hedging strategy work if Sino-US relations change from rivalry to enmity either on the issue of Taiwan or North Korea?

The US-Sino-Taiwan War. With regard to the future war scenario between China and the US over Taiwan, Thailand needs to consider the three the following facts:

(1) If Thailand gets involved in the conflict with either side, it would do more harm than good not only to its security but also to its economy;

(2) This war is not a survival interest of Thailand and it is also not a survival interest of the US, but it is for China. China would not be stable if it let Taiwan become independent because it would stimulate the growth of nationalism in China. That nationalism would inevitably drive the whole of China to wage war against Taiwan. It would therefore be in Thailand's interests not to get involved in the conflict;

(3) If China uses force coercively to reunite Taiwan or to deter it from a declaration of independence, the US might intervene militarily. Only the US naval power would be enough to stabilize the conflict and there is no need for Thailand to get involved. Therefore, the best strategy for Thailand is to follow Tao, "Be in the background; but is always to the fore. Remains outside; but is always there" (Waley 1997, p.15). In the other words, Thailand must keep an eye on the situation but not get involved or commit itself to the US-Sino-Taiwan War.

(4) In my view, if we let China and Taiwan solve their problem naturally, finally China and Taiwan would reunite peacefully. Thailand should understand and be familiar with the nature of the Taiwan conflict as if it was part of Thailand. It must "swim with eddies and out with swells; follow the flow of water instead of its will" (Bruya 2005, p.61). However, Thailand cannot stay on the hedging strategy when the war occurs because neither side would

ever allow Thailand to hedge. The hedging strategy would undermine either China or the US. Therefore, Thailand has to prepare for an alternative;

(5) Could Thailand declare its neutrality in the conflict? This strategy would not be possible for Thailand if it has kept an alliance with the US. Furthermore, Thailand has never had a credit for neutrality in its history. It would be difficult for China or the US to recognize Thailand as a neutral state when US-Sino relations become antagonistic; and

(6) The bargaining and bandwagoning strategies would drag Thailand into the conflict that might risk its security and undermine its prosperity while the bending is for last choice. The balancing relation between them would be the best options. Thailand must keep the link between China and US in balance during the armed conflict. Its stance should neither firmly link to the US nor China and Thailand must readjust and update its relation promptly to suit a situation. Thailand must swim away from the area of the conflict, but keep an eye on the conflicts which might spread in its direction.

The US-Sino-North Korean War. Although the nature of the conflict in the Korean peninsula today differs from the Korean War in the past, Thailand might get involved in the US-North Korea war because Thailand is American ally, just like Thailand became involved in Iraq and Afghanistan conflicts in support of the US. In this case, Thailand might choose the bargaining strategy to serve its best interests if China did not get involved in the conflict because it would allow Thailand to advance national interests without risking its security. For example, Thailand may support the US by sending supporting troops such as medics, police, and engineers for nation-building and restoring missions in Korea Peninsula. However, once China decides to go to war against the US, Thailand has to switch its strategy to a balancing strategy.

CONCLUSION

This paper has examined and analyzed Thai foreign relations within the context of Sino-US relations and discussed the implications for Thailand and how Thailand should respond. US-Sino-Thai relations were examined and discussed in four periods during 1949-2007. This SAP concludes that US-Sino-Thai relations are of vital interest for Thailand. The implications of US-Sino relations for Thailand range from economic to security. The SAP also shows that at present the US-Sino relations is competing and cooperating on a wide range of issues. Although the US welcomes the economic rise of China, its military rise might not be embraced. China wants to rise while the US wants to stay on top with no peer competitor. At present the US adopts “primacy and hedging” strategies to protect its national interest and guard against the rise of China. The US hedging strategy, on the one hand, is to engage China to shape its interest in accordance with the international norms, on the other hand, to encircle China’s military power. In response to the US, China has implemented the “Harmonious World” strategies to dissolve the US strategy. Due to unresolved strategic differences between the US and China, it is expected that the competition and cooperation will continue for the next ten years. As a result, there are five major implications for Thailand which could be drawn from the possible conflicts and competitions: US-Thai-Sino economic interests; US-Thai-Sino security interests; the US hedging against China; the Taiwan conflict; and the North Korean conflict.

At present, Thailand adopts the hedging strategy against the rise of China. Thailand engages with China comprehensively on the one hand while maintaining its close alliance with the US on the other. However, if the results of the Taiwan and North Korean lead to war, the hedging strategy would have to switch to a balancing or bargaining strategy. Final observation is that the traditional Thai diplomacy, “flexibility and pragmatism,” continues to

play vital roles in Thai diplomacy to cope with uncertainties that might emerge and change the international environment by the rise of China in the 21st century.

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