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OVERCOMING UNCERTAINTY: U.S. — CHINA RELATIONS IN THE 21ST CENTURY

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Overcoming Uncertainty: U.S.-China Strategic Relations in the 21st Century

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1999

The Atlantic Council of the United States

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Abstract

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Mutual uncertainty colors every aspect of U.S.-China relations. America worries that China will use its growing military power in pursuit of its expanding interests. Beijing fears the U.S. will try to prevent it from achieving its comprehensive modernization goals. Thus, there lingers an omnipresent perception on both sides that the United States and China are on a road to inevitable confrontation. Policymakers and defense planners on each side are, therefore, required to hedge against some future, undefined, military threat from the other which, in turn, feeds mutual distrust. This paper offers a range of policy steps that would work to overcome mutual uncertainty and advance responsibly U.S.-China relations. Changes in the global strategic environment, China's prospects for development, and the full range of vital and important bilateral security issues are explored, including both sides' goals, interests, and strategic perspectives regarding these issues. Bilateral military relations are also addressed, including why and how they should support the overall security relationship. Ultimately, this paper is intended to provide a framework for a balanced debate on China policy that would contribute to improved stability and predictability in U.S.-China relations.

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Preface

Mutual uncertainty colors every aspect of U.S.-China relations. America worries that China will use its growing military power in pursuit of expanding political and economic interests. Beijing fears that the U.S. will try to prevent it from achieving its comprehensive modernization goals. Thus, there lingers an omnipresent perception on both sides that the United States and China are on a road to inevitable confrontation that could include military hostilities. Policymakers and defense planners on each side are, therefore, required to "hedge" against some future, undefined, military threat from the other which, in turn, feeds mutual distrust. This paper offers a range of policy steps that should be taken to overcome mutual uncertainty and advance responsibly U.S.-China relations. It does so in view of changes in the global strategic environment and an assessment of China's future. The full range of vital and important bilateral security issues are explored, including both sides' goals, interests, and strategic perspectives regarding these issues. Finally, bilateral military relations are addressed, including why and how they should be stabilized and developed to support the overall security relationship. Ultimately, this paper is intended to provide a framework for a balanced debate on China policy that would contribute to improved stability and predictability in U.S.-China relations. Now more than ever, in the face of myriad complex foreign policy challenges and opportunities, strong bipartisan consensus is needed to formulate and implement policies that best serve America's long-term interests. Yet, now more than ever, such a consensus appears elusive. Nevertheless, the United States has a strategic window of opportunity in which to engage China and shape Asia's future. With open eyes and realistic expectations, this historic opportunity should not be squandered.[1]

Background – The Roots of Uncertainty

America's relationship with China dipped to a post-Tiananmen low during the 1995-96 military confrontation in the Taiwan Strait. Miscalculation by both sides was followed closely by new energy in both the Clinton and Jiang administrations to improve relations. Summitry ensued. Jiang's visit to the U.S. in 1997 was reciprocated by President Clinton's trip to China in June 1998. A strategic partnership had been declared. Raised expectations for smoother relations were soon dashed by a host of issues, including Beijing's crackdown on political dissent, trade, campaign finance, technology theft, and missile deployments. The debate over China policy, once again, played out in the media. The net effect of this rapid succession of events has been to bring substantive progress in U.S.-China relations to a virtual standstill, with no clear vision of how to proceed. Several factors have contributed to this state of affairs, each of which should be addressed by policies that put U.S.-China relations on a foundation that serves America's long-term interests in Asia and around the world.

Most fundamentally, mutual fear colors every aspect of U.S.-China interaction. America is afraid that China will ultimately use its growing military power in pursuit of its expanding political and economic interests. Beijing is afraid that the U.S. will try to prevent China from achieving its modernization goals, including increased political influence, economic expansion, and attendant military capabilities. Thus, there remains an omnipresent perception on both sides that the United States and China are on a road to inevitable confrontation that could include military hostilities. Policymakers and defense planners on each side are, therefore, required to "hedge" against some future, undefined, military threat from the other which, in turn, feeds mutual distrust. Bilateral relations are mired in this vortex of fear and suspicion.

Second, incompatible national goals add to mutual anxiety. America and China *do* share profound long-term interests in peace and stability that provide an environment for continued economic growth. This shared interest is affected quickly, however, by differences in stated national goals. In the broadest sense, beyond peace and stability, the

two sides have different views of both their own and the other side's requirements for *security*. China's national goals also include *comprehensive development* and *reunification* of Taiwan with the mainland. In contrast, after peace and security, U.S. national goals can be described as economic *prosperity* and the *promotion of democratic principles abroad*. These differences in core national objectives immediately give rise to tension in bilateral ties and influence each side's approach to key bilateral and multilateral issues.

Third, a sound, post-Cold War strategic foundation for the relationship has not been established. An attempt to do so was made in 1997, when the U.S.-China "constructive strategic partnership" was declared. Since then, however, inadequate substance has been added to the phrase to either guide bilateral relations or enable the U.S. or Chinese administrations to forge domestic policy consensus. Instead, the phrase now conjures up widely disparate images. For example, critics of the U.S. administration's policies are, literally, offended by the phrase. Others see constructive partnership, at best, as a long-term goal, while present day realities fall far short. For their part, many Chinese are equally uncertain about the meaning of the Sino-U.S. strategic partnership. Some describe it as a *process*. The results of this confusion, on both sides, is that it fuels policy debates in Washington and Beijing, rather than contributes to consensus or provide common, long-term vision and substance. It might be more helpful to think of constructive strategic partnership as *both* a goal and a process. As bilateral relations evolve in the years ahead, the *process* – the systems and mechanisms established in pursuit of the *goal* – are likely to be more important than agreement on any single issue. National security and prosperity themselves are *processes*, not *events*. Long-term relations with Beijing should be no different as the U.S. and China strive to coexist peacefully.

Fourth, for the past twenty-five years, U.S.-China relations have been based on a formula conceived in the early 1970s by Zhou Enlai and Richard Nixon, which has sought to focus on convergent interests and, at the same time, set aside fundamental differences. This formula may have been correct during the Cold War, but is no longer effective in its

aftermath. By trying to avoid the most difficult issues in the relationship, governments in Washington and Beijing are exposed to broad criticism for "overlooking" the undesirable behavior of the other side, and for "appeasing" the other side for near-term political gain. This formula also contributes to unrealistic expectations of the relationship on both sides, which have historically been too high during good times and too low during the bad times. Consequently, this reduces the willingness and ability of both governments to make the political investment required to build and sustain a broad, long-term domestic policy consensus. Changes in both countries, and in the strategic landscape, argue for a new policy approach.

Finally, domestic politics in Washington and Beijing have bogged the relationship down. While less is known about the debate in China over its "America policy," it is safe to say that the discussion there is an intense one. In the U.S., the debate over China policy is losing the perspective and strategic balance needed to serve best America's long-term interests. In short, this debate has taken on an overly partisan flavor. With the campaign for America's year 2000 presidential election already begun, the tenor of the China debate does not bode well for near-term Sino-U.S. relations. A more productive debate would focus on broader interests, seek to build bipartisan consensus on a long-term approach toward Beijing, and distinguish between policy and policy management.

In full view of our experience with China in the last twenty years, we know with certainty that our vital national interests in East Asia – peace and prosperity – cannot be fully achieved without China's constructive contributions. We know also that we are unlikely to agree fully with the Chinese government on matters related to human, civil, or political rights. Friction will continue with China over trade issues, just as it exists in relations with even our closest allies. Taiwan will continue to be an extremely sensitive issue, indeed, likely *the most* sensitive issue in U.S.-China bilateral ties. Despite these and other lingering difficulties, we do now have an unprecedented strategic window of opportunity in relations with China.

The United States and China's vital interest in sustaining a peace that continues to favor economic development will not change in the foreseeable future. Equally important, the

United States is superior to China in every aspect of national power, and that also will not change in the foreseeable future. As such, from a position of strength, the U.S. is uniquely positioned to advance its relationship with China in a way that best serves its long-term regional and global interests, builds trust, and responsibly accepts strategic risk where possible and prudent. The first and most fundamental step in formulating a long-term approach toward China is to get the relationship on solid footing strategically; that is, recognize and accept the legitimate security concerns of each side and take specific measures to reassure, vice deter, one another. As part of its strategic engagement with China, the U.S. military can play a unique role in narrowing the gap in strategic perceptions on both sides. It is this, the strategic foundation of U.S.-China relations, along with its military component, that should be stabilized and remain so, even when friction arises over other issues.

This has already been another defining year in Sino-U.S. relations. With several key anniversaries in the backdrop,[2] a variety of China-related issues will continue to surface. These issues are real, contentious, and wide-ranging – from stability on the Korean Peninsula and across the Taiwan Strait to China's alleged technology theft, trade surplus, and suppression of political dissident. How these and other challenges are managed will most certainly set the tone for U.S.-China relations well into the 21st century. Needed now, more than ever before, is a balanced, bipartisan domestic consensus on policies toward China that truly serves U.S. long-term national security interests in Asia and around the world. The basis of such a consensus is presented in the paragraphs that follow.

The policy recommendations developed in this paper address the fundamental problems that contribute to mutual uncertainty. Fears must be allayed, gaps in strategic perspectives must be narrowed, substance must be given to a bilateral strategic framework, difficult issues must be discussed, and domestic political processes should be used to strengthen, not undermine, policies. In each of these areas, U.S.-China defense relations should be used to their fullest to stabilize the relationship. As a key source of national power, as well as mutual concern, stable military ties can contribute significantly

to preventing armed confrontation, overcoming uncertainty, and building trust. It is not a foregone conclusion that China's growing power is destabilizing – that is so only if U.S.-China relations are not well attended and allowed to decay.

This paper is an effort to provide a framework for a balanced debate that could lead to improved stability and predictability in U.S.-China relations. Part I accounts for fundamental changes in the global strategic environment and addresses several assertions about where China is today and where it might be headed in the next millennium. These assertions are offered as a foundation on which a long-term strategic relationship with China might be built. Detailed rationale for each assertion is contained in Annex A. Part II attempts to distinguish between vital and non-vital issues in U.S.-China security relations, explains the similarities and differences in the two sides' goals, interests, and strategic perspectives regarding these issues, and recommends policies to advance responsibly U.S.-China relations. Part III explores U.S-China military relations, including why and how military ties should be stabilized and developed to support the overall bilateral relationship. Annex B contains a summary of the policy recommendations made throughout the paper.

Part I

A World in Transition

Two World Wars and a Cold War in this century have distorted our view of how close allies and how distant enemies are. Our current expectation of how far "friendly" nations should be willing to go to subordinate their own important, even fundamental, interests to broader, U.S.-led international endeavors may no longer apply. At the same time, America's handling of its status as the world's leading power over the past decade has exacerbated the perception of U.S. "arrogance and unilateralism" in many parts of the world, including countries which have traditionally shared our interests, values, and goals.

Some believe the period of virtually unchallenged global dominance the United States has enjoyed since the end of the Cold War, what Samuel Huntington has called America's "unipolar moment," is waning, and that the world is currently in a state of transition that will last for the next decade or two.[3] There is strong evidence supporting this conclusion, as many of the world's major and lesser powers are currently struggling to define both themselves and their places in the 21st century world order. Russia, for example, still has global interests but only regional reach. NATO has developed a new strategic concept, while America's European partners are searching for their own collective security identity. Japan, weakened economically, is trying to define its role in helping set the international political agenda. China vacillates, depending on the issue, from acting like a global power to portraying itself as the world's largest developing, historically victimized country. India and Pakistan are trying to find their way after barging into the nuclear club. Even in the United States, there is an emerging debate over the proper role and employment of America's power, particularly military power, in the future. After failed or only marginally successful interventions in Somalia, Haiti, and Bosnia, America's struggle with the issue of deploying U.S. soldiers with NATO ground forces into a sovereign country to stabilize Kosovo is exemplary of this growing debate.

If current trends hold, the 21st century world likely will be characterized by diffused power. The United States, Europe, Japan, Russia, India, China, and other pockets of multilateral and transnational influence centered on the world's vital resources are likely to compete for influence, using one or more aspect of overall national power. Despite the efforts of international diplomacy to find grounds for compromise and create win-win situations, power is and will remain fundamentally perceived as a zero-sum proposition – unless the powers find ways to accommodate one another. Globalization and economic interdependence will continue to complicate international relations, and the economic dimension of national security will become increasingly vital. Fundamental economic interests – access to markets and resources, sustained growth, and protectionist impulses – may well be the "security" issues of the future. In this arena, the United States' position is also unlikely to prevail indefinitely. As the world's other major countries increase their own power and influence, America's relative power and influence likely will, to some degree, diminish. This is not inherently bad – both challenges and opportunities would result. Nor would this necessarily spell America's demise. The U.S. likely would continue to be the "first among equals" but, on many non-vital issues, would also have to accommodate more often the interests of other powers. This will require a change in the way American leaders and people think about themselves, the country, and the other powers that emerge.

There will continue to be issues on which the interests of the world's powers will converge. That would not necessarily mean the powers are "friends" in the way we think of today. Increasingly, there will also be issues on which the interests of the world's powers diverge. Likewise, this would not automatically mean that the powers are enemies in the classic sense. We must think less in terms of friend and foe – in the absence of a crisis that fundamentally threatens national survival this distinction will lose relevance. Most nations, like people, turn their attention to development and prosperity once their security is "guaranteed." Peace, security, and stability will continue to be necessary, though not necessarily sufficient, preconditions for development and prosperity on the economic "battlegrounds" of the future. Unless the interests of the

many are successfully addressed, the cumulative effects of "wins and loses" could manifest themselves in the political and military arenas.

The upshot of this discussion should be neither excessive pessimism nor optimism. It does, however, suggest that in the absence of a threat to a vital national interest, the world's powers will have to find new ways to compromise, cooperate, and quite literally "share the wealth." This also speaks to the need to clearly define vital interests, in order to distinguish them from interests that are "merely important." This will be difficult in an increasingly complex 21st century world, where issues will be colored shades of gray, not black or white, and one in which the terms friend and foe are likely to be much less relevant than they are even today. Thus, defining clearly our own core interests, as well as understanding clearly the core interests of the other powers, will be critical. By all indications, this will be increasingly difficult, particularly because the relative importance of national goals, interests, issues, and values has often become confused in recent years.

America already has an increasing variety of foreign and military policy challenges worldwide. Disagreement over how best to address these challenges appears to be at a post-Cold War high. At the ends of the spectrum, there are two possible outcomes. First, the Administration, Congress, and the American people might "leave domestic politics at the water's edge," pull together, and achieve consensus on the best approach to these myriad challenges. Alternatively, domestic divisiveness might rule the day, reducing foreign and military policy "solutions" to the lowest common denominator. Political parties and groups might blame one another for failures, real or perceived, and simply move the country from one crisis to the next. America can hardly afford disunity at this critical juncture in its history. The United States is a country in transition, attempting to guide a world in transition. Managed well, this transformation would enhance America's security and prosperity with, not at the expense of, the world's other powers. Managed poorly, however, this metamorphosis could actually weaken the country within, and make it more vulnerable to challenges without. Regardless of what international role we assign ourselves, the world's other powers will have much to do with the part we actually play. And, if we overreach, we risk, perhaps, the danger of collapsing under the weight of our

own self-imposed global leadership. Thus, throughout this transition, it is critical that the United States keep its strategic balance.

The world's changing strategic environment has important implications for America's ability to formulate and sustain a Grand Strategy for the beginning of the next millennium[4]. Arguably, in the absence of a major domestic or international crisis, the diffusion of power and interests renders improbable our ability to conceive and support a Grand Strategy like those of World War II and the Cold War. Meantime, peace likely will remain "an unstable equilibrium, which can be preserved only by acknowledged supremacy or equal power,"[5] and we will have to be wise enough to know when supremacy is required and when equal power is good enough. Moreover, "[t]he causes of war [will continue to be] the same as the causes of competition among individuals: acquisitiveness, pugnacity, and pride; the desire for food, land, materials, fuels, and mastery."[6] Is it possible to break out of history's endless cycle of war and armed conflict between states? Can the challenges and competition between countries in the 21st century world be moved to a "higher plane?" Unfortunately, man's nature suggests probably not. Yet, this would be an appropriate goal for America in the next century, where U.S. leadership, involvement, and presence will still be required. As the world's leading power, history has placed America in a unique position to pursue that aim. On many issues, American leadership will continue to be necessary; on others, particularly those involving other major powers, American leadership may not even be welcome. What will determine whether these challenges can be met "depends on the presence of initiative and creative individuals with clarity of mind and energy of will, capable of effective responses to new situations."[7] Certainly, the consequences of failure "could not be worse than those we may expect from a continuation of traditional policies."[8]

On the threshold of a new millennium, the time to face these challenges is now, and there may be no better place to start than with our ties with China. Relationships are built and problems are managed one day at a time, and what we do today matters tomorrow.

The Debate over China Policy

> **The central strategic question is not whether the United States will 'create a monster' [by engaging China] but rather whether the United States and China can learn to share influence and even power in East Asia.**
>
> -- James Lilley, Former U.S. Ambassador to China

Particularly since the Tiananmen incident in 1989, the debate over China has been exceptionally divisive. In one Congressional Staffer's view, there are essentially three views of China on Capitol Hill. First, there are those who believe China inevitably will be an adversary of the United States. Second, there are those who hold that China will ultimately open, evolve, and liberalize, and that we just need to be patient. Third, there is the zero-sum view that merely China's emergence as a great power is fundamentally destabilizing.[9]

James Lilley, former Ambassador to China, characterizes the debate in slightly different terms. In his view, the U.S. debate on a strategy toward China is shaped by four elements:

- American China analysts are using the same data.
- These analysts derive widely divergent conclusions from the same data and essentially two viewpoints emerge:
  - * the benign China view: "make love not war"
  - * the China threat view: "the Chinese are coming"
- Discussions among analysts unfortunately tend to degenerate into *ad hominem* attacks and produce "more heat than light."
- Regardless of which school of thought prevails, the stakes of the debate are extremely high; **the price for being wrong might be too high** as the debate is more than an exercise in verbal skills.[10]

Unfortunately, the debate in the U.S. over China policy has become shrill, short on strategic perspective and balance, polarized along partisan lines, and deleterious to

America's fundamental security interests. One observer noted recently that the debate should not be cast in terms of "engagement vs. containment."

> It is time to move beyond these false choices. Even during the darkest days of the Cold War, we 'engaged' Moscow, had summits, and signed agreements. Of course we must deal with a civilization of 1.3 billion people, nuclear weapons, a UN Security Council veto, and the seventh-largest economy in the world.[11]

One explanation for the tenor of America's debate on China would ascribe responsibility to both the Administration and Congress. A recent edition of the *Washington Post*, dealing side by side with the topical issues of Kosovo and China, highlights the problem. The newspaper's editors call for the Administration to "Bring Congress In" as a partner on Kosovo policy, and states that there is fear in the Administration

> that the president will be repudiated by Congress even as negotiations are in train. The president ought to be asking for congressional approval, not trying to evade a congressional judgment on his policy in Kosovo. Otherwise Congress will find itself in the familiar position of evading its constitutional responsibility to participate in a timely and meaningful fashion in making American intervention policy, and complaining sourly about it later. [In taking his case to Congress], the president will find himself either repudiated, in which case everyone will know where the responsibility lies, or supported, in which case his policy will be much stronger for it.[12]

Directly across from this editorial is an opinion piece condemning the Administration's China policy and charging the Administration with lying to America for the past six years about Beijing. The article accuses the Administration of hiding Chinese espionage and falsely raising expectations that China was serious about political reform.[13] The juxtaposition of these two articles is striking because it points directly to some of the key underlying causes for the unhelpful debate over China currently underway. The Administration has failed to earn the support of Congress and the American people for its China policies. For its part, many in Congress routinely have, for a variety of reasons, used China policy to attack and pressure the Administration. One might argue, for example, that it was Congressional pressure, forcing President Clinton to reverse his decision not to allow Taiwan's President to make a private visit to the U.S., that led to the U.S.-China crises in the Taiwan Strait in 1995-96.[14] One might also argue that it was Congressional pressure for "results" in U.S.-China ties that encouraged the

Administration to inflate its claims of progress in relations with Beijing. As for China's alleged technology theft, there is evidence indicating that both the Administration and Congress knew for years what was going on and that both were slow to act.

To be sure, Beijing's behavior contrary to U.S. interests, real or perceived, fuels the debate over what to do about that behavior. The first step in long-term engagement with China, however, is for policymakers and lawmakers, on both sides of the political aisle, to sustain their engagement with one another. Absent consensus, pressures from both sides can lead to overreactive policy choices or legislation. Backtracking on China's accession to the World Trade Organization during Premier Zhu Rongji's April 1999 trip to the U.S. is the most recent example of this phenomenon.

Ambassador Lilley's admonishment regarding the importance of U.S. relations with China and the potential consequences of being "wrong" should be the point of departure for a serious, balanced, realistic approach to relations with Beijing. The focus of this debate should shift from partisan "who's right" to bipartisan "what's right," and care must be taken to distinguish between policy management and the policies themselves. Debate is a strength in America's political system but, like any strength, it can become a weakness if taken to an extreme. The U.S. should allow itself to be sidetracked by false choices or by exaggerated views of China as either inevitably benign or threatening. A fresh look at where China is now and where it is going is in order.

The Elements of Consensus

An effort to achieve a balanced, bipartisan consensus on which to base China policy should start with a framework that assesses China's progress over the past twenty years, its current direction, and the likelihood of its achieving its goals. As a possible starting point for a debate on the elements of consensus, the following assertions are offered:

- China is wholly committed to modernization and economic development.
- Economic development requires peaceful regional and global environments.

- Military modernization is subordinate to China's overall modernization goals.
- The ultimate success of China's pursuit of modernization is not guaranteed.
- China is not yet a great power, it is an important global and major regional power.
- China's leaders are pragmatic.
- China's paramount security concerns are domestic.
- China has legitimate external security interests and concerns.
- Neither China's history nor its current policies indicate that it has a worldview, in the geostrategic sense, like the one that has evolved in the United States.
- Continued economic development and an ability to meet the rising socio-economic expectations of the Chinese people are required to sustain the legitimacy of the Communist Party.
- China has an undeveloped, non-Western sense of nationalism and national identity.
- America's ability to "change" China is limited and, whatever influence the U.S. does have on China, is dependent on the quality of the overall relationship.
- The potential reaction of China's neighbors to its development, modernization, and, most importantly, its behavior, serves as a natural constraint on Beijing's actions.
- Like America's difficulty in developing a coherent, long-term China policy, China has its own "America dilemma."

For the reader who wants more information on how and why these judgments were made, the rationale for each is contained in Annex B. These assertions are intended to be as objective as possible and to provide a basis for a balanced debate on U.S. engagement with China.

Summary

China is a country in transition, living in a world in transition. So are the United States and virtually every other country in the international order. China is also not yet a great power, and its emergence as one is far from guaranteed. In the absence of a threat to a vital national interest, the world's powers will have to find new ways to compromise, cooperate, and quite literally "share the wealth." There is a pressing need to clearly

define vital interests, in order to distinguish them from interests that are "merely important." This will be difficult in an increasingly complex 21st century world, where issues will be colored shades of gray, not black or white, and one in which earlier definitions of the terms friend and foe are likely to be much less relevant than they are even today. Defining clearly our own interests, as well as understanding clearly the interests of the other powers, will be critical. Several assertions have been made that warrant consideration in any debate over where China is today and where it wants to go. These assertions should contribute to broader consensus on China's future and form a basis on which to draw the strategic conclusions necessary for long-range policymaking. On this basis a more substantive, stable strategic foundation, one that accounts for the enduring interests of both sides, should be built with China.

Part II

U.S-China Strategic Relations: A Balanced, Long-term Approach

A balanced, long-term approach to China would start with the conclusions in Part I. In that context we begin with an interpretation of the U.S.-China "constructive strategic partnership," followed by an examination of the overarching strategic goals of both countries, and conclude with an assessment of the most important issues on the bilateral agenda.

The U.S.-China Constructive Strategic Partnership

The phrase "constructive strategic partnership" evokes widely disparate images among U.S. China-watchers. Some are offended by the phrase. A few might believe the U.S. is already engaged in such a partnership with China. Most believe it to be, at best, a long-term goal, while present day realities fall far short. Unquestionably, the notion of a constructive strategic partnership with China is ill defined and, as such, fuels the debate over China policy rather than contribute to consensus or provide a common, long-term vision. Nevertheless, the words are etched in the 1998 National Security Strategy and the President repeated precisely this formulation in his welcoming remarks to Premier Zhu Rongji on the South Lawn of the White House on April 8, 1999.

For their part, many Chinese are equally uncertain about the meaning of the Sino-U.S. strategic partnership. Some describe it as a "goal," while others think of it as a "process." Both groups, however, believe that the U.S.-China strategic partnership is meaningful for two key reasons. First, it reflects a commitment by the top leaders of the two nations to try to find their way together in the post-Cold War world. Second, in the most practical terms, it reflects the importance both sides ascribe to the relationship.

The notion of the U.S.-China strategic partnership as a "process" is useful, but lacks the substance to provide a firm strategic foundation. It might be more helpful to think of

constructive strategic partnership as *both* a goal and a process. As bilateral relations evolve in the years ahead, the *process* – the systems and mechanisms established in pursuit of the *goal* – are likely to be more important than agreement on any single issue. National security and prosperity themselves are *processes*, not *events*, and long-term relations with Beijing should be no different as the U.S. and China strive to coexist peacefully.

Shared Interests and Incompatible National Goals

The U.S. and China do share profound long-term interests. In the broadest sense, China's national goals are peace, security, and stability (particularly in the Asia-Pacific region), comprehensive development, and reunification of Taiwan with the mainland. U.S. national goals can be described as peace and security, economic prosperity, and the promotion of democratic principles abroad. Thus, while the U.S. and China share a most fundamental interest – peace and stability – differences in each side's approach to security and its other core objectives immediately give rise to tension in bilateral ties.

The core dilemma in U.S.-China security relations is mutual fear and uncertainty about the true, long-term intentions of the other side. In response to this underlying fear, political leaders and strategic planners on both sides "hedge" against worst-case scenarios which, in turn, feeds the distrust of the other side. Americans are afraid that China will use its growing military power in pursuit of its vital national goals and interests. Beijing is afraid that the U.S. is trying to prevent China from achieving its full potential as a great power, including its legitimate defense capabilities. Efforts by both sides to allay the fear of the other have been only marginally successful and, as such, relations appear to have reached a plateau, with no clear way to break out of this vicious circle of mutual distrust.

A variety of issues exacerbate this problem, including different understandings on both sides of what defense capability is required to achieve security. America's forward deployed forces and its multiple bilateral alliances in Asia, for example, deemed essential to protect U.S. vital interests in the region, are seen by Beijing as an effort to surround

and contain China. Beijing is routinely reminded of its military inferiority to the U.S. by American military actions in the Persian Gulf, the Balkans, and other parts of the world. In turn, China's efforts to modernize selectively its largely antiquated armed forces are seen by U.S. defense specialists as potentially threatening. These perceptions are magnified by our view that China's military lacks transparency, Beijing's unwillingness to renounce the use of force against Taiwan, and other issues. Different goals, frames of reference, and preferred outcomes on specific security challenges are barriers to better security understanding and cooperation.[15]

Economically relations are also strained, in part because the two countries' economies are at different stages of progress. China is *developing*, while the U.S. desires for itself increased *prosperity*, producing fundamentally different approaches to socio-economic security. Trade, in particular, is becoming an increasingly contentious issue as China's export led economic growth is slowing and America's deficit is swelling. Though for different reasons, the political "survival" of governments in both Washington and Beijing is heavily dependent on the health of their respective national economies.

China's stated goal of *reunification*, where uncertainty remains in both the U.S and China over how the Taiwan issue will evolve, is juxtaposed against America's stated goal of *promoting democracy abroad*. This is perceived in Beijing as directly threatening to the Chinese regime. In the broadest sense, the clash of these core national goals spotlights Beijing's emphasis on *sovereignty* and Washington's emphasis on *human rights*. America-led NATO military intervention in Yugoslavia underscores this contradiction in priorities.

The cumulative effect of these fundamental differences in national goals compounds mutual uncertainty and directly influences the two nations' approach to issues of common concern. In addressing these issues, it is important to attempt to distinguish between those that affect the vital interests of both sides and those that do not. For the United States, its most vital strategic goals in the East Asia-Pacific region include:

- Preventing armed conflict with China.
- Maintaining peace and stability across the Taiwan Strait.
- Maintaining peace and stability on the Korean Peninsula.
- Preventing the proliferation of weapons of mass destruction (WMD) and the means by which they may be delivered.
- Maintaining freedom of navigation throughout the Asia-Pacific region.
- Maintaining stability and balance in the evolution of U.S.-Japan-China relations.
- Maintaining stability and balance in South Asia.

To the extent that these goals contribute to China's national development, they are also vital to Beijing. That said, while China shares with the U.S. a desire for peace in the region, it neither necessarily shares America's desired outcomes in these areas nor does it necessarily agree with the U.S. on how these issues should be managed. The issues can be managed, however, without resulting in conflict between the U.S. and China, but steps will have to be taken by both sides to overcome their mutual uncertainty. The key is to maintain focus on *peaceful* outcomes that do not compromise the core goals of either side.

Preventing Conflict – Moving from Deterrence to Reassurance

In the broadest strategic sense, both sides should seek to shift subtly the tone of security relations, where possible, from their emphasis on deterrence to mutual reassurance. In view of the shared distrust in the relationship, it is difficult for either side to take the first step toward reassurance. Both sides, then, should take the first step together. A permanent, bilateral standing security council is needed. This body should be charged with identifying problems, developing solutions, and monitoring their implementation across the entire range of bilateral security issues. In advancing this initiative, Washington must also ensure that it is fully coordinated with and understood by allies and other countries worldwide. This Standing Security Council (SSC) must also be allocated resources that reflect an enduring commitment to America's defense

relationship with China. Further, the top issue on the SSC's agenda should be mutual security perceptions and requirements.

Mutual Security Perceptions and Requirements

America and China, like all nations, have legitimate security concerns. Mutual recognition and *acceptance* of this fact, as well as a mutual understanding of the steps each side is taking to address its concerns are needed. Forward-deployed U.S. forces in Asia worry China, though many Chinese leaders would be willing to admit privately that Beijing benefits from their presence. Moreover, there is no foreseeable end in sight for America's requirement to maintain a strong presence in East Asia and the Pacific. China should accept this, even if reluctantly. Concomitantly, the U.S. should accept that China has a need and right to address its own complex security environment and develop a military capability commensurate with its growing interests. This acceptance, while likely equally reluctant, is no less necessary. The existence of certain military capabilities on either side does not inherently mean they will be used against the other. Indeed, the fundamental purpose of the permanent security council is to ensure this does not happen.

Not surprisingly, the ability of America and China to cooperate on any single issue is generally determined by the quality of the overall relationship. This is likely to continue to be so, and argues strongly for an approach that addresses, rather than shrinks from, the deepest fears and most vital interests of both sides. Mutual acceptance of the legitimate security interests and perceptions of both sides would stabilize strategic relations in a way that would allow other difficult issues to be addressed candidly and confidently by both sides.

Part III

Vital Bilateral Issues – Conflict or Compromise?

America and China bring both convergent and divergent goals, interests, and strategic perspectives to the many strategic issues facing their relationship. Clearer understanding of the vital interests on both sides is needed, as well as the relative importance of the issues themselves. Changes in the global strategic environment no longer afford the two sides the comfort of simply "putting differences aside." The tough security challenges must be addressed in a way that recognizes the interests of both sides and takes the first important steps toward overcoming mutual uncertainty. No issue is more difficult that Taiwan and, as such, we begin there.

Maintaining Peace and Stability across the Taiwan Strait

> **While our arms sales policy aims to enhance Taiwan's self-defense capability, it also seeks to reinforce regional stability. Indeed, decisions on the release of arms made without consideration of the long-term impact both on the situation in the Taiwan Strait and on the region as a whole would be both dangerous and irresponsible.**[16]
>
> -- Dr. Kurt Campbell, Deputy Assistant Secretary of Defense for Asian and Pacific Affairs

Taiwan is the most potentially explosive issue in Sino-U.S. relations: the issue that led to military confrontation in 1995 and 1996. Taiwan is also the *only* issue over which disagreement or misunderstanding might, in the foreseeable future, lead to another military confrontation, or worse, conflict, between the United States and China. Significant steps have been taken by all sides to repair the damage created by the 1996 standoff in the Taiwan Strait. Most significantly, the October 1998 visit to the mainland by Koo Chen-fu, Chairman of Taiwan's Straits Exchange Foundation, appears to have added stability to cross-Strait relations. Beijing was pleased with the visit and Wang Daohan, President of China's Association for Relations Across the Taiwan Strait (ARATS), likely will pay a reciprocal visit to Taipei later this year.[17]

Beijing officials acknowledge that "more predictability" in the bilateral relationship will be difficult to achieve, but note with some satisfaction that now there is "less uncertainty." Nevertheless, uncertainty remains. While China interprets Taiwan's December 1998 elections and the strong showing by the Nationalist Party (KMT) as a vote for the status quo and a step away from independence, Beijing sees some danger in the "new Taiwanism" movement on the island, particularly in the context of Taiwan's presidential election next year.

For its part, Taiwan seems to be struggling to redefine itself. According to one Taiwanese scholar, Taiwan's domestic politics are in flux, a situation that likely will be intensified with the evolution of political regimes on the island, in the U.S., and on the mainland over the course of the next few years. In particular, Taiwan is searching for a new "national" identity. Taiwan's democratization, economic development, and uncertainty over pro-independence forces are key factors influencing this debate. Taiwan's leaders and people are asking fundamental questions. Are they still their heirs to China's 1911 revolution? Is Taiwan building a new culture? If so, what might it be? These important questions will be answered in the context of the political stalemate that continues to exist across the Strait. Although cross-Strait relations appear, for now, relatively stable, there is no assurance that they will stay that way. Exacerbating mistrust in cross-Strait relations is Taipei's attraction to theater missile defense (TMD).

Taiwan's interest in TMD adds a new dimension of uncertainty to cross-Strait relations and the U.S. role in that relationship. Given the experience of our military confrontations with China over Taiwan in 1995-96, as well as Beijing's stance on TMD for Taiwan, it should be clear that U.S.-China strategic cooperation and the tenor of the overall relationship are tied directly to the quality of cross-Strait relations. It should be equally clear, despite the fact that neither Washington, Taipei, nor Beijing desire armed conflict, that a misstep by any side could have this outcome. With these considerations in mind, the introduction of TMD into the cross-Strait equation may be unnecessarily and unjustifiably destabilizing.

Cross-Strait relations between Taipei and Beijing are extraordinarily complex. The United States walks a fine line between the two sides, between fulfilling its obligations to island security under the Taiwan Relations Act and meeting its commitments to China under the three communiqués, while trying not to get caught in the middle. Moreover, this issue is heavily laden with domestic political considerations in Taipei, Beijing, and Washington. Regardless of perspective, a hard line toward reunification plays well in all three capitals to serve other domestic political interests, related and otherwise. Apart from purely national defense considerations, TMD has potentially significant political "value" on all three sides. TMD for Taiwan also has potentially significant political liabilities and America should take great care not to get caught in a cross-Strait situation that could have unintended, undesirable consequences.

First, the United States should immediately and clearly de-link TMD for Taiwan from TMD development and possible deployment for any other country, particularly Japan. Tokyo and Seoul have both expressed their concern about provoking China with a missile defense system that extends, or is perceived to extend, to Taiwan. Fostering the impression in Beijing that TMD for Northeast Asia might be linked to TMD for Taiwan serves well neither regional nor American security interests.

Second, given the complexity and sensitivity of the issue, TMD for Taiwan may be more than a yes or no question. Perhaps a more nuanced approach would better contribute to cross-Strait stability.

> [W]ith respect to Taiwan, the PRC has every right to demand that foreign countries stop antagonizing a delicate situation by selling advanced weapons to Taiwan. (Translated into domestic political terms, the U.S. president must find ways to retrain Congress form undermining agreements reached with China, so long as Beijing does not threaten Taiwan's security.)[18]

Nevertheless, U.S. arms sales to Taiwan, despite Beijing's objections, are likely to continue for the foreseeable future. Each individual sale, by itself, creates trilateral friction. These arms sales are also likely to continue to include potential components of any eventual missile defense architecture. As such, a clear distinction should be made between these component systems and a complete missile defense arrangement. One

approach would be to exclude explicitly Taiwan from all TMD discussions, theoretical or otherwise. It is no small irony that this contentious issue involves a system that does not yet even exist. If, at some point in the future, the capability is demonstrated and the security situation warrants it, a deployment decision regarding TMD for Taiwan can be taken. Until that time, discussion of TMD with Taiwan induces undue tension in U.S.-China relations that inhibits closer cooperation on other strategic issues.

Missile defense is actually a complex systems of systems, including early warning, low and high altitude weapons, command, control, and communications, and support. The U.S. sold to Taiwan, in 1993, three Patriot Advanced Capability (PAC)-2 batteries. These are an upgraded version of the Patriot missiles used to defend against Iraq's Scud missile attacks during the Gulf War. Taiwan has also expressed a desire to purchase Aegis guided missile ships and the newer PAC-3 system when it becomes operational. Both of these weapons systems are commonly viewed as potentially integral components of any future, fully functional missile defense system. These sales may eventually go forward, but they should do so in a way wherein the U.S. unequivocally retains the *master key* to any complete missile defense architecture – for example, early warning and command and control systems. By drawing a clear line between a complete missile defense system and the individual components thereof, Washington could address the most fundamental concerns of both Taiwan and Beijing, and contribute to cross-Strait stability. Beijing would be assured that Taiwan possesses no operational missile defense without America's active participation. Taiwan would be assured that if Beijing was acting in a threatening way the U.S. could add a missile defense capability to the situation. Concomitantly, this approach would avoid unnecessarily inciting either pro-independence advocates on Taiwan or those in China who would use missiles to intimidate the island's population. Any other approach to TMD for Taiwan is likely to be inherently destabilizing. Further, removing TMD from cross-Strait relations is a decision that could be reversed at any time if Beijing's behavior made it necessary.

China's missile deployments across from Taiwan, which have been the center of much attention recently, are not new. A Department of Defense spokesman stated on 11

February 1999 that "China has not increased the numbers of missiles aimed at Taiwan in five or six years."[19] Ashton Carter and William Perry note that "over the past decade the PLA has been shifting its war plans and weapons-buying programs from general war with its northern neighbor, the former Soviet Union, toward acquiring the capability to coerce Taiwan."[20] Coerce Taiwan from what? China chose to actually employ its missiles only after there was sufficient concern in Beijing that Taipei was moving toward independence. This perception was reinforced by Washington's decision to allow Taiwan President Lee Teng-hui's visit to the United States, the political character of his speech at Cornell University, and domestic politics in Taiwan pursuant to its 1996 presidential election. Beijing likely underestimated the U.S. response to its decision to go ahead with missile exercises. Still, by the second round of exercises in March 1996, the U.S. and China appeared to be on the brink of conflict. Inasmuch as Lee Teng-hui was reelected with a strong majority of the vote, Beijing's actions appeared to have achieved their intended effect. Yet, Beijing's actions also had important negative consequences, including Taiwan's interest in missile defense and the inclination of many in the U.S. government to give it to them.

China's regimental-size missile unit remains deployed in Southeastern China specifically to discourage pro-independence advocates on the island and *avoid* the armed conflict that would almost inevitably result from an official shift to an independence policy by Taipei. As Avery Goldstein notes,

> TMD for Taiwan might be a good response to the mainland's ballistic missiles if they were part of a strategy for militarily seizing the island. But because those missiles are instead part of a strategy that rests on threats to punish rather than prevail, deploying the sorts of TMD current technology can produce is arguably an unwise diversion of resources.
>
> For the U.S., the questionable strategic benefits of TMD for Taiwan raises serious doubts about the wisdom of paying the political price in Sino-American relations that joint development would entail, especially if it includes Japanese participation...However ineffective ballistic missile defenses may be at present, the Chinese (and Russians) worry that the world's most advanced industrial powers will figure out ways to improve these systems and pose an ever escalating challenge to the one component of their military arsenal that is not hopelessly outclassed. Their fears (arguably as exaggerated as the hopes of TMD advocates) will make it more difficult to work together on other areas of common interest...[21]

There is also considerable debate over the merits of TMD in Taiwan, where it is clearly understood by most that the price of any missile defense system is much greater than monetary. The potential political value, or liability, of TMD is at the heart to the debate. Taiwan's concern derives from it appreciation of the fact that, in Beijing, missile defense is seen as both a symbol of the island's independence and part of a "mini-NATO" security grouping involving Washington, Tokyo, and Taipei. Taiwan's inclusion in TMD would remove for China any doubt that the system is not aimed exclusively at rogues like North Korea, and would be stark confirmation for China that America sees Beijing as its major military "threat" in Asia. Many Taiwanese, for good reason, are unsure that they want to go down that road. Washington should have similar concerns and judge them just as seriously.

> The United States and other countries, such as Japan, need to accept China's insistence on equality and respect for sovereignty, which underlie its claims to senior status in the post-Cold War Asia Pacific order.[22]

At the same time, Beijing must be consistently reminded that, ultimately, its own behavior toward Taiwan and its own ability to *attract* the Taiwanese people to reunification will determine how the issue evolves. Meantime, America's interests are served as long as the two extreme possible outcomes are avoided – no independence for Taiwan and no use of force by China to bring reunification about. Any outcome in between, as long as China and Taiwan agree, should be acceptable to the U.S. Thus, in concert with the more balanced approach toward TMD for Taiwan described above, the Administration should reinforce its uncompromising determination that the issue be resolved peacefully by declaring what many have called a "fourth no," that is no use of force to achieve reunification.[23] This step would send a clear signal to Beijing and contribute to an overall sense of security on Taiwan, in the context of a refined, less provocative policy regarding TMD for Taipei.

Helpful in a comprehensive approach toward this issue would also be the early, mutually acceptable conclusion of negotiations with Beijing regarding its accession into the World Trade Organization (WTO). At the same time, efforts should also be made to convince

Beijing of its self-interest, particularly in terms of perceptions of China both in Taiwan and the U.S., in Taipei's simultaneous or near-simultaneous accession to the WTO.

Meantime, Beijing will be watching closely Taiwan's presidential election scheduled for March 2000. Although high-risk and therefore unlikely, if it perceives that the independence movement on the island is gaining too much momentum, China could once again resort to military intimidation. While the U.S. is unlikely to be able to influence at this point *where* China deploys its missiles, it can influence what China *does* with them. America's discussion of TMD with Taiwan would diminish that influence in Beijing. As Goldstein notes, " [f]or a strategically decisive system, such a system may be worth [this] cost. [But], for the type of system currently available, it is a bad bargain." The U.S. should reserve the leverage of a serious discussion of TMD with Taiwan for a time when it is available and necessary. Entertaining Taipei's interest in missile defense now gives away a card that would better be played later, if at all. As a senior U.S. official noted recently in testimony to Congress,

> Neither the PRC nor Taiwan would be served by over-emphasis on military hardware while neglecting the art of statesmanship...In this age of highly sophisticated weaponry, I think we are all sometimes prone to equating security with military capability. But a durable peace will rest less on arms than success in addressing differences through dialogue on a mutually acceptable basis. Thus, whereas missiles and missile defense systems ultimately cannot in themselves secure peace and prosperity, dialogue and creative compromise can do so.[24]

Ultimately, a decision to pursue policies that account more fully for both Taiwan and China's concerns over missiles and TMD serves U.S. interests best. In addition to all of the other benefits that might accrue, perhaps the most important is that it would represent a clear step toward reassuring China of America's long-term intentions – a critical step toward overcoming U.S.-China uncertainty. This is a potentially high payoff, low risk measure involving a non-existent system, and a policy approach other U.S. allies and friends in the region might welcome.

Maintaining Peace and Stability on the Korean Peninsula

China has, for years, played a constructive role in managing tensions on the Korean Peninsula. At least since the early 1980s and particularly since Seoul's 1988 Summer Olympics, Beijing has quietly attempted to moderate Pyongyang's behavior. China is also a participant, with the U.S. and the two Koreas, in the ongoing Four Party Talks. However, Pyongyang's behavior and real progress in the Four Party Talks have been, in turn, disquieting and discouraging. As such, many believe China should be doing more to constrain North Korea's missile development programs and proliferation activities, as well as ensure that Pyongyang has not resumed its nuclear weapons program.

While there are differences of opinion in Beijing, the prevailing view is that North Korea is isolated and under serious security strains from the legacy of the Korean War, U.S. sanctions, and America's relationships with both South Korea and Japan. China also believes that to "preserve its special relationship" with North Korea, it must continue to engage Pyongyang quietly, calmly, and with a low international profile. Further, the Chinese assert that they have less influence over North Korea than we in the U.S. give them credit for. Judging by Pyongyang's behavior, this may be the case.

North Korea's missile launch over Japan in August 1998 exemplifies clearly the limits of Beijing's sway over Pyongyang. The repercussions of that missile launch have overwhelmingly been contrary to China's interests. Most significant, as a result of the launch, Japan has agreed to participate with the U.S. in TMD development and has committed to developing and launching its own reconnaissance satellites. In addition, the missile launch crystallized U.S. Congressional support for TMD deployment which is, in itself, highly undesirable from Beijing's perspective.

Resolution of the standoff on the Korean Peninsula is ultimately a Korean matter, and the goals of the two sides remain fundamentally opposed. While Seoul desires reconciliation with the North, for Pyongyang "the ideal condition on the peninsula is neither war nor peace. This strategy allows North Korea to survive essentially unchanged without

diverting additional resources to the military and without implementing significant reforms. In this context, the results of the Four Party Talks are likely to [continue to] be disappointing."[25] China does share with the U.S. a profound interest in peace and stability on the Korean Peninsula, but several factors shape bilateral cooperation on this critical issue.

China clearly is concerned about developments on the Korean Peninsula, but does not necessarily share the sense of urgency or heightened sense of threat that recent events have generated in Washington and Tokyo. Beijing views Pyongyang's suspected nuclear weapons program as a means by which Kim Jong Il tries to extract further concessions from the U.S. and bolster his countrymen's perception of his international standing and legitimacy. Nor does China believe that North Korea will either explode or implode in the foreseeable future, and urges the U.S. to take a more subtle, patient policy approach toward Pyongyang.

Beijing also does not necessarily share America's preferred end state for the Peninsula. Certainly, both sides want any outcome to be peaceful, but each side would also favor a reunified Korea oriented its way. Thus, in any post-reunification scenario, the ultimate disposition of U.S. forces on the Peninsula will be a key bilateral issue. The potential regional implications of a complete U.S. military withdrawal from Korea, particularly regarding Japan, may be enough to convince Beijing to tolerate reluctantly the retention of an American military footprint on the Peninsula. That decision, however, will likely be determined by the overall condition of U.S.-China relations, just as the health of bilateral relations colors Sino-American cooperation on the Korean Peninsula today. "An American-Chinese relationship which is competitive overall will continue that competition on the Korean Peninsula."[26] In that context, with both near-term stability and long-term American interests in mind, several steps should be pursued to help reduce friction and improve U.S.-China cooperation on the Peninsula.

First, the Northeast Asia Cooperative Dialogue, involving China, the U.S., South Korea, Japan, and Russia should be invigorated and sustained. This Track II (unofficial) forum

is useful for increasing multilateral understanding and defense transparency, and could also serve as a means to assess perceived threats posed by Pyongyang's behavior, share views on possible alternative futures for the Peninsula, and informally discuss contingencies on the Peninsula that could range from peaceful evolution to war. Efforts to involve Pyongyang in this forum should also continue.

Second, a Northeast Asia Early Warning Center (NEAEWC) should be established to alert all six parties of planned missile tests by any side and to share immediately information in the event of surprise launches. Ideally, Tokyo, Beijing, Seoul, Pyongyang, Moscow, and Washington would all be involved. Even if the North Koreans opt not to participate, however, the center would provide a critical forum for information sharing in both crisis and non-crisis situations. Mutual mistrust over the accuracy, completeness, and timeliness of the information shared could be overcome in time. In the absence of a formal early warning organization, at a minimum, a multilateral prior-notification agreement between the sides should be pursued.

Third, ways must be found to engage China and Russia in national and theater missile defense discussions. Already, the Russians have linked further progress on disarmament, at least in part, to this issue. China has unequivocally expressed its displeasure over Japan's decision to participate in TMD development. In this context, regardless of how prudent or necessary missile defense might seem from our perspective, the decisions to develop and deploy should not be made without full consideration of the broader impact these decisions may have on other critical U.S. interests and relationships. Presently, for Beijing and Moscow, missile defense and effective deterrence are mutually exclusive concepts. But, this is a Cold War construct and, perhaps, a false choice for the 21st century. In the long-term, ways must be found that allow missile defense, continued disarmament, and effective deterrence to exist simultaneously. While near-term U.S. decisions regarding TMD *development* should not be hostage to sentiment in Moscow or Beijing, *deployment* is an entirely different matter. As such, the U.S. should immediately begin a parallel dialogue with Russia and China to find ways that will allow them to share the benefits of TMD rather than become its perceived "victims." It will take time for

both Moscow and Beijing to develop trust in such an endeavor, but this dialogue is an essential step if the U.S. desires to pursue missile defense without creating an unacceptable sense of insecurity in Russia and China. In time, lessons learned in these discussions might also be applied to nuclear South Asia.

Preventing the proliferation of weapons of mass destruction (WMD) and the means by which they may be delivered

In discussing proliferation issues regarding China, we must be mindful of both sides of the proliferation coin. First, there remains concern over China's reliability and willingness to abide by the non-proliferation agreements to which it is party. Second, there is broad concern over the proliferation of nuclear weapons and missile technologies *to* China. While these issues are not necessarily directly related, they are often parts of the same discussion. So it is here.

China is a signatory of the Non-Proliferation Treaty (NPT), the Comprehensive Nuclear Test Ban Treaty (CTBT), and the Chemical and Biological Weapons Conventions. It continues its verbal commitment to the provisions of the Missile Technology Control Regime (MTCR) and is an active participant in a variety of international non-proliferation dialogues, including Fissile Material Cutoff Treaty (FMCT) negotiations. Nevertheless, China's proliferation record has been spotty, including missile sales to the Middle East and Pakistan, as well as nuclear and chemical weapon cooperation with Pakistan and Iran. As recently as November 1998 in Beijing, John Holum, Acting Undersecretary of State for International Security Affairs, protested continuing Chinese missile technology aid to Iran.[27] Thus, although Beijing has taken several important steps since 1992 to adhere to its non-proliferation commitments, this issue remains one of great concern in the U.S. Indeed, concern has intensified dramatically in recent months as a result of allegations that China may have benefited from the unauthorized and illegal acquisition of sensitive U.S. missile and nuclear weapons technologies.

America's concern over technology theft by any country, friend or otherwise, is serious and justified. According to news accounts, a bipartisan House Select Committee, chaired

by Representative Christopher Cox, concluded that "China's sustained, serious efforts to acquire advanced American technology over the past twenty years have damaged U.S. national security." More recent reports allege that China was involved in stealing nuclear weapons secrets from the U.S. laboratory at Los Alamos and similarly acquiring neutron bomb technology from the Lawrence Livermore Laboratory. Some of these reports further contend that the current Administration may have mismanaged its investigation into claims of illegal Chinese activities. Meantime, these issues surface against a backdrop of long-standing, yet unproved, allegations that China also contributed illegally to the Democratic Party's 1996 presidential campaign. The confluence of the events has added a strong partisan flavor to U.S. public attitudes toward China.

Needed now is a careful bipartisan assessment of what, if any, sensitive nuclear weapons or other technologies China may have acquired, and its impact on U.S. national security. Equally important is a bipartisan assessment of the possible failure of existing procedures and systems designed to safeguard U.S. information and technology. Where appropriate, systems must be repaired and human error punished. In the course of this process, however, it is also necessary to distinguish between the management of policy and policy itself. It is similarly necessary to keep policy and its management from being linked or muddled in ways that damage U.S. interests. Put bluntly, in would be naïve to think that China, as well as other countries, are not attempting to learn U.S. nuclear weapons secrets – and we theirs. Less obvious are the many and diverse good reasons to continue substantive exchanges between American and Chinese nuclear scientists and laboratories in ways that do not compromise secrets.

In this light, we should use the current debate over technology transfer to China to build a consensus on what technologies are vital to U.S. national security and reassure ourselves that they are, in fact, secure. In doing so, one of the key outcomes of that debate would also be to determine what technologies, including military and dual-use, are *not* vital to U.S. national security and areas for possible cooperation between the U.S. and China. Technology cooperation in carefully considered, non-threatening areas, even military, would serve well U.S. long-term interests with Beijing. Overall, China's access to

selected American technologies would be a powerful incentive for it to adhere to its non-proliferation and other responsibilities.

Regarding the proliferation of sensitive technologies to China, Washington should also coordinate and cooperate more closely with its allies. The Wassenaar Arrangement on Arms Export Controls, a post-Cold War convention intended to regulate sensitive military and dual-use goods and technologies, should be expanded and strengthened. Current members of the arrangement include mainly European countries; the only Asia-Pacific countries are Australia, Japan, New Zealand, and South Korea. Russia is a member and Israel is not, but both have extensive military equipment and technology ties with Beijing. Though less well known than Russia's recent arms sales to Beijing, Israel has been providing China military assistance in a variety of areas since the early-1980s, including advanced jet fighter technologies, air-to-air missiles, airborne early warning systems, and tanks. Given the United States' stated concern over China's military modernization and power projection capabilities, it would be reasonable to conclude that this cooperation is inimical to U.S. interests. Yet, Israeli assistance continues, with recent reports suggesting that sensitive U.S. military technologies may have been compromised.

European Union (EU) countries, including France, Italy, and the United Kingdom have also continued to sell military hardware to China since 1989, despite U.S. sanctions prohibiting similar American sales. In fact, the EU has embarked on its own "comprehensive partnership" strategy with Beijing. Finally, Washington's virtual silence over cash-strapped Russia's arms sales to China, including advanced aircraft, cruise missiles, submarines, and destroyers, is understandable. Nevertheless, the cumulative effect of these relationships with China suggests, at best, poor international coordination of China policy. At a minimum, it suggests strongly that the EU, Israel, and Russia either do not share the United States' perception of the China's growing military power or have a different view of what military goods and technologies are "sensitive." These contradictions should be resolved.

Finally, the United States should seek to further integrate China in the international non-proliferation framework. China's membership in and compliance with the MTCR is, despite some views to the contrary, in America's best interest. So too would be Beijing's formal participation in the Nuclear Suppliers Group, which would restrict China's nuclear power cooperation to only those countries subject to the International Atomic Energy Agency's full-scope safeguards. China's participation in and compliance with the terms of a strengthened Wassenaar Agreement might also alleviate concern about China's export or re-export of selected military goods and technologies. As with most issues, China's ultimate willingness to be integrated fully into the international non-proliferation regime and modify its behavior accordingly will depend, to a large degree, on the overall condition of U.S.-China relations. That said, however, non-proliferation does appear to be an area in which Beijing is increasingly willing to cooperate more closely with the U.S. and the international community. We should find ways to take advantage of this willingness.

Maintaining Peace in and Freedom of Navigation through the South China Sea

Beijing's activities in the South China Sea, particularly on Mischief Reef in the Spratly Islands, 150 miles from the Philippines, and on Woody Island in the Paracels, where China has built functional military aviation facilities, are of concern to both the United States and other claimants in the region's territorial disputes. Unclear is China's long-term intent in the area, and that uncertainty has spurred concern among some about Beijing's military activity there. Several issues come together in the South China Sea – freedom of the seas (America's vital national interest in the region), sovereignty (territorial claims), potential resources, and history. In themselves, most of the islands in the region are worth little. The entirety of Spratly Islands at low tide, for example, comprises less than one square mile of total land.[28] In addition, all claimants except Brunei have made military excursions into the area and prominently pressed their claims. Taiwan, for example, maintains a battalion-size force on Itu Aba, the largest of the islands at 90 acres, where it has also built a small port and airstrip.[29]

Most important, while is it possible that China has a plan of gradual encroachment in the disputed islands to bring de facto resolution to its claims – a "possession is nine-tenths of the law" approach – it is *extremely* unlikely, in the absence of another crisis, one involving Taiwan for example, that Beijing will do anything to hinder freedom of navigation through the South China Sea. Further, any foothold China does gain on the islands would, by the very nature of the region's geography and China's nascent military capability, be extremely tenuous. Finally, as was suggested earlier, Chinese behavior that is genuinely perceived as aggressive or threatening by its neighbors could draw a response from them, perhaps in the form of a military buildup of their own.

Publicly, Beijing continues to assert that it has acted "with restraint" in the South China Sea and declares its commitment to resolving these territorial disputes through peaceful means in accordance with international law. Meantime, it might be surmised that Beijing periodically "presses" its claims in the area for two reasons. First, China likely wants to be in a leading position regarding the exploitation of resources in the area, where high expectations have yet to be realized. Second, as alluded to above, occupation and periodic facility improvements on some of the islands tests the political will of other claimants and might be intended to strengthen its position if, and whenever, serious negotiations occur. Some also see a link between China's military activity in the area and broader shifts in the region's balance of power – for example, increased Chinese activity on the heels of the U.S. withdrawal from Vietnam, the collapse of the Soviet Union, and the closure of American military bases in the Philippines. Asia's financial virus, with its attendant pressure on Southeast Asian governments and their defense budgets, might also fall into this category.

For now, without backing away from any of its territorial claims and in full view of its growing energy needs, China continues to work actively with international oil companies, including American and Taiwanese, to find and develop oilfields in the region. Diplomatically, China has also taken steps to improve and maintain cooperative relations with Southeast Asian states, including the late-February 1999 visit to Beijing by Vietnam's Communist Party Secretary General.

In sum, the United States should continue to reiterate to Beijing its own critical interest in freedom of navigation through the South China Sea, as it too is increasingly dependent on Persian Gulf oil. The U.S. should also ensure that all of the claimants understand its opposition to any change in the status quo through the use of military force, and remind Beijing that negative perceptions of its behavior make U.S. domestic consensus on policies toward China more difficult to sustain. The territorial disputes in the South China Sea are issues that belong in the ASEAN Regional Forum, and the U.S. should work diligently to keep it on that body's agenda.

Maintaining Peace, Stability, and Balance in the Evolution of U.S.-Japan-China Relations

China recognizes the benefits it receives from U.S. security guarantees to Japan and America's military presence there. In the context of a century-long rivalry with Tokyo and, particularly, Japan's occupation of China from 1931-1945, Beijing views U.S.-Japan security ties as a useful hedge against Japanese remilitarization. Beijing is, however, extremely sensitive about any expansion of the Washington-Tokyo alliance beyond the immediate defense of Japan. Consequently, China reacted strongly to the new Guidelines for U.S.-Japan Defense Cooperation, updated in 1997, out of concern that they extend to operations related to Taiwan.

For its part, Japan remains equally wary of China. In head-to-head competition with China for the past hundred years, Japan has consistently perceived itself to be the superior power. China's emergence as a major economic force, coupled with Asia's financial crisis, has heightened Japan's sensitivity. On top of this, China's military modernization, which the Japanese believe is constrained mainly by budget considerations, is of some concern in Tokyo.

Tokyo also continues to experience periods of uncertainty about America's commitment to its security, most recently during last August's North Korean missile launch over Japan. From Tokyo's perspective, the lack of early warning, delayed information about

the launch, and unresolved disagreement with U.S. analysts over details of the launch, created a need for its own capabilities in certain areas. Japan's decision to develop and launch its own reconnaissance satellites is a direct result of Pyongyang's missile test. Finally, Tokyo felt slighted by both the form and substance of last year's U.S.-China summit. The President's decision not to stop in Tokyo in conjunction with the trip, coupled with U.S. criticism of Japan for its role in Asia's economic downturn, praise for Beijing for not devaluing its currency, and no public acknowledgment of the close U.S.-Japan security partnership, was noticed in Japan. Indeed, U.S.-Japan security ties have been buffeted over the years by trade issues. It is reasonable to believe that, in the face of the continuing evolution of the balance of power in East Asia, Japan might eventually grow weary of being the "junior partner" in U.S.-Japan relations. Japan's relative military weakness stands in sharp contrast to its economic influence. The confluence of these circumstances has several critical implications for U.S. policy.

First, U.S. policy toward China should be carefully coordinated with and not come at the expense of Washington's longtime allies or countries with which the U.S. has important interests. Other recent examples of policy coordination problems include the President's announcement during the June 1998 summit of the "three noes" policy regarding Taiwan. The formal statement surprised Taipei. Similarly, the President's joint declaration with China during the summit to cooperate on reducing the nuclear weapons threat in South Asia was not well received in New Delhi. Finally, as discussed earlier, there is clearly a need for closer coordination of China policy with the European Union, Israel, and Russia. As the balance of power in Asia continues to evolve in coming years, close and continuous U.S. bilateral and multilateral dialogue with countries throughout the region will be necessary to avoid misperceptions and misunderstandings.

Second, the United States must work diligently with Tokyo to reassure it of America's commitment to Japanese security and shield, as much as possible, security ties from difficulties in other aspects of the overall relationship. At the same time, Washington must work closely with both Tokyo and Beijing to clarify capabilities and intent, encourage confidence-building measures, and help explain balance-of-power perceptions

on both sides of the Yellow Sea. In terms of trilateral cooperation, shared interest in a number of security issues throughout Asia, not the least of which is peace on the Korean Peninsula, provides incentive for closer collaboration, even if cautious.

For the long-term, the key U.S. challenge will be the maintenance of a regional balance that accounts both for changes in relative power and for history's realities. In doing so, the trilateral efforts described above are most likely to be effective if U.S.-China and Japan-China relations are improving on parallel courses. This also presumes stable, confident, balanced security ties between Washington and Tokyo that are not perceived in Beijing as provocative. Ultimately, however, how Beijing handles its growing power will most likely be the determining factor in how the U.S.-Japan security alliance evolves in the coming years.

Maintaining Peace, Stability, and Balance in South Asia

One of the most potentially far-reaching series of events since the end of the Cold War was the 1998 sequence of nuclear weapons tests by India and Pakistan, which has revived concern that other countries might seek nuclear weapons as well. Moreover, the internationally accepted nuclear weapons states are now faced with the challenge of how to integrate newly declared nuclear powers into the world order without undermining fatally the nuclear Non-Proliferation Treaty (NPT). That India and Pakistan developed their nuclear weapons in response to different threats complicates this problem further.

In all likelihood, India will set the pace for future nuclear developments in South Asia. Although Pakistan will not attempt to match India weapon for weapon, its conventional force imbalance will compel Islamabad to possess a minimum deterrent capability if India deploys its weapons. The recent India-Pakistan summit and reports that both may be willing to sign the Comprehensive Test Ban Treaty (CTBT) before the end of the year are encouraging; more recent missile tests by both sides are less so. It remains to put mechanisms in place to stabilize the nuclear weapons situation in South Asia.

China's role in helping to balance the nuclear situation in South Asia is circumscribed by the part it is perceived to have played in Pakistan's nuclear weapons program, as well as the fact that India's *stated* rationale for testing was based on its perception of a threat from China. Exacerbating this situation was the June 1998 joint U.S.-China declaration to cooperate on reducing the threat of nuclear weapons in South Asia. This statement drew criticism from New Delhi. Not only did it boost China's international stature, but also conveyed the view that Washington is now willing to *overlook* China's assistance to Pakistan's nuclear weapons program – rather than "being a part of the problem, Beijing is now part of the solution." Two conclusions result. First, politics in Asia are still seen as a zero-sum game. Second, China's position in South Asia's security situation is a delicate one.

By testing, India rejected outright the United States' contention that the NPT's endorsement of only five nuclear weapons states is not discriminatory. Nevertheless, the U.S. is unlikely to concede to any formula that would recognize any new nuclear weapons states under the NPT. Equally unlikely is a complete nuclear rollback by India or, as a result, by Pakistan. Missile tests by both sides and continuing domestic political turbulence in New Delhi suggest that, in the near-term, there will be few broad answers to South Asia's new nuclear status. In the meantime, practical efforts to stabilize the situation in the region should be actively pursued.

Apart from encouraging a sustained bilateral dialogue between Pakistan and India, the most beneficial step the U.S. can take at this point is to adopt the Council on Foreign Relations' recommendation that

> The United States should consider providing intelligence and selective technology to India and Pakistan in support of specific confidence building measures to dispel rumors or disprove false assessments that could stimulate "unnecessary" arms competition or unauthorized or accidental use of nuclear weapons.[30]

In addition, assistance programs for the two countries that enhance the safety, security and command and control of nuclear materials and weapons could be beneficial. As part of this overall effort, a South Asia Early Warning Center (SAEWC) should be

established, with participation, at a minimum, by New Delhi, Islamabad, Beijing, Washington, and Moscow. China's involvement in this effort might be particularly helpful in avoiding misunderstandings that might arise from missile tests and satellite launches, as well as sharing information during crisis and non-crisis situations.

China and India should also be strongly encouraged to intensify engagement in their own confidence-building regime. With yet unresolved border disputes and mutual suspicions, these two potentially major powers face their own challenges of peaceful co-existence on the Asian continent. For the U.S., any urge to strengthen ties with either China or India at the expense of the other is bound to fail and should be avoided. Already Beijing is watching carefully America's increased strategic involvement in South Asia since the nuclear tests.

Finally, a vigorous Track II forum should be established and sustained. This informal dialogue would involve key civilian, military, academic, and other specialists from India, Pakistan, China, America, and other countries in or with important interests in South Asia. Russian and Japanese participation might also be welcome. Key topics should include defense transparency, threat assessment, confidence building measures, and nuclear weapons safety, security, and command and control.

Important Issues of Mutual Concern

Arms control and disarmament

We know, painfully, that China is working actively to modernize and improve the quality of its nuclear forces, particularly in terms of accuracy and a MIRV capability. It certainly will not, however, attempt to match quantitatively the current U.S. or Russian nuclear arsenals. Instead, Beijing has declined to participate in arms control talks until Washington and Moscow reduce their own nuclear holdings to about the 1000-warhead level and, in the interim, continues to improve gradually its own nuclear arsenal. Complicating further any near-term engagement with China on arms control is America's commitment to developing theater and national missile defense systems. This is

perceived as a decision by the U.S. to place missile defense ahead of arms control issues with either Russia or China, but this is a false choice. Ways must be found to reconcile the two issues. Russia may eventually ratify, primarily for economic reasons, the START II agreement, but China will continue to develop its nuclear arsenal unconstrained except by budget and competing defense modernization priorities.

Recent Congressional legislation directing that the U.S. develop and deploy missile defense systems has truncated the debate over the advisability of investing large amounts of national treasure in a program which, for technological reasons, has dubious returns. As a measure of security against limited numbers of missiles from rogue states, it is probably prudent to move forward with development. Experience with theater-level missile defense may contribute to a national-level system. There is, however, more at stake in this issue than technological feasibility.

First, is the question of what capability any missile defense system will have. Will it be designed to defeat one missile, or ten, or more? Hypothetically, a system that defeats twenty missiles would be of marginal concern to Russia, while it would effectively negate China's current strategic nuclear capability. What then, might be the Chinese response? While Beijing likely will continue to modernize its nuclear forces, including the development of a stronger submarine-based capability, regardless of whether the U.S. pursues missile defense, how far and how fast Beijing goes likely will be tied directly to its perception of a U.S. missile defense capability. With limits on defense spending, China, like Russia, might feel compelled to rely *more* heavily on nuclear forces, than on conventional forces, to preserve its sense of security. At a minimum then, if a U.S. missile defense system is truly not aimed at China, ways must be found to reassure Beijing of that fact. These ways must go beyond words – there must be enough transparency in America's missile defense program to reassure Beijing and avoid provoking an unintended response from China. This might also be equally true for Russia, although Moscow's "tolerance" of U.S. missile defense may be higher.

As such, it is in America's interest to begin immediately with Russia and China a serious

and sustained dialogue that encompasses both arms control and missile defense issues, with a desired endstate for both in mind. In all likelihood, China will continue moderately to build up, while the U.S. and Russia eventually build down their nuclear arsenals. The endstate for all three countries should be a level of nuclear armament that provides all three sides a sense of real and perceived security. Equally important is agreeing on levels and types of nuclear weapons that are affordable, sustainable, and contribute to stability. In parallel discussions on missile defense, careful assessment of the long-term benefits and costs of any system that would cause an abrogation of the Anti-Ballistic Missile Treaty (ABM) is necessary. Both the form and the substance of these talks will be important. A re-negotiated ABM Treaty, or an agreement by both the U.S. and Russia to dispose of the Treaty, are preferable to outright nullification by the U.S., which would set a precedent with potentially negative, long-term implications. Most significantly, simply voiding the Treaty likely would be perceived as another symbol of U.S. "unilateralism," further erode trust between the U.S. and Russia and China, and create uncertainty over America's willingness to fulfill its other international agreements.

Second, Washington should give serious consideration to a declaratory policy of no first use of weapons of mass destruction (WMD). In light of legitimate concerns about the proliferation of chemical and biological weapons, the time may be right to adjust declaratory policy to post-Cold War realities. Such a declaration by the five nuclear states recognized under the NPT would extend China's current policy and *strengthen* the link between any use of chemical or biological weapons and a potential nuclear response and, thus, reinforce the deterrent effect on rogues like Iraq and North Korea, who appear intent on acquiring broad WMD capabilities. Some in Beijing also see a link between America's declaratory nuclear policy and missile defense. In one analyst's view, at the same time the U.S. is developing missile defense systems, it is "sticking to its first use policy, which means that it will have both spears and shields, which will greatly aggravate the concerns of other countries about the increasing possibility of using nuclear weapons by the United States [*sic*]."[31] A policy change would address this concern. Reinforced security assurances provided by this policy change might also, in time,

increase nuclear states' willingness to decouple strategic and conventional forces. Moreover, a universal no first use of WMD regime would reassure non-nuclear states and could make the acquisition of chemical or biological weapons less attractive to many countries. Clearly, any change in America's declared nuclear policy would require the assent of allies under its nuclear umbrella, and it would be useful to begin these discussions now.

Third, the United States should begin a dialogue with Russia and China on non-strategic nuclear weapons.[32] Nuclear weapons not covered by strategic talks must be brought under control. Commonly referred to as "tactical" nuclear weapons, this distinction is increasingly irrelevant, as the difference between strategic and tactical weapons is largely a matter of perspective. Nuclear tests in South Asia add impetus to the need for separate multilateral talks on non-strategic nuclear weapons. Moreover, these talks could build on China's demonstrated willingness to control proliferation and bring all recognized and de facto nuclear weapons states to the same table.

Now, and for the foreseeable future, there are only two countries that can threaten America's survival with nuclear weapons. For over forty years, that threat has been manageable and there is no reason to believe that it will not continue to be. American leadership in this endeavor, however, will continue to be necessary.

Maintaining Stability, Prosperity, and Access in Central Asia

The interests of several major and important powers converge in Central Asia, including the U.S., Russia, China, Turkey, Iran, Europe, Japan, India, and Pakistan. Oil and natural gas in and around the Caspian Sea have attracted unprecedented attention in recent years and have led some to speculate that this may be the venue for a new "Great Game."[33] America would like to avoid zero-sum competition for power, influence, and access in Central Asia and has stressed multilateral development of the region's energy resources.

For its part, Beijing is already staking out its interests in the region, opting for "strategic

partnership" with Russia in 1996 and, together with Moscow, reducing military deployments in their border areas. In July 1998, China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan issued a comprehensive joint statement reflecting their convergence of views on a variety of political, economic, and security issues, reflecting China's enduring interest in promoting peace and stability along its extensive borders in the region. Beijing has also signed an oil deal with Kazakhstan, and expects to build a pipeline from the Caspian Sea into China via its far northwestern autonomous region of Xinjiang. In addition to energy resources, Beijing has other important interests in Central Asia, not the least of which is concern that Muslim fundamentalism could spread from that area to the Uyghur minority that populates Xinjiang. Finally, like the U.S., China would like to prevent any other single power from dominating the region.[34]

Recent multilateral and transnational (oil companies) debates over how best to move Caspian oil to consumers, specifically the routes for overland pipelines, demonstrate increasing interest in the region. Fundamental relationships are being reassessed or strengthened with Central Asia in mind, including U.S.-Iran and U.S.-Turkey, where there is growing momentum toward unfreezing ties with Teheran and the importance of good relations with Ankara is reinforced. While the Newly Independent States of Central Asia have much in common, undoubtedly challenges to stability will arise as each moves along its own course to political liberalization and economic development. History and religion may complicate the security environment further.

As of yet, Central Asia has not become the venue of a new Great Game, but clearly challenges and opportunities lie ahead. In fact, American and Chinese interests in the region are largely the same and, thus, could provide significant opportunities for bilateral cooperation. Serious challenges could also arise if zero-sum competition should prevail. To take advantage of currently convergent interests, sustained bilateral and multilateral dialogue should be initiated to address political, economic, and security issues in the region. An unofficial Central Asia Cooperative Dialogue (CACD) could be very useful for clarifying perceptions and policies. Given the growing importance of this region, such a forum might alert its parties to problems before they occur.

Finally, the U.S. should also continue regular discussions with China about NATO expansion. Beijing's concern over the participation of Central Asia's newly independent states in NATO's Partnership for Peace (PfP) program is more than rhetorical support for Moscow. Central Asia is another important, yet unstable place on the globe where East meets West. PfP places NATO influence at China's "back door." In this context, it may be useful to consider China's involvement in NATO, perhaps as an observer.

Human, Civil and Political Rights in China

> **Even now one thing that has to die before our relations with China can be truly stabilized is the quaint belief that US approval or disapproval of China's regime is going to have the effect in China that we intend. Today I would say that a stake has not been driven through the heart of that belief, at least in notable quarters of the US Congress.**
>
> -- Mr. David Acheson[35]

A decade of reform and opening to the West was briefly, but dramatically, interrupted by thousands of student protesters in Tiananmen Square in 1989. With unprecedented international media coverage, the students played to their worldwide audience by erecting the Statue of Liberty-like "Goddess of Democracy." China's Communist Party (CCP) was publicly embarrassed as efforts to negotiate an end to the demonstrations failed. What ensued was a crackdown so brutal and so public that all manner of Western sensibilities were violated. A decade later, the image of tanks near Tiananmen remains. For their part, some student leaders would admit that they pushed the regime too far. Some Party and military leaders, on the other hand, might privately acknowledge that the "police action" spiraled out of control. Lessons were learned on both sides. Democracy advocates in China today are employing subtler, more patient methods to press for change. The Party has strengthened the People's Armed Police, paramilitary units equipped and trained to preserve domestic order using methods closer to international riot control norms. For the West, the lesson should be clear -- the Party views its survival as tantamount to national survival and will use whatever means necessary to preserve itself, the country, and its drive to modernization. A decade later, this fundamental truth may have been clouded by President Clinton's unprecedented public discussions of democracy during his trip to China last year. It should not have been.

Buoyed by the summit, China's signature on the International Covenant on Political and Civil Rights, and widespread reports of political liberalization in rural areas, expectations for more rapid and widespread political reform were unrealistically raised in the West. In China, political activists attempted to use the momentum of these events to test the limits of CCP tolerance by registering an opposition Democracy Party. Predictably, the Party suppressed this national-level challenge, particularly since it came at a time when Beijing was increasingly concerned about China's economic future. Meanwhile, the CCP continued and expanded its experiments with democracy in villages and a township.

There is little doubt that top leaders in Beijing understand the value and necessity of better governance. They have stabilized China's political environment. The turbulence of the Great Leap Forward and Cultural Revolution have been replaced by the mantra of "peace and development." The National People's Congress has unprecedented authority. Mandatory retirement dates for political and military officials are being enforced at all levels. Anti-corruption efforts by and in the government, though still spotty, are real and urgent. Chinese people now have significant freedom of choice in decisions about matters that affect them personally -- education, employment and domicile. Nevertheless, while local, low-level political liberalization is likely to continue, political change in Beijing will continue to be, from our perspective, agonizingly slow and fall far short of what we would hope for China.

From Beijing's perspective, U.S. rhetoric on civil and political rights is seen as arrogant and hypocritical involvement in China's internal affairs. U.S. aid and comfort for China's political dissidents provokes a reaction in Beijing as strong as the reaction by some in Washington to alleged Chinese government involvement in illegal campaign contributions. And, ultimately, U.S. political rights activists are perceived by Beijing as a modern day version of the Jesuit missionaries, who would "convert" China to Western religion and values. China will not allow itself to be changed by the West in ways that it does not want to change.[36] China has and will continue to evolve politically. Further changes will be made for ultimately pragmatic reasons and be based on Beijing's own

cost-benefit analysis. Moreover, these changes will be made in a manner that, for peace and development's sake, preserves national political stability and, in the final analysis, will have distinctly Chinese characteristics.

U.S. engagement with China on civil and political rights issues should proceed with revised, realistic expectations. Core national "values" clash on this issue, limiting both sides' flexibility. For America it is democracy. For China it sovereignty and the right to make its own decision about the relative importance of political rights, domestic stability and economic development. While the U.S. cannot and should not divorce its national values from policies toward China, it should work to control the impact of these disagreements on the tone and substance of overall bilateral ties. There is no demonstrable benefit to linking these issues to trade or other aspects of the relationship. America's leaders should continue to voice strongly their concern, both publicly and privately. Beijing should be urged to ratify the Covenant on Human, Civil, and Political Rights it signed last year, as well as sign and ratify the International Covenant on Economic, Social, and Cultural Rights. Direct support for China's local elections should also be provided to whatever degree Beijing is willing to accept.

In short, by working patiently within the limits of Beijing's willingness to accept U.S. political systems and ideas, America has a far better chance of eventually witnessing China's political liberalization. Moreover, to lean openly and indiscriminately toward any Chinese individual or group that advocates democracy for China is a course fraught with peril. Deep divisions exist in Chinese politics that the U.S. should best avoid, as our experience with Chiang Kai-shek during World War II would indicate. As one Chinese activist said recently about efforts to sooth differences between dissident factions, "Six years ago, we tried to merge two groups into one, [but] ended up with three."[37] Even in the best of times, the Chinese are not known for their homogeneity, and a neutral course by Washington and altruistic Americans is wisest.

Trade

The United States rang up a total trade deficit of nearly $170 billion in 1998. Trade Representative Charlene Barshefsky asserts that "the deficit tends to reflect the falloff of U.S. exports rather than any surge of imports, which is explained by recessionary conditions in 40 percent of the world economy."[38] Many economists expect that the situation may get worse before it gets better. Japan's economy has been slow to recover and the full impact of Asia's financial virus on China's economy may still be ahead. There has been considerable attention given recently to the fact that America's trade deficit with China was nearly $57 billion in 1998 – a full third of the total. Some American lawmakers argue that China's increasing trade surplus with the U.S. is "no longer politically sustainable." Others counter that Americans are little concerned by the trade balance as long as they can buy relatively inexpensive Chinese imports. In either case, trade with Beijing is likely to get caught up in the swirl of issues currently complicating U.S.-China relations.

For its part, China argues that American trade statistics are inaccurate and that U.S. double counting inflates the total.[39] Beijing also asserts that America's refusal to sell certain high- technology goods and services exacerbates the trade imbalance. Adding to the problem is China's deep concern about near-term economic growth and its ability to convert or close unprofitable state-owned enterprises without making unemployment worse than it already is.

Despite the Administration's inability, or unwillingness, to strike a deal during Premier Zhu Rongji's April 1999 visit to the U.S., the best course remains the completion of negotiations for China's accession into the World Trade Organization on mutually acceptable terms -- terms that do not fundamentally undermine China's economy by demanding change too rapidly, and also set a firm, realistic timeline for meeting the organization's standards. It would be helpful too if the two sides agreed on a formula for measuring trade levels. Finally, both sides should seek to isolate trade issues, which are likely to become increasingly important in the months and years ahead, from other

aspects of the relationship. America's economic boom may last; it may not. If it does not, trade issues will be even more contentious than they are now. The U.S. is already quarreling with the EU over bananas. America, too, still has its own protectionist urges, demonstrated recently by House legislation limiting steel imports, despite the fact that this violates U.S. commitments under the WTO.[40] Less well publicized than China's trade surplus, Japan had a $64 billion trade advantage in 1998. There is every reason to expect that trade issues with allies, long-standing friends, and other countries will form the backdrop of 21st century international affairs. Recalling the strain that Japan's trade surplus placed on its security relationship with the U.S. in the 1980s, there are sound reasons for limiting the spillover of economic competition into other facets of bilateral and multilateral ties.

Summary

The U.S. and China share a profound interest in peace and stability. Nevertheless, differences in strategic goals and outcomes, as well as national values, will strain bilateral relations for the foreseeable future. There is, however, no reason to assume that these differences will necessarily lead to armed conflict. Both sides will have to find ways to pursue their own and accommodate the other's vital national interests without compromising their core objectives and values. In the course of working through these differences, both sides will also have to find ways to reassure the other about their long-term intentions. The creation of a bilateral security council would make a potentially significant contribution to this end by laying the security foundation on which other issues can be addressed. This security council could also provide the bridge between strategic cooperation and bilateral military relations that support both sides' security goals.

Part IV

U.S.-China Military Relations in a Strategic Context

We come together because of shared interests, not shared values.
-- A senior Chinese military official in Washington, DC, January 1999

In the context of the first two parts of this paper, this section assesses how U.S. military relations can best advance America's vital, enduring strategic interests in Asia.

Past as Prologue?

Since 1989, U.S.-China military relations have been particularly susceptible to friction in other aspects of the overall relationship. Ruptured by the Tiananmen incident, military ties were not restored, in part, until 1994, when Pyongyang's suspected nuclear weapons program demanded Chinese cooperation in finding a diplomatic solution to that crisis. Soon after, the 1995-96 confrontation in the Taiwan Strait sent U.S.-China military relations to their lowest point since 1989.

The chill did not last long. "New CINCPAC Admiral Joseph Preuher paid an important visit to China in September [1996]...and new momentum was added in December with the long-postponed visit to the United States by Chinese Defense Minister Chi Haotian."[41] Since that time, military ties have proceeded generally in the same framework established in 1995 by then Secretary of Defense William Perry and his Assistant Secretary for International Security, Dr. Joseph Nye. This framework consisted of four broad areas of military engagement with China – high-level visits, functional exchanges, routine military activities and confidence building measures, and participation in multinational security forums. Despite a flurry of activity over the past two years, however, the U.S. military relationship with China remains relatively shallow and has not returned even to its 1988-level of cooperation. This is due, in part, to the current debate on China policy between and inside the Administration, Congress, and the media, which

has fostered excessive sensitivity in the Department of Defense (DoD) over military contacts with China. No doubt, a similar behind-the-scenes debate in Beijing has slowed the growth of bilateral military ties.

Currently, America's military engagement with China is conducted within the parameters of both a three-point set of guidelines and a list of items explaining the "rationale" for military contact with Beijing. These guidelines include a stipulation for "rough reciprocity" in the relationship, deterrence, and a prohibition against any lethal assistance to the Chinese military. Deterrence includes U.S. efforts to show openly its military might to reinforce for the People's Liberation Army (PLA) the potential dangers of any miscalculation or misunderstanding that might lead to armed conflict. The two other guidelines constrain Sino-U.S. military relations without prescribing goals or alternatives. Indeed, the prohibition against lethal assistance to China is often broadened to preclude any help that might "enhance" Beijing's military capabilities, particularly power projection capabilities. This is further broadened by some critics of U.S.-China military relations who, for example, choose to interpret a functional exchange on military medicine as "enhancing China's military capability."

The "rationale" for engaging China militarily, laid out in 1995, is also largely intact today. We engage the PLA in order to:

- Shape China's emergence as a regional power through security dialogues and military exchanges.

- Support, at their request, our allies in the region who view China's containment as neither desirable nor possible.

- Promote transparency, mutual understanding, and confidence through security interaction.

- Enlist China's support and cooperation in resolving proliferation and regional security issues.

- Influence the PLA elite who, in turn, will influence China's national security policies and political evolution.

- Prevent military accidents and dangerous misperceptions, particularly as the Chinese military operates farther away from its own shores.

- Encourage China to join and participate in regional and global security regimes and institutions in support of both U.S. security objectives and overall stability.[42]

The rationale is useful to explain to Congress, the American people, and the media in broad terms *why* we choose to engage China militarily, but falls short of providing a mutually acceptable strategic foundation for U.S.-China military relations. Nevertheless, these are the points Administration officials are forced to fall back on during turbulent periods in U.S.-China relations, like now, when the very basis of the relationship is called into question and military ties are in danger, once again, of being rolled back.

Many would acknowledge, even if only grudgingly, that lasting security in the Asia-Pacific region is not possible without China's constructive participation. Consensus breaks down, however, on where the line between engagement and prudent "hedging" (as in "hedging a bet") should be drawn. Hedging is necessitated by uncertainty in U.S.-China relations, and this level of uncertainty varies widely. Clearly, in any debate over national security, the sensible position is to err on the side of security itself. It should also be clear from the earlier parts of this paper, however, that we are uniquely positioned to deal with China from a position of strength, and that this relative strength should play a key part in any strategic or operational risk assessment regarding military relations with China. With much to gain in the long-term, we can and should take prudent, acceptable risks in our military interaction with Beijing. The key is building a strong, bipartisan commitment that responsible, broad, deep military engagement with the PLA contributes

to, not detracts from, America's security. This consensus should withstand ups and downs in other aspects of the relationship.

We have a window of opportunity in our military relationship with Beijing; an opportunity to engage a China that is neither a friend nor a foe. We should move forward, step by step, with recalibrated, realistic expectations. Like political and economic interests, Sino-U.S. military interests will converge on some issues and diverge on others. Experience tells us, clearly, which issues are which. Nevertheless, China's requirement for peace to achieve its long-term development goals is powerful incentive for Beijing to continue, for the foreseeable future, to manage differences in the relationship and keep them below the threshold of armed conflict.

While military relations cannot be *the* leading aspect of overall bilateral ties with China, given the high and lows in other facets of the relationship, a strong argument can be made that military relations with China should at least be *stabilized*. Political, economic, and other issues with China will wax and wane, but security is constant. Thus, a strong bipartisan consensus should seek to shield military relations with China from difficulties in other aspects of the relationship, so that U.S.-China military ties become a *key*, *constant*, and *stabilizing* force in the overall relationship. In this context, stable military relations are *precisely* what is needed to create reassurance and prevent misunderstanding that might lead to armed conflict.

In sum, the overarching purpose in U.S.-China military relations should be to support a strategic shift from a posture of mutual deterrence to one of mutual reassurance. Given the omnipresent uncertainty on each side about the intentions of the other, only clear actions, away from political rhetoric and media sound bites, will erode distrust and hedging on both sides and begin to overcome this uncertainty. America is well-postured to take the first steps, even if they are only modest ones. We should not allow past to be prologue.

China's Perspective of Military Relations with the U.S.

While we cannot be certain about what China wants from its military relationship with the U.S., we can advance some informed judgments. First, the clearest statements about China's military relations with other countries are contained in its first Defense White Paper, published in July 1998. This document highlights the importance to Beijing of "military diplomacy" and the principles on which military relations should be built, emphasizes "mutual respect and benefit," and extols the "omni-directional and multi-level forms" of its military contacts with more than 100 countries abroad.[43] The document also expresses clearly China's "enthusiasm for expanding military relations with the United States and other Western countries in Europe."[44] The paper further lists several areas of possible cooperation with other armed forces, including "technological exchanges in specialized fields, scientific research, academic studies, military education, armed forces administration, culture, sports, and medical work."[45]

Based on specific requests for information and visits, American defense officials and officers who deal with China daily have a clearer view of what Beijing does and does not want from its military relationship with the U.S. One attempt at capturing what China <u>does</u> want from the U.S. military might include:

- conflict avoidance
- any information or technology that would contribute to China's own military modernization, particularly anything that would help them "skip generations" in capabilities
- to understand the U.S. military better and confirm or deny a U.S. strategy of "containment" toward China
- diminish the strength of U.S. military alliances and friendships
- gather intelligence information

China probably does <u>not</u> want:

- to have American ideology or values imposed on it
- to be viewed as a "junior partner" in the relationship
- U.S. domination, regionally or globally
- to go too far, too fast in aspects of military ties not of its own choosing
- to allow any intelligence information to be compromised

It is also useful to keep in mind that China's military is comprised of many different "militaries," each with its own culture and agenda. All of China's armed forces – ground, air, naval, and strategic – come under the heading of the People's Liberation Army (PLA). Within each of these services, there are at least three entities. Using the Army as an example, there is a "Beijing Army," comprised mainly of officers with limited field experience who fill positions as instructors and analysts in China's premier institutions like the National Defense University, the Academy of Military Science, and various other high-level think tanks, policy advisory groups, and intelligence organizations. Also part, of the Beijing Army are the "barbarian handlers" in the Defense Ministry's Foreign Affairs Office, which filters meticulously all foreign contact with the PLA. Then there is the field Army, China's warfighters, in twenty-four Group Armies spread throughout the country's seven Military Regions. Within the Group Armies are the "haves" and the "have nots," and the difference between the two is likely dramatic. Most are "have nots." Beijing's limited resources, in the face of overwhelming military backwardness, have been carefully applied to selected units to develop specific capabilities. These are the units to which the U.S. most wants access, but to which access is the hardest to achieve. This brings us to the issues of transparency and reciprocity.

Although improvements have been made, like China's groundbreaking 1998 Defense White Paper, the PLA's perceived lack of transparency and reciprocity continue to be major impediments to improved U.S.-China military relations, as well as a source of debate, distrust, and significant frustration within America's military. This may be due, in part at least, to the different frames of reference and expectations of the two militaries. Anecdotally, during PLA visits to the U.S., "type-A" Americans *want* to show the PLA as much as possible, in part to demonstrate U.S. military openness, as well as ensure that

the Chinese appreciate U.S. military capabilities. For their part, many PLA visitors want to "enjoy" their trip to the U.S. and are less "business-minded" than their American hosts. In short, we treat the PLA like we would want to be treated on military visits to China. At the same time, as discussed, DoD is under significant political pressure not to "enhance" the PLA's capabilities in any way, so many Chinese requests for information and access are denied.

On the other side of the coin, our military delegations to China are "all business" and expect the same openness and transparency the PLA gets in the U.S. The PLA's resistance to increased transparency is likely based on several factors, including genuine "embarrassment" over their backwardness in most military capabilities, genuine secrecy regarding those areas in which their capabilities are improving, continuing uncertainty over U.S. intentions, and China's traditional proclivity toward concealment.[46] These are the barriers that, in time, must be overcome. The challenges in doing so do not reside in Beijing alone.

America's Perspective of Military Relations with China

As much as any other single factor, the political debate in Washington over China affects the U.S. military's policies of engagement with the PLA. While, in principle, this should precisely be the case, when the political debate loses strategic balance, it becomes potentially harmful to America's vital security interests. As we have seen recently, the fallout from this debate has been increased sensitivity among military policy formulators and implementers alike. Policymakers have been forced to justify repeatedly the rationale for America's engagement with the PLA. Quite naturally, without political support, many involved with China become risk-averse, decisionmaking authority is held at unnecessarily high levels, initiative is stifled, and the very practical aspect of funding for specific programs is restricted. And, while not a new development, the Pacific Command Commander-in-Chief's (CINCPAC) authority in formulating military policy for China is constrained by the Pentagon. The view of Asia from Honolulu can be quite

different than the view from Washington and, understandably, tension in policy formulation and implementation can result.

Meanwhile, in headquarters in Washington and the Pacific, the debate over *how* best to open up the PLA continues. To be sure, most of the participants in this debate have only America's best interests in mind, and draw, as Ambassador Lilley suggested, different conclusions from similar sets of facts. Nevertheless, views on reciprocity, for example, range from "one-for-one" to "rough" reciprocity, the latter being the former CINCPAC's approach – for which he was publicly criticized by some members of Congress. It remains to be seen where the new CINCPAC, who has recently made his first trip to China, will draw the line. Meanwhile, consensus also does not necessarily exist within the Services themselves. As is often the case, it appears that a particular Service's "China policy" and willingness to interact with the PLA is, to a large extent, a function of its senior leaders' interest, experience, and their own cost-benefit analysis.

Currently, the U.S. Army, which has in the past played an important role in military relations with China, is trying to "regularize" its relationship with the PLA. Functional exchanges are being pursued in the areas of military law, military history, training, and professional development. Funding for these programs is often limited. The U.S. Navy, in a very positive development, concluded last year a Military Maritime Consultation Agreement with China and, in addition to an ongoing two-way program of ship visits, preserves its access to Hong Kong ports. Progress for the U.S. Air Force is still hindered by China's memory of problems with and the acrimonious 1990 termination of a program to modernize Chinese jets. The U.S. Marine Corps, sensitive to American political perceptions of assisting a Chinese power projection force, is only now beginning to formulate an engagement strategy for China.

In short, significant impediments remain in both Beijing and Washington to formulating and implementing a coherent, sustained security relationship that supports both sides' long-term strategic interests in Asia and the world. Despite these obstacles, there is a strong desire among many in DoD to work toward deepening military relations with

China. While the going promises to be tough and frustrating, potential long-term benefits make the effort worthwhile. The remaining paragraphs of this paper contain recommendations for advancing U.S. military interests with China.

Measures to Improve and Stabilize Military Relations with China

Intellectual change precedes physical change.
-- General Gordon Sullivan, USA (Ret)

The most important contribution to Sino-American military relations would be a strong, bipartisan consensus across the government that recognizes the importance of stabilizing and sustaining military ties with the PLA. An objective debate to that end is necessary, but may not be possible right now, given the several critical national security issues competing for high-level attention and the current domestic political climate. If such a debate between policymakers and lawmakers is not possible for the foreseeable future, a bipartisan, multi-discipline Independent Commission should be formed to assess specifically all aspects of U.S.-China security relations and propose policies that would best advance our vital national interests in Asia. There is the risk of politicization in convening such a body, but Sino-U.S. relations should not be allowed to languish through the year 2000 election and the seating of a new Administration.

In the meantime, as the 1998 Strategy for East Asia and the Pacific points out, it is imperative that China and the U.S work to narrow the divide between their strategic perceptions and build a long-term relationship on that foundation.[47] If we consider China an enemy, our options are limited. But, if we do not, as General Sullivan suggests above, new opportunities are possible. A refined engagement strategy with the PLA would build on the one currently in place by taking the following steps:

Shift from "Hedging" to "Vigilant Engagement."

Interestingly, drawing on the earlier discussion, "hedging" is the term used to articulate the caution with which the U.S. approaches China, given uncertainty over China's long-

term intentions. Hedging, though, is an ambiguous, negative term. It suggests that the U.S. is in a reactive posture. Perhaps "vigilance" would be a more apt term. It suggests a more proactive posture and is closer to the role America's military plays in the country's national security – vigilantly guarding U.S. national interests. Returning to the "betting" analogy, military leaders often make a distinction between a "gamble" and a "risk." Gamble is something the American military does not tolerate, as this suggests recklessness without considering consequences. Risk, on the other hand, is something inherent to all military operations. As such, leaders are *required* to consider and manage risks. We cannot gamble in our military relationship with China, but assuming some well-considered risk is natural and may be prudent.

A mental and policy shift to "vigilant engagement" with China's military would be useful. It might reassure critics that the U.S. military will not irresponsibly interact with the PLA. Second, and equally important, it would bring America's uncertainty about China into the open. Currently, the term "hedging" is rarely, if ever, used in conversations with Chinese. Rather, it is used in hushed tones by military planners contemplating worst-case scenarios. By shifting to vigilant engagement with the PLA, it would openly acknowledge Americans' uncertainty – fostered by China's actions, opaqueness, and, sometimes, words. It would convey clearly to the PLA, without arrogance, that American engagement flows from a position of strength, is professional, and is uncompromising of its objectives. Most important, it would contribute to a strategic shift from deterrence to reassurance.

Take Full Advantage of a U.S-China Standing Security Council.

To realize the full potential of a U.S.-China Standing Security Council, four specific outcomes should be pursued. First, the Council should be the bridge between strategic engagement and bilateral military relations, ensuring that the two are mutually supportive. Second, the Council would help define "constructive strategic partnership" and codify the principles that would guide security engagement. Third, on the basis of such an agreement, specific security issues could be addressed and a clearer framework

for substantive security cooperation could be the result.[48] And finally, a review and restructuring of U.S. organizations presently charged with formulating and implementing security policy would be undertaken.

Currently top officials both in DoD and China's leading military body, the Central Military Commission (CMC), have a variety of means for communicating with one another. These range from annual Defense Consultative Talks to attachés in each capital. None of these means is designed and resourced to provide a forum for continuous, real-time dialogue on policy and operational matters related to strategic and security issues. The Standing Security Council would perform this function as a direct extension of both DoD and the CMC. Ideally, the Council would have a mandate based on a textual agreement similar to the one suggested above. In the interim, however, it might derive its authority as an extension of the annual, high-level Defense Consultative Talks that already exist. In either case, the Council would comprehensively pursue America and China's most vital strategic challenges in Asia – the issues discussed in Part II of this paper – and seek to identify specifically how bilateral *military* ties can contribute to overall issue management. One key measure of effectiveness of U.S. military engagement with China should be its contribution to managing these specific security problems.

Negotiations to establish a Standing Security Council and the principles on which it should operate likely would be difficult and protracted. China's willingness to participate in such an arrangement likely will be affected by the unresolved Taiwan issue, as well as the quality of overall bilateral ties. Beijing would have to be convinced of the benefit of such negotiations and, ultimately, participation in a Standing Security Council. As discussed earlier, however, the *process* of moving toward these goals is, itself, important. Substance would likely follow closely behind mutually established principles and processes. A Security Council would also provide both sides a forum for airing differences in strategic outlooks that might contribute to better understanding between the two sides and, in turn, narrow the gaps in strategic perspective. It would also provide a forum for American and Chinese officers to get to know one another on a professional

and personal level which might contribute to the first generation of officers in the next millennium who better trust one another.

Any American effort to enter in negotiations of this type with China would also have to be carefully coordinated with any and all countries that might perceive their own interests to be affected. In concert with U.S. efforts that have and will be taken to strengthen its alliances and other relationships, however, this should be a broadly welcomed initiative. A U.S.-China Standing Security Council could contribute significantly to advancing U.S. vital interests in Asia and, indeed, around the world. It might have humble beginnings, but its potential is vast.

Finally, this approach to security cooperation with Beijing would compel a review of who formulates U.S. security policy for China and how it is implemented. Currently, these processes are less than optimally functional, both in the Interagency domain and within DoD. Moreover, part of the friction in U.S.-China relations is due to organizational asymmetries on both sides. For example, arms control and technology transfer issues are generally the purview of more than one organization in a government, and getting the right parties talking to one another is difficult. The bilateral security council would assist in resolving these issues by functioning as a window into the Interagency processes on both sides.

A broad organizational review should also include a resource review, for both personnel and funding, that would lead to better and more consistent support for U.S. military diplomacy. Critical Track II organizations such as the Pacific Command's Asia-Pacific Center for Strategic Studies, and others suggested in this paper, should also be adequately, consistently resourced.

The organizational and resource challenges in U.S.-China relations reflect much broader, DoD-wide issues. In short, what has been accomplished with the Pentagon's Defense Reform Initiative should be replicated on the "operational" side of the Defense Department – a Defense Operations Initiative. Such a review would also help ensure that

DoD is most effectively matching ways and means to its 21st century ends. The recently convened National Security Study Group is likely to touch on some of these issues and may provide a mandate for reform. Ideally, this body's work would address, in the context of overall DoD operations, the nuances of policy formulation and implementation specifically for U.S.-China relations. China-specific and broader national security assessments should not be done independent of one another. The Security Study Group's report is not due until 2001. Understandably, for a variety of reasons, well-considered, well-coordinated change is slow. The need for increased effectiveness in the way we manage China policy is, nevertheless, pressing.

Further Recommendations

The broad framework of U.S.-China security relations – high-level visits, functional exchanges, routine military activities and confidence building measures, and participation in multinational security forums – should, when possible, be tied directly to the strategic issues discussed in Part II of this paper. Therefore, in addition to the recommendations already made, a few additional initiatives would further strengthen the connection between America's strategic goals and military engagement with China.

Sustain cross-Strait reassurance activities. This volatile area may be even more so in the next few years. As such, the U.S. should intensify and sustain its dialogue with Beijing and Taipei on cross-Strait security issues. A real-time mechanism to resolve misunderstandings or misperceptions between the sides should be established. In addition, there has been increasing discussion recently about China-Taiwan confidence building measures. While near-term prospects for real progress in this area are mixed, the U.S. should continue to work quietly to encourage both sides to undertake such a dialogue, official or otherwise. Neither getting caught between the two sides nor trying to produce specific formulas for resolving cross-Strait issues is in America's interest, but advocating a closer, sustained dialogue between the two is.

Strengthen and sustain a U.S.-China-Japan security dialogue forum. In addition to encouraging better bilateral security relations and confidence building measures between Beijing and Tokyo, a trilateral Track II forum is useful in addressing a wide variety of regional and global issues of common concern. Such a dialogue might also have the added benefit of reducing doubt on the part of both China and Japan that closer U.S. relations with one might come at the expense of the other. In particular, long-term issues about the evolution of the balance of power in East Asia would be appropriate for this forum.

Initiate a South Asia Cooperative Dialogue (SACD). This unofficial forum would provide a unique opportunity for South Asia's actors to discuss candidly a variety of key topics, including defense transparency, threat assessment, confidence building measures, and nuclear weapons safety, security, and command and control. While this informal initiative is not connected to the establishment of a South Asia Early Warning Center, its benefits could extend to that organization.

Initiate a Central Asia Cooperative Dialogue (CACD). Given the growing importance of this region, such a forum might alert its parties to problems before they arise. Given the complexity of the region, this forum would also be useful as simply one more check that European, Central, and Pacific Command policies and operations are fully synchronized.

Lift or waive sanctions remaining from the Tiananmen era. Not only do these sanctions symbolize continuing U.S. distrust of Beijing, they also circumscribe bilateral defense cooperation. Removing these sanctions would be a meaningful step toward reassuring China of America's long-term intent and would pave the way for deeper U.S.-China military ties. For example, China should be allowed to buy spare parts for the 24 UH-60 Blackhawk utility helicopters it purchased from the U.S. in the 1980s. Responsible technology cooperation in non-threatening areas, including military, would serve well U.S. long-term interests with Beijing. China's access to selected American

defensive military equipment and technologies would be a powerful incentive for it to adhere to internationally acceptable standards of behavior in a variety of areas.

Begin work immediately with the PLA on Y2K issues. The U.S. is already months into a similar effort with Moscow. Computer-generated uncertainty between America and China is not beneficial for either country. Interestingly, many of the challenges America faces in its security relations with Russia and China are remarkably similar. With Moscow, we are trying to engage a former enemy, while with China we are trying to keep from creating one. Despite the similarity of these challenges, however, our policy approach to each has been quite different. For example, we have offered to establish early warning systems with Russia, are deeply involved in cooperating on Y2K issues, and have offered to consult Moscow on missile defense issues. None of these initiatives has yet been proposed to Beijing.

Extend Professional Military Education opportunities to PLA officers. Even on a roughly reciprocal basis, the potential benefit of these programs is unquantifiably full. The rich environment provided by the presence of foreign officers at American military schools is as valuable for U.S. officers as it is for the foreign officers themselves. As such, an exception should be sought by DoD to waive the residual Tiananmen sanction that proscribes these programs.

None of the recommendations above would compromise U.S. security. Each would, however, work toward overcoming U.S.-China uncertainty and contribute to achieving America's strategic goals in Asia. Some steps are modest, others more bold – and we are uniquely positioned to take them. The window of opportunity is open for a shift in strategy from deterrence to reassurance. Meantime, by sustaining our own capabilities-based readiness, we ensure that our ability to deter *any* potential hostile state does not fade.

Epilogue

On the threshold of the new millennium, both America and China are facing enormous, though largely different, domestic and international challenges. Their one common challenge is to preserve peace, security, and stability in Asia and around the world. Nevertheless, the two countries are like men on a steep, muddy slope. Working together, the two might make it to the top and out of danger. But, struggling against one another they both risk a fall. Despite the current challenges in bilateral ties, many Chinese say that they are generally optimistic about long-term U.S.-China relations. Although I share this view, I am often hard-pressed to find a firm basis for that optimism. Beijing and Washington have much work to do in the coming months and years, a great deal of it fairly urgent. It would be better for both sides, and for the world, if they did as much of that work together as possible. Experience suggests that China may never be the friend we would hope it to be. At the same time, any threat that China might pose to the United States in the future is not preordained. We must learn to work with China one generation at a time.

Annex A – The Elements of Consensus Expanded

Several assertions are made below that warrant consideration in any debate over where China is today and where it wants to go. These assertions should contribute to broader consensus on China's future and form a basis on which to draw the strategic conclusions necessary for long-range policymaking.

China is wholly committed to modernization and economic development.

China's record since the late 1970s is clear; Beijing is fully committed to modernization and economic development. After the turmoil and stagnation created by the decade-long Cultural Revolution, Deng Xiaoping launched the country on a path of building socialism with Chinese characteristics, centered on economic construction. The current coterie of "third generation" leaders, headed by Jiang Zemin, is equally committed to that goal. China seeks to be a great power and hopes to achieve that status, at best, by the middle of the next century.

Economic development requires peaceful regional and global environments.

No one realizes this more than the Chinese do. Any disruption of, particularly, the currently peaceful regional environment -- even military confrontation or belligerence -- would force China to stray from its overall modernization plan and divert scarce, unprogrammed resources to its military. "At the turn of the century, an important historical period, China is devoting itself to its modernization drive. China needs and deeply cherishes an environment of long-term international peace, especially a favorable peripheral environment."[49] This conclusion is supported by Beijing's diplomatic efforts to resolve differences, particularly territorial disputes, with its many neighbors. In fact, security relations between the region's major powers are arguably more stable now than at any time this century.

Military modernization is subordinate to China's overall modernization goals.

> The Chinese Government insists that economic construction be taken as the center, that defense work be subordinate to and in the service of the nation's overall economic construction and that the armed forces actively participate in and support the nation's economic construction. While concentrating its efforts on economic construction, the state also endeavors to improve its national defense work and to promote a coordinated development of the two.[50]

China is more capable militarily now than it was twenty years ago, but only marginally so. Despite uncertainty in the West over China's defense spending, China's military modernization will continue to be gradual, narrow in scope, and focused on developing specific capabilities to fight "local wars under high technology conditions." Beijing likely will, for example, continue to aggressively improve its strategic and non-strategic missile forces, area where it has a demonstrated capability and it achieves a relatively high return for its investment. China *does* also want to increase its ability to project power in the air and at sea, but "the People's Liberation Army (PLA) is decades from possessing a comprehensive capability to engage and defeat a modern adversary beyond [its] borders."[51] This is not to say that China's military potential should be ignored -- it cannot be -- but neither should it be overestimated or exaggerated. There is no evidence that China is willing to put military modernization ahead of its broader national development goals.

The ultimate success of China's pursuit of modernization is not guaranteed.

Writing in 1996, one long-time China watcher described three alternative futures for Beijing, which are still valid today.

* *Continued reform* – By 2010, China would approximate the "modern, powerful, socialist state" envisioned by Deng Xiaoping in 1978. It would still be a developing nation facing enormous challenges, but economic reforms would have been successfully woven into the socio-economic structure. China would be almost fully integrated into the world economy. The polity would be in transition. China would be the most powerful military nation in Asia, although still with limited force projection capabilities, and an increasingly important world power, tentative about the responsibilities of this role and creating new challenges in the region and the world.

* *Central and authoritarian* – If wide-scale civil disorder should erupt – as seen in 1989, but on a more extended geographic basis because of political protest, economic discontent, environmental crisis, or a combination of these or other causes – the party would eventually turn to the PLA to restore order and reimpose central government control with martial law. Such an intervention would set China's reform

programs back five to ten years or longer. It could mean a much stronger role for the army in governing China and probably would result in more assertive pursuit of Chinese national interests, including those involving Taiwan, the South China Sea, border regions, and China's place in Asia more generally.

* *Disintegration or chaos* – Decay is still a possibility. Chaos would be unpredictable and not likely be peaceful. No province or region is self-sufficient or likely to produce strong local leadership capable of sustaining economic growth, much less growth near the levels of the 1990s. A general economic collapse that would affect the Asia Pacific Region, large population movements into neighboring countries, and armed conflicts both within China and along its borders could be the result.[52]

A China continuing to reform is the preferable future, which our national security strategy acknowledges in its statement that "a stable, open, prosperous China that assumes its responsibilities for building a more peaceful world is clearly and profoundly in our interests."[53] But, as one observer noted, "in some ways a successful China pursuing [its own] goals would be the hardest with which to deal."[54] This sentiment was echoed by Ambassador Lilley when he stated that "the central strategic question is not whether the United States will 'create a monster' [by engaging China] but rather whether the United States and China can learn to share influence and even power in East Asia."[55]

China is not a great power, it is an important global and major regional power.

Clearly, China is an important regional and global state. Cooperation with and from China is essential to America's pursuit of its vital national interests in Asia and, in some cases, in other parts of the globe. Nevertheless, in relative terms, China is inferior to the U.S. in every traditional measure of national power.[56] With the possible exception of economic power, China does not yet qualify for inclusion in the world's exclusive group of great powers.[57]

It is important also to keep in mind, that power is multidimensional – no single element of power alone can determine national power. Power is also relative, not absolute; dynamic, not permanent; and situational. National power is a combination of geographic and social determinants, the product of which is ultimately affected by both tangible and intangible factors. Power is also about perceptions, and it is necessary to align them as closely with reality as possible to avoid misperceptions that could lead to poor strategic decisions.

– The Economic Dimension of National Power.

China's economic growth over the past twenty years has been nothing short of remarkable. With a 1997 GDP of over $890 billion, China's economy is now one of the world's largest. China has become America's fourth largest trading partner and the U.S. is second only to Japan as China's largest trading partner. Asia as a whole, and indeed, the entire world economy, now depends to a hitherto unprecedented degree on China.[58] Beijing's economic reform, however, appears to be at a critical stage.

Still facing serious problems with allocation and use of capital, [unprofitable] state-owned-enterprises, insolvent financial institutions, and a domestic banking system that makes loans on political, vice financial grounds, China is unlikely to be able to sustain the growth it has shown over the past decade.[59] Beijing claimed a 7.8% growth rate for 1998, but most Western analysts believe this figure is exaggerated. Moreover, "the World Bank has forecast that even if deepening reforms are successful, the pace of growth in China is likely to fall by about half from its current level to about five percent by 2020."[60] This has two important implications. First, with reduced growth, even if the reforms work, there likely will be increased social pressure for higher incomes and more equitable wealth distribution. China's annual per capita income is still well under $1000. Second, Beijing is keenly aware of the difficult reform steps that must still be taken and the urgency with which they should move to better immunize the economy against future outbreaks of Asia's financial virus. Nevertheless, rising unemployment, crime, corruption, and the potential for general socio-economic unrest are of sufficient concern to China's leaders to compel them to continue reform at a carefully measured pace. For example, one recent report citing Communist Party sources said that "last year more than 5000 protests – in cities and the countryside – severely taxed China's massive security services."[61] Specifically, solving the problem of non-productive state-owned-enterprises promises to be one of the greatest challenges China has faced in its 20-year reform effort.

Analysts are not predicting an economic collapse in China, but their estimates about continued growth, even under the best circumstances, are conservative. These forecasts

have implications for China's defense modernization. Despite Chinese defense planners' long "want and to-do lists," actual military modernization is likely to be much slower than some predicted even just a few years ago. Straight-line projections for the growth and development of China's armed forces are no more valid than they are for its economy. The Chinese themselves say that they are in the "deep water" phase of reform. With no turning back and no land in sight, a serious mistake could rock the boat, if not sink the ship.

– The Military Dimension of National Power.

Beijing derives its military power primarily from its nuclear weapons, the size of its army, and improvements in selected capabilities like tactical and strategic missiles. Among its largely antiquated nuclear force, "China has at best a strategic monad, with most of its operational nuclear capabilities concentrated in predominantly liquid-fueled land-based missile forces."[62] China possesses twenty intercontinental ballistic missiles (ICBMs) capable of striking the U.S., as well as 22 submarine-launched ballistic missiles on one nuclear ballistic missile submarine."[63] China is making efforts to modernize its nuclear and missile forces, to include the development of multiple independently targetable reentry vehicles (MIRVs), improved accuracy for its short-range missiles, and two new ICBMs – one of which will serve as a new SLBM. In addition to its indigenous cruise missile program, including persistent reports of development of a long-range land-attack cruise missile to complement its array of domestically designed anti-ship cruise missiles, China reportedly is also acquiring from Russia two Sovremenny-class destroyers equipped with SS-N-22 (Sunburn) supersonic anti-ship cruise missiles. However, while clearly modernizing its ballistic and cruise missiles, it is unlikely that China will substantially expand the size of its strategic missile forces.

China has also purchased from Russia four Kilo-class submarines and 48 Su-27 aircraft,[64] is working on an Airborne Warning and Command Center, and is trying to develop an operationally effective air-to-air refueling capability. Nevertheless, China experts are increasingly in agreement that it will be, literally, decades before the PLA can realize its

aspirations to sea denial or control several hundred kilometers off its coast – out to the first and second island chains that Chinese military writers describe as Beijing's long-term goal. For example, after a careful analysis of 84 critical military technology indicators, one analyst concluded that

> China's current and potential strength across the board of military critical technologies is beyond doubt, but it's a mile wide and an inch deep. When and to what degree the Chinese Military Industrial Complex's potential will be fulfilled is difficult to determine, but it will not be in the coming decade.[65]

Although the PLA is still decades from possessing a comprehensive capability to engage and defeat a modern adversary beyond China's boundaries, Beijing believes that the PLA can develop *asymmetric* abilities in certain niches – such as advanced cruise missiles and conventional short-range ballistic missiles (SRBMs). "Asymmetric warfare" is really nothing more than attacks on an enemy's vulnerabilities, while avoiding the adversary's strengths – an historic characteristic of armed conflict. China's effort to "leapfrog" generations of technology in weapons programs, however, is often perceived as an attempt to develop new and surprising capabilities. In truth, most of China's actual modernization programs are derivative of efforts already well underway in more developed countries. Rather than technological breakthroughs, Beijing's military modernization effort could more accurately be described as a focus on asymmetric engagement capabilities. China is seeking to identify innovative tactics and employment parameters for systems and technologies that the PLA has successfully employed or can be reasonably expected to employ in the next two decades.[66]

In sum, while the sheer size of its Army makes China a major land power, it is barely able to project power beyond its shores and incapable of seizing and holding terrain outside of the Asia mainland. This is not to say that China cannot be militarily disruptive or to understate the potential danger of military conflict with Beijing. Indeed, the real danger in any military confrontation with China, like those in the Taiwan Strait in 1995 and 1996, is that it could lead to actual armed conflict which, once started, would be extremely difficult to contain and even harder to end. Neither the U.S. nor China would be likely to be willing to accept a local military defeat and the threat of escalation of any

local conflict would be high. Apart from achieving any political objectives that might have precipitated war, in purely military terms "victory" in such a scenario might also be defined differently by the two sides. While the U.S. might seek a clear decision, China might be satisfied with a stalemate against the world's foremost military power, like that at the end of the Korean War.

– The Political Dimension of National Power.

In the complex arena of international politics, China derives its influence primarily from its permanent membership on the United Nations Security Council. Its growing economy and the sheer size of the country and its population reinforces this. Beijing rarely exercises its Security Council veto power, but did recently deny an extension of the UN's security mission in Macedonia to punish that country for diplomatically recognizing Taiwan. In general however, while China clearly has global interests, the farther from its own borders, the less vital those interests are and the less real influence it has. Much of the time Beijing has "opinions" on international issues, which it expresses in a manner consistent with its "independent" foreign policy that often puts it at odds with the U.S. For example, China objects to U.S. policy toward Iraq, in part because other Security Council members do also, in part due to economic self-interest,[67] and, in part because it presents an opportunity to oppose what it perceives as U.S. "hegemony and unilateralism," particularly in situations involving the use of force. America's military intervention in Yugoslavia is particularly sensitive in Beijing, where it is seen as a violation of a nation's sovereignty in the name of human rights – a military response to Serb ethnic cleansing. With minority problems of its own, China worries about U.S. respect for its sovereignty. China also protests, with Russia, NATO's expansion and U.S. missile defense programs. In short, while Beijing *always* wants to be consulted on international political issues, and would like to believe that its views are taken seriously, its influence is, and will continue to be, circumscribed by several factors.

Contrary to one key U.S. objective in engaging Beijing, China does not necessarily want to allow itself to be fully integrated into the web of international agreements that define

the norms of international behavior. This is particularly true in cases where integration must take place on the West's terms or where China has had no role in shaping an international convention. At the same time, the West is also reluctant to allow China membership in certain organizations and regimes. For example, Beijing is still outside of the World Trade Organization, despite concerted efforts to strike a deal during Premier Zhu Rongji's April 1999 U.S. visit. And, despite multiple assurances that it is abiding by the guidelines set forth in the Missile Technology Control Regime (MTCR), China still has not formally joined the convention. Conversely, some Americans oppose Beijing's membership in the MTCR on the grounds that it "would exempt China from certain sanctions, provide it with intelligence, give it a potentially obstructionist role in decisionmaking, and relax missile exports to China.[68] Concern also remains in the U.S. about Beijing's reliability in abiding by the provisions of some international conventions it *has* signed. This is particularly true in the areas of proliferation and political rights, despite Beijing's signature on the Non Proliferation Treaty and the International Covenant on Civil and Political Rights. In short, China's influence is diminished by remaining outside of some regimes and by the perception of less-than-full compliance with others – regardless of whether this is the result of Beijing's reluctance to participate or the West's reluctance to *allow* China to participate.[69]

China is further constrained internationally by its own self-image, which waivers from "great power" to "world's largest developing country," depending on the issue. Finally, while difficult to measure precisely, Beijing's international image is affected negatively by the fact that its ruling party is still, at least in name, "communist," and that the party's domestic source of legitimacy ultimately remains the support of the PLA. As long as China is "communist," that alone will be sufficient cause for some to look past other changes in the country, distrust Beijing's long-term intentions, and actively work against China's political influence.

Undeniably, China is an important player in the international arena – its support is always beneficial on an issue, it can obstruct international consensus if it chooses to, or it can simply ignore issues that are of major concern to other international actors – but it is not

yet a political *leader*. The values of China's government have little appeal in the international arena and Beijing's moral authority is circumscribed accordingly. China is not a great power politically.

– The Psychological Dimension of National Power.

The psychological element of power consists of national will and morale, national character, and the degree of national integration. It is in this facet of power that China may be the weakest. To properly assess this element of China's power, it is necessary to examine the country's unique cultural history. Lucian Pye has asserted, correctly, that "China is a civilization pretending to be a nation-state."[70] His argument is compelling and worth repeating.

> The source of the differences between the European and Asian patterns lie in their different histories and cultures. To understand the operation of the foreign relations in Asia it is necessary to appreciate the fact that the concept of the nation-state was foreign to the region and came only with the Western impact and modernization. The various Asian countries have all taken on the forms and institutions of the modern nation-state, but in most cases there has yet to be a coherent bonding of state and nation. The process of nation building in connection with state institutionalization has not yet resolved fundamental questions about national identity and how state and society should be integrated.[71]

This is particularly true for China.

> The Chinese today clearly have a xenophobic sense of the difference between the Chinese "we" and the foreign "they," but they are unable to articulate what ideals, principles and values they stand for as a nation. For nearly a century the Chinese people have been exposed to relentless attacks on their great cultural heritage...the intellectuals of the May Fourth movement who denounced Confucianism and praised Western "Dr. Science and Mr. Democracy," and then for fifty years all the "brain-washing" powers of the Communist Party were directed toward scathing attacks on all aspects of traditional Chinese civilization. As a result the Chinese have had to learn to live with the alien philosophy of Marxism-Leninism as the supreme principles for state legitimacy.[72]

To be sure, China's government is pursuing its own form of socialism, with Chinese characteristics, but as Pye notes, "to get rich is glorious" is hardly an appropriate ideal for the heirs to one of the world's greatest civilizations.[73] Moreover

> The dead grip of Marxism-Leninism paralyzes the Chinese spirit and prevents any process of rethinking their recent history. The Chinese now have blocked memories over the horrors of the Great Leap, the Cultural Revolution and Tiananmen. Indeed, the real tragedy of Tiananmen is that without a "reversal of the verdict' that the event was the work of a handful of bad people, the Chinese people are prevented from getting on with the dialogue necessary for articulating a new vision for Chinese nationalism. The Chinese are left without an uplifting sense of their collective identity, but rather must operate with only a shallow, essentially racist form of xenophobia which encourages a prickly distrust of outsiders.[74]

Pye's discussion leads to several significant conclusions. Foremost, China's *cultural* heritage influences dramatically how the Chinese relate both to one another and to the world. This should give us some clear insight into how China may evolve politically in the coming decades. As distasteful as it might be for many to admit, China is not likely to emulate U.S.-style democracy in the foreseeable future. This is not a judgment on those who would wish something more for China, it is simply a statement of fact. In terms of China's foreign policy, we also should not expect Beijing to cooperate with Washington in a manner as close as the Administration's phrase "constructive strategic partnership" suggests. Our expectations of Sino-U.S. ties should be realistic on this count as well. Meantime, until China defines itself in a manner that reconciles its own history with modern day realities, it will remain relatively weak psychologically.

China's leaders are pragmatic.

Perhaps the most famous Chinese pragmatist of all, Deng Xiaoping was fond of saying "it doesn't matter whether a cat is black or white, as long as it catches mice," when referring the path China would take to reform. And so it was that communist China launched a nationwide modernization effort, cast against a backdrop of Marxism-Leninism and Mao Zedong Thought, that combined elements of capitalism and socialism, and ultimately took on "Chinese characteristics." Pragmatic leadership in Beijing persists, as these leaders are far less committed to any particular ideology than they are to successfully modernizing China in the next century.

Some might argue that Beijing is less pragmatic on issues like Taiwan, Japan, and Tibet. Clearly these issues evoke powerful reactions from Chinese leaders who, in turn, selectively use these issues for domestic political purposes. Yet, Beijing's *policies* in

dealing with these issues have been practical and rational. As we will discuss below, China's history ensures that certain issues will remain extremely sensitive and potential sources of friction in U.S.-China relations. For Beijing, Taiwan and Tibet involve the vital interest of sovereignty, while for America these problems involve our core values. These issues do become emotional with such fundamental national purposes involved. Beijing's rhetoric notwithstanding, there is no indication that, for the foreseeable future, China will move away from the realistic ways in which it has attempted to manage these issues.

China's paramount security concerns are domestic.

China has worked hard diplomatically to stabilize its *external* security environment. In contrast to Beijing's success in the diplomatic arena, serious threats to domestic stability remain – most of which stem from enormous, unresolved socio-economic issues. Poverty, unemployment, social security, health care, crime, rule of law issues, and the overwhelming responsibility for addressing the needs and rising expectations of 1.3 billion people are only a handful of the myriad problems that confront Beijing on a daily basis. That China has a "floating population" of over one hundred million people searching for jobs, nearly half of America's entire citizenry, adds perspective to Beijing's socio-economic challenges. At the same time, corruption in the Party, government, and military is also of major concern to China's top leaders. The contribution of deep, widespread corruption to Russia's economic collapse reinforces this concern.

There is little doubt about China's top leaders' commitment to address head-on these formidable tasks. In his recent report to the Ninth National Committee of the Chinese People's Political Consultative Conference, Premier Zhu Rongji presented an unusually candid assessment of Beijing's near-term social and economic challenges. Zhu also acknowledged that "widespread unrest has roiled the countryside and cities," but called on Chinese security forces to "exercise restraint in dealing with these problem."[75] Zhu further admonished the government to abandon "dictatorial means against the people" that would only "intensify" these problems.

Specifically, China's leadership fears most that its pro-democracy activists might mobilize the broad sections of society that have not benefited from, or have actually suffered socio-economically as a result of, China's modernization. Each successful achievement in China's development in the past twenty years has also uncovered a host of deeper challenges. Beijing's top leaders have personally lived through the nightmarish chaos that characterized the Great Leap Forward, the Cultural Revolution, and Tiananmen, and are determined not to allow China to go back down that road. Russia's economic collapse and attendant political uncertainty are, for China's leaders, both a cause of concern and object lesson. Experiments with grass-root democracy will continue for the express purpose of extending better governance and political accountability to that critical level – relieving, in turn, pressure on higher levels of government and the Party to resolve problems at the village level. Meantime, the regime will take the measures it deems necessary to prevent general unrest that might lead to anarchy, including the suppression of any formal opposition to its political authority.

China has legitimate external security interests and concerns.

China shares borders with a plethora of diverse countries, most of which have histories of both cooperation and conflict with Beijing. In this century alone, China has had armed conflict, on the Asian mainland, with Russia, the Soviet Union, India, Vietnam, Japan, South Korea, and the U.S. Even though China's security situation is more stable now than any time in the past one hundred years, suspicion is not far beneath the surface. Russia could again become unfriendly, India ostensibly tested nuclear weapons in response to its perceived "China threat," and Japan has yet to "fully apologize" for its World War II-era occupation and atrocities, thereby reinforcing China's belief that the real problem for Asia's security is resurgent Japanese militarism. And, right or wrong, Beijing still perceives that America's alliances and deployments in the region, including Partnership for Peace relationships with Central Asian countries, may be intended to "contain" China.

Interestingly, responding to India's nuclear tests in May 1998, U.S. Deputy Secretary of State Strobe Talbott stated that "India has legitimate security concerns." Admittedly this public concession was intended to get past the fact of the nuclear blasts and on to the issue of what to do about them. Still, the contrast between this statement and the fact that China's legitimate security concerns are rarely, if ever, acknowledged, is stark. China, like all countries, does have legitimate security perceptions, interests, and concerns. Moreover, its security perceptions, no more than ours, are likely to be influenced by words alone.

Neither China's history nor its current policies indicate that it has a worldview, in the geostrategic sense, like the one that has evolved in the United States.

Assessing a variety of political, economic, geographic, and historical factors, Zbigniew Brzezinski has recently made two important judgments. First, "even by the year 2020, it is quite unlikely even under the best of circumstances that China could become truly competitive in the key dimensions of *global* power. Even so, however, China is well on the way to becoming the preponderant *regional* power in East Asia."[76] Second, "a regionally dominant Greater China...would thus approximate in its radius the scope of the Chinese Empire before the onset of its decline some 150 years ago."[77] Brzezinski cautions also that a Chinese sphere of regional influence "should not be confused with a zone of exclusive political domination, such as the Soviet Union exercised in Eastern Europe."[78] Rather, "a Chinese sphere of influence – perhaps a sphere of *deference* would be a more accurate formulation – [would] be defined as one in which the very first question asked in the various capitals regarding any given issue is What is Beijing's view on this?"

This analysis fits well China's history as the Middle Kingdom. When Mao Zedong proclaimed the People's Republic of China in 1949, China had thrown off the yoke of a century of foreign domination and, once again, "stood up" as a nation. Now, the third generation of leadership since the founding of the PRC is in the midst of an effort to restore China's Imperial glory, a process that will take untold decades. Clearly, the phenomenon of globalization has already expanded and will continue to broaden China's

interests and influence. But, in assessing where China likely will fit geostrategically in the 21st century world, past is likely prologue. Brzezinski also offers a description of China's strategy.

> ...the peaceful enhancement of China's regional standing will facilitate the pursuit of the central objective, which ancient China's strategist Sun Tsu might have formulated as follows: *to dilute American regional power to the point that a diminished America will come to need a regionally dominant China as its ally and eventually even as a global power.* This goal is to be sought and accomplished in a manner that does not precipitate either a defensive expansion in the scope of the American-Japanese alliance or the regional replacement of America's power by that of Japan.[79]

This brings us back to the critical issue, astutely raised by Ambassador James Lilley, of whether the U.S. can adapt to China's growing power in East Asia. It also highlights the precarious balance Beijing must attempt to strike in achieving its goals without provoking an unintended reaction. However, if Dr. Brzezinski is correct about China's central objective and how Beijing wants to achieve it, it would not inherently pose a threat to either America's vital regional or global interests.

Continued economic development and an ability to meet the rising socio-economic expectations of the Chinese people are required to sustain the legitimacy of the Communist Party.

Mao said that political power flows from the barrel of a gun. Ultimately and unfortunately, that is still the case in China today. By pursuing the current course of national development, however, the Chinese Communist Party has let the genie out of the bottle. "Simply put, because of the comprehensiveness of the reform-and-opening process, the Chinese communist state is facing a profound legitimacy crisis."[80] By "challenging the low standard of living left by Mao, [Deng Xiaoping's reform policies] created profound economic inequality within Chinese society, thus undermining Maoist egalitarianism as both an ideal and a social reality, and calling directly into question the legitimacy of the *communist* regime."[81]

The Chinese Communist Party's only way out of this dilemma for the foreseeable future will be for the regime to continue to emphasize to the people that, as the only well-organized controlling political force in the country and despite its deficiencies, things

could be worse. And, in a worst-case scenario [without the Communist Party], the Chinese nation and society could suffer from total disintegration.[82] This may not be compelling rationale in the West for communist party control in Beijing, but the West does not share China's history, political culture, or present national challenges. This is not to apologize for the Chinese regime, which must continue to transform itself, if only to achieve its modernization goals. In the meantime, the party will continue to walk a fine line between political authoritarianism and economic liberalization, with its success tied directly to its ability to meet the rising socio-economic expectations of its 1.3 billion people.

China has an undeveloped, non-Western sense of nationalism and national identity.

Some have pointed to nationalism as both a source of legitimacy for the Beijing regime and an explanation for China's foreign policies and behaviors that the West finds disagreeable. To be sure, certain issues provoke among Chinese what seem to be "nationalistic" responses, but to attribute Chinese actions to "nationalism," per se, is an incomplete explanation. For example, among the issues that provoke a visceral, emotional response from China are –

* *Interference in China's internal affairs.* This derives from the exploitation and humiliation that China suffered at the hands of several countries, including America to a degree, starting in the middle of the 19th century. Mao Zedong may have made grave mistakes in power, but he is still revered in China for driving out the "barbarians and counterrevolutionaries," reuniting a fractured country, and allowing China to "stand up."

* *Domestic stability.* Historically, in the absence of a strong central government, China has tended to fragment along regional lines. China's ruling party, as discussed above, is committed to preventing that from happening again and views its survival as tantamount to national survival.

* *Sovereignty (territorial integrity).* This is related to both items already discussed. Achieving complete territorial integrity is to overcome China's history of exploitation. After Macao is reunified this year, only Taiwan's return is required to make China whole again. Maintaining territorial integrity is an internal affair and justifies whatever means needed to hold the country together, including control over ethnic minorities in the "autonomous" provinces of Tibet and Xinjiang.

* *Japan.* China's memory of its humiliation at Japanese hands has not faded. It is difficult to overstate China's dislike for and distrust of Japan. This antipathy is unlikely to fundamentally repair itself in the foreseeable future, particularly since Tokyo appears to be either unwilling or unable to apologize fully, from China's perspective, for its war crimes. China's antipathy toward Japan, however, has not prevented it from establishing mutually beneficial relations with Tokyo.

* *Overseas Chinese.* These are ethnic Han Chinese who live outside China and with whom the mainland has a cultural affinity. For example, recently revived hostility toward Chinese in Indonesia sparked a sharp reaction in China. Beijing also has a keen financial interest in overseas Chinese, as the wealth they collectively possess is substantial and an important source of investment in China's economy.

> To be sure, Chinese nationalism persists as an important political sentiment on which Beijing can play. Yet angry reactions to foreign insults [are] not easily sustained over time, and China's prudent leaders will play on nationalistic emotions only cautiously. Most striking is the refusal of Beijing to mount a nationalistic campaign during the Taiwan Strait crisis of March 1996. Taken too far, nationalism could also arouse separatist tendencies among China's fifty-five minority groups.[83]

Lucian Pye asserts that China has not yet developed a *modern* sense of nationalism, national identity, or shared values.

> When the content of contemporary Chinese nationalism is compared with nationalism in other countries, it appears to be exceedingly thin...what is missing...is the collective ideals and shared aspirations which have to be coherently expressed in meaningful symbols and myth.[84]

During the imperial era, "Chinese" was a vague concept with no clear criteria. More important than Han ethnicity was to loyalty to the emperor. This evaporated with the disintegration of China's last dynasty. Efforts to define "Chinese" are still ongoing, but have been complicated by the reform-and-opening process, which has created more political space for people of minority ethnic groups to develop their own self-consciousness.[85] A similar psychological transformation is occurring on Taiwan.

Like power, a people's sense of nationalism is dynamic, not static. How this eventually matures for the Chinese will have a great deal to do with how the process of national modernization unfolds, the role they choose for themselves in the region and world, and how the world accommodates their emergence.

Despite the absence of a more developed sense of nationalism, however, China does, quite naturally, have an intense desire to be "recognized." [H]uman beings like animals have natural needs and desires for objects outside themselves such as food, drink, shelter, and above all the preservation of their own bodies. Man differs fundamentally from other animals, however, because in addition he wants to be "recognized." In particular, he wants to be recognized as a *human being*, that is, as a being with a certain worth and dignity. This worth in the first instance is related to his willingness to risk his life in a struggle over pure prestige.[86] The propensity to invest the self with a certain value, and to demand recognition for that value, is what in today's popular language we would call "self-esteem."[87] As standards of living increase, as populations become more cosmopolitan and better educated, and as society as a whole achieves a greater equality of condition, people begin to demand not simply more wealth but recognition of their status.[88]

> The struggle for recognition provides us with insight into the nature of international politics. The desire for recognition that led to the original bloody battle for prestige between two individual combatants leads logically to imperialism and world empire. The relationship of lordship and bondage on a domestic level is naturally replicated on the level of states, where nations as a whole seek recognition and enter into bloody battles for supremacy. Nationalism, a modern yet not-fully-rational form of recognition, has been the vehicle for recognition over the past hundred years, and the source of the century's most intense conflicts. This is the world of "power politics," described by such foreign policy "realists" as Henry Kissinger.[89]

Inasmuch as states behave like humans, China's need to be recognized is palpable. China's international status was transformed in 1972, when the United States enlisted its support against the Soviet Union during the Cold War. Since the end of the Cold War, however, and particularly since Tiananmen, China has not consistently enjoyed recognition from the country it desires and requires the most – the United States. China wants America to recognize its accomplishments as well as its concerns. Indeed, one might argue that this desire was at the heart of its politics toward the U.S. after both Tiananmen and the 1996 Taiwan Strait crisis – after Tiananmen Beijing wanted recognition of the Chinese regime and after the Strait crisis it wanted recognition of the legitimacy of that regime's claim to sovereignty over Taiwan.

China's need for recognition is yet another source of friction in its relations with the U.S. Americans find it repulsive to recognize a government that would so ruthlessly crush political dissent. Americans also find it offensive to recognize a regime that labels itself communist. Beijing's own behavior and ability to transform its communist party, if not its source of legitimacy, will weigh heavily in Americans' willingness to bestow readily the recognition on China that it so badly wants. Meantime, this will continue as a detrimental undercurrent in the bilateral relationship.

America's ability to "change" China is limited.

Literally, for centuries, Westerners have been trying to change China.

> China's successful testing of an H-bomb in June 1967 marked the end of the cycle we have been considering. It had been exactly three hundred and fifty years since Adam Schall left Rome, inspired by the dream of converting all China by proving the superiority of Western science. Now China had come through. No Westerner could any longer complain that she was a laggard pupil: China had mastered the awesome product of her teachers, she had graduated into the modern world.
>
> But China had not been converted in any of the ways that generations of western advisers had hoped. Her land was not dotted with the steeples of Christian churches, no Chinese senators rose in marble halls to extol the virtues of the "democratic way of life," on the benches of her schools no eager students were noting the gems of western humanism or applauding the current practice of Soviet communism. For China there were no values implicit in these images, only the bitter flavor of exploitation, deceit, and betrayal; or, as they phrased it, of imperialism, bourgeois

individualism, and revisionism. To most Westerners, China's exterior was once again as forbidding as it had been in the late Ming dynasty, and her internal workings as mysterious.[90]

China had not been "changeless," however. She had simply regained the right, precious to all great nations, of defining her own values and dreaming her own dreams without alien interference.[91] The West should expect China to guard carefully its right to self-determination. Moreover, while the West should not give up efforts to influence certain Chinese behaviors, it should be clear-eyed about the prospects for changing China in its own image, the time change will take, and China's reaction to certain methods designed to stimulate change.

The potential reaction of China's neighbors to its development, modernization, and, most important, its behavior, serves as a natural constraint.

...a bloated China would also be more likely to encounter strong external opposition.
– Zbigniew Brzezinski, The Grand Chessboard

History complicates China's future as a regional power. As noted earlier, China has warred and skirmished with Japan, Russia, the Soviet Union, India, South Korea, Vietnam, and other neighbors in this century alone. As Beijing grows in strength, these countries will continue to be faced with their own balance of power challenges. Without encouragement from the United States, each will make its own assessment of China's capabilities and intentions and respond in its own best interest. That response will be shaped by America's presence and, in some cases, perceptions about U.S. security guarantees. In this sense, the U.S. is likely to play a defining role in the evolution of Asia's balance of power in the next century. China, now and for the foreseeable future, likely will continue to accept reluctantly America's stabilizing presence in the region. Meantime, Beijing must walk a fine line between asserting its regional interests and provoking undesirable reactions from either the U.S. or any of its other neighbors. This will not necessarily shape China's vital interests or national goals, but it likely will affect how they are advanced. Beijing's approach to contentious issues in the South China Sea and across the Taiwan Strait suggests an appreciation of its neighbors' perceptions, broader interests, and higher priorities.

Like America's difficulty in developing a coherent, long-term China policy, China has its own "America Dilemma."

There is much about American behavior that China finds disagreeable. China resents what it perceives as U.S. involvement in its internal affairs, is concerned about what it sees as American unilateralism and propensity to use military force, and is uncertain about U.S. long-term intentions. Yet China remains committed to economic reform, modernization, and development, and knows that it needs America's cooperation to achieve these goals. First, it needs the U.S. to help preserve peaceful, stable regional and global environment. Second, it needs the U.S. economy and everything that goes with it, including American markets for its products, investment, technology, and know-how.

China does not necessarily want U.S. *political* values imposed on it, nor does it necessarily want the U.S. to strengthen its dominant position, regionally or globally, as the world's strongest power. China likely has realistic expectations of Sino-U.S. relations, including the fact that there will be serious differences in perspectives, interests, preferred outcomes, and approaches on a wide range of issues. It must square its U.S. relations with its own desire for an independent foreign policy, with its desire for self-sufficiency, and with its own assessments of the regional and, less so, global security environments. Beijing's need for generally constructive relations with America has compelled it to conform its behavior on some issues. On other more difficult issues, Beijing has shown a willingness to look past them, for now.

In all likelihood, there is a debate in Beijing over its policies toward the U.S. that is every bit as intense as the debate over China policy in Washington. Suggestions of such a debate draw knowing smiles from Chinese officials and researchers alike. The Chinese, like most on our side, realize that there is no realistic alternative to engaging one another. As such, China's policymakers, as do ours, walk a fine line between sustaining the relationship and what their domestic critics might call "appeasement," and, between getting what they need from America without compromising their core values or interests.

Beijing is also keenly aware that it is the weaker partner in the relationship, and many Chinese policymakers probably have felt urges toward a sentiment expressed recently by a Russian politician.

> There is a growing feeling that we don't have a lot to gain from a close relationship with the U.S., and not a lot to lose with a colder relationship. A good relationship with the U.S. assumes that we will support them on things we don't believe in. If we are so much ignored, why should we do anything for them?[92]

Top Chinese policymakers *do* still see clear advantage in maintaining good relations with the U.S., but that does not necessarily take the distasteful edge off of U.S. behavior. As one senior Chinese diplomat noted recently, "China respects America's confidence, but it appears that the U.S. is increasingly *overconfident*."[93]

Just as Beijing's words and deeds shape U.S. policies, America's words and deeds can be expected to shape China's policies. This is not a judgment of either side, simply a statement of fact.

Annex B – Summary of Recommendations

One overarching goal in U.S.-China security relations should be conflict prevention. The real danger in any military confrontation with China, like those in the Taiwan Strait in 1995 and 1996, is that it could lead to actual armed conflict that, once started, would be extremely difficult to contain and even harder to end.

In the broadest strategic sense, the tone of U.S.-China security relations should shift, where possible, from its emphasis on deterrence to one of reassurance. In view of mutual fear and distrust in the relationship, it will be difficult for either side to take the first step toward reassurance. Both sides, then, should take the first step together.

⇒ Establish a permanent, bilateral standing security council. This body should be charged with identifying problems, developing solutions, and monitoring their implementation across the range of bilateral security issues. This Standing Security Council (SSC) must be allocated resources that reflect an enduring commitment America's defense relationship with China.

Measures of success for a U.S-China Standing Security Committee would include its ability to allay fears and build trust, advance the security interests of both sides, and contribute to the management of the vital security issues on the bilateral agenda, addressed below.

Maintaining peace and stability in the Taiwan Strait –

Taiwan is the most potentially explosive issue in Sino-U.S. relations; *the* issue that led to military confrontation in 1995 and 1996. Taiwan is also the *only* issue over which disagreement or misunderstanding might, in the foreseeable future, lead to another military confrontation, or worse, conflict between the United States and China. Important steps have been taken by all sides to repair the damage created by the 1996 standoff in the Taiwan Strait. Most significantly, the cross-Strait dialogue between Beijing and Taipei has resumed, adding a measure of predictability to that bilateral

relationship. Nevertheless, uncertainty remains and could grow as Taiwan approaches its own presidential election in March 2000. Taiwan's interest in missile defense exacerbates this uncertainty.

⇒ De-link clearly theater missile defense (TMD) for Taiwan from TMD development and possible deployment for any other country, particularly Japan.

⇒ Ensure that the U.S. retains the *master key* in any missile defense system for Taiwan. U.S. arms sales to Taiwan, including potential components of a missile defense system, likely will continue for the foreseeable future. As such, the U.S. should retain control over the *key* components of any complete missile defense architecture – for example, the early warning and command and control elements. By doing so, Washington would address the concerns of both Taiwan and Beijing, and contribute to cross-Strait stability. Beijing would be assured that Taiwan possessed no operational missile defense without America's active participation. Taiwan would be assured that if Beijing was acting in a threatening way, the U.S. could add a missile defense capability to the situation. Concomitantly, this approach would avoid unnecessarily inciting either pro-independence forces on Taiwan or those in China who would use missiles to intimidate the island population.

⇒ Continue to encourage cross-Strait dialogue and emphasize, in concert with the Administration's "three noes" policy, America's uncompromising determination that the issue be resolved peacefully. A formal declaration of what many have called a "fourth no," that is, no use of force to achieve reunification, would be helpful in sending a clear signal to Beijing and contributing to an overall sense of security on Taiwan.

⇒ Work with Beijing toward mutually acceptable conclusion of negotiations with Beijing regarding its accession into the World Trade Organization (WTO). At the same time, efforts should also be made to convince Beijing of its self-interest,

particularly in terms of perceptions of China both in Taiwan and the U.S., in Taipei's simultaneous or near-simultaneous accession to the WTO.

Maintaining peace and stability on the Korean Peninsula –

Tension on the Korean Peninsula and in Northeast Asia remains high, particularly after last year's "satellite" launch by Pyongyang and amidst concerns that the North Korea may have resumed its nuclear weapons program. The United States and China share a vital interest in preserving peace and stability on the Peninsula, but differ on how best to manage this Cold War stalemate and deal with the North Korean regime. Washington and Beijing likely also have important differences in their preferred outcomes for the Peninsula, which will reveal themselves as this situation evolves in the coming years.

⇒ Invigorate and sustain an active Northeast Asia Cooperative Dialogue, involving China, the U.S., South Korea, Japan, and Russia. This Track II (unofficial) forum is useful for improving multilateral understanding and defense transparency, and could also serve as a means to assess perceived threats posed by Pyongyang's behavior, share views on possible alternative futures for the Peninsula, and informally discuss contingencies on the Peninsula that could range from peaceful evolution to war. Efforts to involve Pyongyang in this forum should also continue.

⇒ Establish a Northeast Asia Early Warning Center (NEAEWC) to alert all six parties of planned missile tests by any side and to share immediately information in the event of surprise launches. Even if North Korea opts not to participate, the center would provide a critical forum for information sharing in both crisis and non-crisis situations. Mutual mistrust over the accuracy, completeness, and timeliness of the information shared could be overcome in time.

⇒ Pursue a multilateral prior-notification agreement between the sides for missile launches, troop deployments, and military exercises that might be perceived as threatening.

⇒ Engage China and Russia in a sustained, candid dialogue on national and theater missile defenses. Regardless of how prudent or necessary missile defense might seem from our perspective, decisions to develop and deploy these systems should not be taken without full consideration of the broader impact they may have on other critical U.S. interests and relationships. Presently, for Beijing and Moscow, missile defense and effective deterrence are mutually exclusive concepts. But, this is a Cold War construct and, perhaps, a false choice for the 21st century. In the long-term, ways must be found that allow missile defense, continued disarmament, and effective deterrence to exist simultaneously.

Preventing the proliferation of weapons of mass destruction (WMD) and the means by which they may be delivered –

Proliferation issues regarding China involve both sides of the proliferation coin. First, there remains concern over China's reliability and willingness to abide by the non-proliferation agreements to which it is party. Second, there is broad concern over the proliferation of nuclear weapons and missile technologies *to* China. While these issues are not necessarily directly related, they are often parts of the same discussion. The recommendations that follow address both aspects of this issue.

⇒ Assess in a careful bipartisan manner what, if any, sensitive nuclear weapons or other technologies China may have acquired, and its impact on U.S. national security. Equally important is a bipartisan assessment of the possible failure of existing procedures and systems designed to safeguard U.S. information and technology. Where appropriate, systems must be repaired and human error punished.

⇒ Use the current debate over technology transfer to China to build a consensus on what technologies are vital to U.S. national security and to reassure ourselves that they are secure. At the same time, this debate should also be used to identify technologies, commercial and dual-use, that are *not* vital to U.S. national security and, thus, possible areas for U.S.-China cooperation. Systems to control technology exports to

all countries, not just China, should be responsive, thorough, and as fail-safe as possible.

⇒ Coordinate closely with U.S. allies and other potentially affected countries any technological cooperation with China to avoid possible misunderstandings or misperceptions.

⇒ Strengthen and expand the Wassenaar Arrangement on Arms Export Controls. Current members of the arrangement include mainly European countries; the only Pacific nations are Australia, Japan, New Zealand, and South Korea. Russia is a member and Israel is not, but both have extensive military equipment and technology ties with Beijing. European Union (EU) countries, including France, Italy, and the United Kingdom have also continued to sell military hardware to China since 1989, despite U.S. sanctions prohibiting similar American sales. The cumulative effect of these relationships with China suggests that the EU, Israel, and Russia either do not share the United States' perception of China's growing military strength or have a different view of what military goods and technologies are "sensitive." These contradictions should be resolved.

⇒ Integrate China more deeply in the international non-proliferation framework. China's signature on and compliance with the MTCR is in America's interest. So too would be Beijing's formal participation in the Nuclear Suppliers Group, which would restrict China's nuclear power cooperation only to countries subject to the International Atomic Energy Agency's full-scope safeguards. China's participation in and compliance with the terms of a strengthened Wassenaar Agreement would address concerns about China's export or re-export of selected, sensitive goods and technologies. Non-proliferation *does* appear to be an area in which Beijing is ready and willing to cooperate more closely with the U.S. and the international community. Ways to take advantage of this willingness should be found.

Maintaining peace in and freedom of navigation through the Asia-Pacific region –

Chinese activity in the South China Sea is of some concern to both the United States and other claimants in the region's territorial disputes. While Beijing's intent in the area is unclear, it is *extremely* unlikely, in the absence of another crisis, one involving Taiwan for example, that Beijing would do anything to hinder freedom of navigation through the South China Sea. Further, any foothold China does gain on the islands would, by the very nature of the region's geography and China's nascent military capability, be extremely tenuous.

⇒ Reiterate regularly to Beijing its own critical interest in freedom of navigation through the South China Sea, as it too is a consumer of Persian Gulf oil. The U.S. should also ensure that all claimants in the territorial disputes understand America's opposition to any change in the status quo through the use of military force, and remind Beijing that negative perceptions of its behavior make U.S. domestic consensus on policies toward China more difficult to sustain. Territorial disputes in the South China Sea are issues that belong in the ASEAN Regional Forum, and the U.S. should work diligently to keep it on that body's agenda.

Maintaining stability and balance in the evolution of U.S.-Japan-China relations –

If Taiwan and the Korean Peninsula are America's most potentially explosive near-term security issues in Asia, the stable evolution of U.S.-Japan-China relations may be Washington's most important long-term security challenge. History, geography, and national pride complicate America's efforts to shape the regional and global roles Beijing and Tokyo will play in the next century.

⇒ Coordinate carefully U.S. policies toward China to dispel any perception that improved American ties with Beijing might come at the expense of Washington's longtime allies or countries with which the U.S. shares important interests. As the balance of power in Asia continues to evolve in coming years, close and continuous

U.S. bilateral and multilateral dialogue with countries throughout the region will be necessary to avoid misperceptions and misunderstandings.

⇒ Work diligently with Tokyo to reassure it of America's unwavering commitment to Japan's security. At the same time, shield, as much as possible, security ties from difficulties in other aspects of the overall relationship. Specifically, trade and economic issues should not be allowed to undermine confidence in the security aspects of U.S.-Japan ties.

⇒ Work closely with both Tokyo and Beijing to clarify capabilities and intent, encourage confidence-building measures, and help explain balance of power perceptions on both sides of the Yellow Sea. This includes addressing Beijing's lingering suspicion of the recently updated U.S.-Japan Mutual Defense Guidelines. There are situations worldwide, wherein America's security interests may be advanced by a measure of "strategic ambiguity." The U.S.-Japan-China triangle is not one of these situations. The U.S. should also encourage trilateral cooperation on issues of common concern. For example, shared interest in peace on the Korean Peninsula provides strong incentive for closer collaboration, even if cautious.

⇒ For the long-term, the key U.S. challenge will be the maintenance of a regional balance that accounts both for changes in relative power and for history's realities. In doing so, the trilateral efforts described above are most likely to be effective if U.S.-China and Japan-China relations are improving on a parallel course. This also presumes stable, confident, balanced security ties between Washington and Tokyo that are not perceived in Beijing as provocative. Ultimately, however, how Beijing handles its growing power will most likely be the determining factor in how the U.S.-Japan security alliance evolves in the coming years.

Maintaining stability and balance in South Asia –

One of the most potentially far-reaching series of events since the end of the Cold War was the 1998 sequence of nuclear weapons tests by India and Pakistan, which revived concern that other countries might also seek nuclear weapons. The internationally recognized nuclear weapons states are now faced with the challenge of how to integrate these newly declared nuclear powers into the world order without undermining fatally the nuclear Non-Proliferation Treaty (NPT). China's role in helping to balance the nuclear situation in South Asia is circumscribed by the part it is perceived to have played in Pakistan's nuclear weapons program, as well as the fact that India's *stated* rationale for testing was based on its perception of a threat from China.

⇒ Continue to encourage India and Pakistan to engage in a sustained dialogue on the entire range of issues on their bilateral agenda, including Kashmir. At the same time, the U.S. should also work to build an international consensus that would support any agreements New Delhi and Islamabad might achieve, including a UN monitoring force in Kashmir if a pact on that problem could be concluded.

⇒ Initiate a series of programs designed to support of specific confidence building measures and prevent any unauthorized or accidental use of nuclear weapons by either side.

⇒ Work with India and Pakistan to develop programs that enhance the safety, security, and command and control of nuclear materials and weapons. As part of this overall effort, a South Asia Early Warning Center (SAEWC) should be established and a broad agreement for prior-notification of any missile tests, troop movements, or military exercises should be concluded. China's participation in these latter two initiatives might be particularly beneficial.

⇒ Encourage strongly China and India to intensify engagement in their own confidence building regime. With yet unresolved border disputes and mutual suspicions, these

two potentially major powers also face the challenges of peaceful coexistence on the Asian continent.

⇒ Avoid any urge to strengthen ties with either China or India at the expense of the other and the perception thereof. Already Beijing is watching carefully America's increased strategic involvement in South Asia since last year's nuclear tests.

⇒ Establish for South Asia a Track II forum similar to the Northeast Asia Cooperative Dialogue. These exchanges would involve key civilian, military, academic, and other specialists from India, Pakistan, China, and America. Russian and Japanese participation might also be welcome. Key topics would include defense transparency, threat assessment, confidence building measures, and nuclear weapons safety, security, and command and control.

Arms Control and Disarmament –

China is working actively to modernize and improve the quality of its nuclear forces. It is unlikely, however, that Beijing will attempt to match quantitatively the current U.S. or Russian nuclear arsenals. Instead, China has declined to participate in arms control talks until Washington and Moscow reduce their own nuclear holdings to about the 1000-warhead level. Complicating any near-term engagement with China on arms control is America's apparent commitment to developing theater and national missile defense systems. While Russia may eventually ratify the START II agreement, China will continue to develop its nuclear arsenal unconstrained except by budget and competing defense modernization priorities.

⇒ Begin immediately with Russia and China, as was recommended earlier, a serious and sustained dialogue that encompasses both arms control and missile defense issues, with a desired end state for both in mind. Currently, for Moscow and Beijing the coexistence of sound deterrence and missile defense are mutually exclusive concepts. In all likelihood, China will continue to build up, while the U.S. and Russia

eventually build down their nuclear arsenals. The endstate for all three countries should be a level of nuclear armament that provides all three sides a sense of real and perceived security. Equally important is agreeing on levels and types of nuclear weapons that are affordable, sustainable, and contribute to stability.

⇒ Consider a change in declaratory policy to one of no first use of Weapons of Mass Destruction (WMD). In light of legitimate concerns about the proliferation of chemical and biological weapons, the time may be right to adjust declaratory policy to post-Cold War realities. Such a declaration by the five nuclear states recognized under the NPT would extend China's current policy and strengthen the link between any use of chemical or biological weapons and a potential nuclear response. It would also address China's concern that, with missile defense systems, America's refusal to renounce first use is even more threatening. Reinforced security assurances provided by this policy change might also, in time, increase nuclear states' willingness to decouple strategic and conventional forces. Moreover, a universal no first use of WMD regime would also reassure non-nuclear states and could make the acquisition of chemical or biological weapons less attractive to many countries.

⇒ Initiate with Russia a dialogue on reducing non-strategic nuclear weapons inventories. Nuclear weapons not covered by strategic talks must be brought under control. Commonly referred to as "tactical" nuclear weapons, this distinction is increasingly irrelevant, as the difference between strategic and tactical weapons is largely a matter of perspective. Nuclear tests in South Asia add impetus to the need for separate multilateral talks on non-strategic nuclear weapons. Moreover, these talks could build on China's demonstrated willingness to control proliferation and should be aimed at bringing all NPT-recognized and de facto nuclear weapons states to the same table.

Maintaining stability, prosperity, and access in Central Asia –

As of yet, Central Asia has not become the site of a new Great Game but, clearly, challenges and opportunities lie ahead. The region could provide America and China significant opportunities for cooperation. It could also give rise to serious challenges from perceived zero-sum competition. Clearly, there are enough common interests in the region to make the former a better approach.

⇒ Initiate with China a sustained bilateral dialogue to clarify intent, contribute to regional stability, and ensure equitable access to the region. This dialogue necessarily should address NATO's Partnership for Peace program and military activities in Central Asia. At the same time, to further avoid any security misperceptions, Beijing should also be invited to participate in NATO as an observer. Central Asia is one key area where East meets West on the Eurasian continent.

⇒ Expand the dialogue discussed above to include multilateral discussions with other countries that have important, even vital, interests in the area.

U.S. military relations with China –

Military relations cannot be *the* leading aspect of overall bilateral ties with China. As a critical subset of security relations, however, they can play a significant role both in stabilizing the relationship and in supporting vital American security objectives in Asia. As such, the overarching purpose in U.S.-China military relations should be to open lines of contact and communication that build long-term trust and overcome uncertainty and hedging on both sides

⇒ *Stabilize* U.S. military relations with China. Political, economic, and other issues with China will wax and wane, but security is constant. Thus, a strong bipartisan consensus should seek to shield military relations with China from difficulties in other aspects of the relationship, so that U.S.-China military ties become a key,

constant, and stabilizing force in an overall relationship. In this context, stable military relations are precisely what is needed to create reassurance and prevent misunderstanding that might lead to armed conflict.

⇒ Build on the current framework for military engagement with China to narrow the gap in the strategic perspectives of the two sides on critical issues that affect both countries and build a long-term relationship on that foundation.

⇒ Shift from a strategy of "hedging" to one of "vigilant engagement." Such a mental and policy shift would be useful in reassuring critics that America's armed forces will not irresponsibly interact with the People's Liberation Army (PLA). Second, and equally important, this shift would openly acknowledge the uncertainty created for Americans by China's actions, opaqueness, and, sometimes, words. It would convey clearly to the PLA, without suggesting arrogance, that American engagement flows from a position of strength, is professional, and is uncompromising of its objectives. This would be an important step in reducing uncertainty and building trust with Beijing.

⇒ Review and reassess the current organizations and procedures currently responsible for and related to formulating and implementing security policies for China. The objective of such a review would be to ensure that the ways and means of U.S. military engagement with China are in place to support the goals in that relationship.

⇒ Tie more closely the existing and future framework of U.S.-China military relations to the broader, critical security issues facing U.S.-China relations. In addition to the military-related recommendations already offered, several additional initiatives would further strengthen the connection between America's security goals and military engagement with China. For example:

- Invigorate and sustain cross-Taiwan Strait reassurance activities. This volatile area likely will be even more so in the next few years. As such, the U.S. should

intensify and sustain its dialogue with Beijing and Taipei on cross-Strait security issues. A real-time mechanism to resolve misunderstandings or misperceptions between the sides should be established. In addition, there has been increasing discussion recently about China-Taiwan confidence building measures. While near-term prospects for concrete progress in this area are mixed, the U.S. should continue to work quietly, without getting caught between the two, to encourage both sides to undertake such a dialogue, official or otherwise.

- Invigorate and sustain a U.S.-China-Japan security dialogue forum. In addition to encouraging better bilateral security relations and confidence building measures between Beijing and Tokyo, a trilateral Track II forum is useful for addressing a wide variety of regional and global issues of common concern. Such a dialogue has the added benefit of reducing doubt on the part of both China and Japan that closer U.S. military relations with one might come at the expense of the other. In particular, long-term issues concerning the stable evolution of the balance of power in East Asia are appropriate for this forum.

- Initiate and sustain a South Asia Cooperative Dialogue (SACD). Modeled its counterpart on the Northeast Asia, this unofficial forum would provide a unique opportunity for South Asia's critical actors to discuss candidly a variety of key topics, including defense transparency, threat assessment, confidence building measures, and nuclear weapons safety, security, and command and control.

- Initiate and sustain a Central Asia Cooperative Dialogue (CACD). Given the growing importance of this region, such a forum might alert its parties to problems before they arise. Given the complexity of the region, this forum would also be useful as simply one more check that U.S. European, Central and Pacific Command policies and operations are fully integrated and synchronized.

- Invite China to participate in NATO as an observer. Beijing's concerns about NATO operations and expansion, particularly in non-traditional areas like the

Balkans and Central Asia, might be allayed to some degree with a vantage point from this perspective.

- Lift or waive sanctions remaining from the Tiananmen era. For example, as a first, modest step, China should be allowed to buy spare parts for the 24 UH-60 Blackhawk utility helicopters it purchased from the U.S. in the 1980s. Technology cooperation in non-threatening areas, including military, would serve well U.S. long-term interests with Beijing. China's access to selected American defensive military equipment and technologies would be a powerful incentive for it to adhere to internationally acceptable standards of behavior in a variety of areas.

- Begin work immediately with the PLA on year 2000 (Y2K) issues. The U.S. is already months into a similar effort with Moscow. Computer-generated uncertainty between America and China is not beneficial for either country.

- Extend Professional Military Education opportunities to PLA officers. Even on a roughly reciprocal basis, the potential benefit of these programs is enormous. The rich environment provided by the presence of foreign officers at American military schools is as valuable for U.S. officers as it is for the foreign officers themselves. As such, an exception should be sought by DoD to waive the residual Tiananmen sanction that proscribes these programs.

Endnotes

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[2] Important, symbolic anniversaries this year include the 10th anniversary of the Tiananmen incident, the 20th anniversary of the Taiwan Relations Act, the 50th anniversary of the founding of the People's Republic of China, and the 80th anniversary of China's May Fourth Movement. Each of these anniversaries has a substantive policy effect.

[3] Samuel P. Huntington, "The Lonely Superpower," *Foreign Affairs* 78, no. 2 (March/April 1999): 39. This view was also expressed to the author by several Chinese national security researchers during a trip to Beijing in March 1999.

[4] Grand Strategy organizes the military, diplomatic, economic, and informational (including psychological) instruments of power toward a single goal. This definition was included in a U.S. Army War College briefing entitled, "War, National Policy and Strategy," at Carlisle Barracks, PA, July 1998.

[5] Will and Ariel Durant, *The Lessons of History* (New York: Simon and Schuster, 1968), 81.

[6] Ibid., 81.

[7] Ibid., 91.

[8] Ibid, 86.

[9] Paraphrased from remarks made by Mr. Frank Jannuzi, Professional staff, Senate Foreign Relations Committee, at Washington Roundtable for the Asia Pacific entitled "What's Next in U.S.-Asia Policy: Views from the Hill," sponsored by the Heritage Foundation on 20 January 1999.

[10] Hans Binnendijk and Ronald N. Montaperto eds., *Strategic Trends in China* (Washington, DC: GPO for the Institute for National Strategic Studies, National Defense University, 1998), 47.

[11] Robert Manning, "The China Syndrome," 18 March 1999, available from http://www.intellectualcapital.com/issues/issue187/item2362.asp.; Internet.

[12] "Bring Congress In," *Washington Post*, 11 March 1999, A30.

[13] Michael Kelly, "Lies About China," *Washington Post*, 11 March 1999, A31.

[14] For an account of Administration and Congressional interaction on China policy see James Mann, *About Face* (New York: Alfred A. Knopf, 1999).

[15] See Brzezinski's Grand Chessboard, in which he observes that, "for China, America across the Pacific should be a natural ally since America has no designs on the Asian mainland and as historically opposed both Japanese and Russian encroachments on a weaker China." Instead America is seen by China as the world's current hegemon, whose very presence in the region, based on its dominant position in Japan, works to contain China's influence....Hence, simply by being what it is and where it is, America becomes China's unintentional adversary rather than its natural ally."

[16] U.S. Congress, House, Committee on International Relations, *U.S.-Taiwan Relations, Hearings before the Subcommittee on Asia and the Pacific*, 105th Congress, 2nd Session, 20 May 1998, written text

submitted to the Committee by Dr. Kurt Campbell, Deputy Assistant Secretary of Defense for Asian and Pacific Affairs, Washington, DC: GPO, 1998, 2.

[17] The characterization of current cross-Strait relations is taken largely from the comments of an ARATS delegation visiting the U.S. in January 1999. The delegation was comprised of Sun Yafu, Vice-President, Association for Relations Across the Taiwan Straits (ARATS); Xu Shiquan, President, Institute of Taiwan Studies, China Academy of Social Sciences (CASS); Wang Zaixi, Senior Research Fellow, China Institute for International Strategic Studies; Su Ge, Assistant President, Foreign Affairs College
Yang Jiemian, Director, Department of American Studies, Shanghai Institute for International Studies.

[18] Mel Gurtov and Hwang Byong-Moo, *China's Security: The New Roles of the Military* (Boulder, Colorado: Lynne Reiner Publishers, Inc., 1998): 310-11.

[19] The Associated Press, as quoted in the Northeast Asia Peace and Security Network Daily Report, Berkley, California, 12 February 1999, available at http://www.nautilus.org/napsnet/latest.html, Internet, 4.

[20] Ashton B. Carter and William J. Perry, *Preventive Defense: A New Security Strategy for America* (Washington, DC: Brookings Institution Press, 1999): 106-7.

[21] Avery Goldstein, "How to Deal With Beijing," Foreign Policy Research Institute, 1 March 1999, available at http://www.nyu.edu/globalbeat/asia/Goldstein030199.html; Internet, 4.

[22] Gurtov and Hwang, *China's Security*, 310.

[23] President Clinton announced his "three noes" policy during a visit to Shanghai in June 1998. These included no U.S. support for Taiwan's independence, for a "one China, one Taiwan formula," or for Taiwan's membership in any international organization for which statehood is a requirement.

[24] U.S. Congress, House, Committee on International Relations, *The Taiwan Relations Act at Twenty, Hearings before the Subcommittee on Asia and the Pacific*, 106th Congress, 1st Session, 14 April 1999, transcript of testimony by Susan L. Shirk, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, available at http://nautilus.org; Internet, 5-6.

[25] Christopher B. Johnstone, "Sino-American Cooperation on the Korean Peninsula," U.S.-PRC Security Cooperation in Northeast Asia Conference Report, Asia-Pacific Center for Security Studies, May 1998: 4.

[26] Ibid., 1-2.

[27] Shirley A. Kan, "Chinese Proliferation of Weapons of Mass Destruction: Current Policy Issues," Washington, DC: Congressional Research Service, Library of Congress, 22 December 1998, CRS-1.

[28] John M. Collins, *Military Geography for Professionals and the Public* (Washington, DC: National Defense University Press, 1998): 291.

[29] Ibid.: 291-2.

[30] Richard N. Haass and Morton H. Halperin chairmen, "After the Tests: U.S. Policy Toward India and Pakistan," a report by an Independent Task Force sponsored by the Council on Foreign Relations and The Brookings Institution, 1 June – 1 September 1998, 15.

[31] Xia Liping, "The Future Role of Nuclear Weapons in East Asia: Chinese Perspectives." Unpublished paper prepared for a May 1999, Asia-Pacific Society-hosted conference on nuclear weapons in Asia, 6-7.

[32] Compelling rationale for a dialogue on non-strategic nuclear weapons is provided by Constantine A. Pagedas, Dennis J. Blasko, and Charles W. Dyke, in "The TACT to START: The U.S., Russia, China, and

the Problem of Tactical Nuclear Weapons, an unpublished paper, Washington, DC, International Technology and Trade Associates, Inc., undated.

[33] One example of the zero-sum, Great Game view is found in William R. Kunzweiler, "The New Central Asian Great Game," *Strategic Review*, Summer 1998.

[34] For a very good discussion of China's interests and involvement in Central Asia, see "U.S. Policy Priorities in Central Asia: Views from the East and South," Report of an Atlantic Council delegation visit to China, the Kyrgyz Republic, Tajikistan, Uzbekistan, Pakistan, and India, 14 June – 4 July 1998, Washington, DC, The Atlantic Council of the United States, Washington, DC, available at http://www.acus.org/InternationalSecurity/CentAsiaTripRpt2.html; Internet.

[35] David Acheson, *Major Foreign Relations Concerns of the United States*, remarks to the Western Michigan World Affairs Council, October 8, 1998, published in the Atlantic Council News, 5, no. 3, October 1998.

[36] On a very pragmatic level, there are many ills in Western society, like crime, drugs, prostitution, homelessness, uncontrolled youth, and materialism that many Chinese truly fear. China has already had to contend with increases in these social problems since it reopened to the West twenty years ago.

[37] Bay Fang, "The Dissension among Chinese Dissidents," *US News and World Report*, 15 March 1998:42.

[38] David E. Sanger, "US Trade Deficit in 1998 Was Worst Ever," *New York Time*, 20 February 1999, Internet edition.

[39] See Nick Lardy

[40] "Step Back from Protectionism," *Christian Science Monitor*, 25 March 1999, Internet edition.

[41] Ibid., p. 3.

[42] U.S. Congress, Senate, Committee on Foreign Relations, *The Growth and Role of the Chinese Military, Hearings before the Subcommittee on East Asian and Pacific Affairs*, 104th Congress, 1st Session, 11 October 1995, transcript of testimony by Dr. Joseph S. Nye, Jr., Assistant Secretary of Defense for East Asian and Pacific Affairs, Washington, DC: GPO, 1995.

[43] "Defense White Paper," (in English) People's Republic of China, July 1998: 18.

[44] Ibid., 19.

[45] Ibid., 19.

[46] This view of U.S.-China contact was provided the author by a former U.S. Defense Attaché to Beijing.

[47] Noteworthy is the fact that the Defense Department's 1998 Strategy for East Asia and the Pacific omits the phrase "constructive strategic partnership" with China contained in the President's National Security Strategy. Instead, Secretary Cohen asserts that the greatest challenge facing Sino-U.S. relations is narrowing the strategic gap between the two countries.

[48] The NATO-Russia Permanent Joint Council was established using this methodology. Clearly there are significant differences between Europe's circumstances and those that exist in Asia today, but this process is sound. It is ironic, given the similarities in the security challenges the U.S. faces with both Russia and China, how different our approach is to each. Tailored to the circumstances surrounding U.S.-China relations, the text of the Founding Act that established the NATO-Russia Permanent Joint Council might

even be a point of departure in negotiations with Beijing to define the U.S.-China strategic partnership and the principles on which security cooperation could be advanced.

[49] "Defense White Paper," (in English) People's Republic of China, July 1998: 1.

[50] Ibid., 7.

[51] Department of Defense. *The Security Situation on the Taiwan Strait*, Report to Congress Pursuant to the FY99 Appropriations Bill (26 February 1999): 2.

[52] Alfred D. Wilhelm, Jr., "China and Security in the Asian Pacific Region Through 2010," Atlantic Council Occasional Paper (Washington, DC: The Atlantic Council of the United States, Copyright 1996 by the CNA Corporation, Reprinted July 1997): 2.

[53] The White House, *A National Security Strategy for a New Century*, October 1998, 43.

[54] Wilhelm, 8.

[55] Binnendijk and Montaperto, eds., 51.

[56] Only in terms of geographic area and population might China be considered America's equal. Yet, both of these points also highlight significant Chinese liabilities. China is surrounded by twenty four neighbors, many of whom have historically been adversaries, and its enormous population is at least as much a burden as it is asset.

[57] The framework for this analysis is contained in David Jablonsky's article entitled "National Power," from PARAMETERS, XXVII, no. 1 (Spring 1997), and reprinted in "War, National Security, and Strategy, Academic Year 1999, U.S. Army War College, Carlisle Barracks, PA, 182-202.

[58] Stephen J. Blank, "East Asia in Crisis: The Security Dimension of the Collapse of Economic Institutions." (Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA, 5 February 1999): 9.

[59] See Nicholas R. Lardy, *China's Unfinished Economic Revolution*, (Washington, DC: Brookings Institution Press, 1998). This book provides a comprehensive analysis of and rationale for the steps China should take to stabilize its economy for the long-term.

[60] Ibid., 215.

[61] John Pomfret, "Chinese Crime Rate Soars as Economic Problems Grow," *Washington Post*, 21 January 1999, A19.

[62] Alastair I. Johnston, "Prospects for Chinese Nuclear Force Modernization: Limited Deterrence Versus Multilateral Arms Control, in *China's Military in Transition*, edited by David Shambaugh and Richard H. Yang (Oxford: Clarendon Press, 1997) : 294. Johnston goes on to note that China has he rudiments of a triad, with landbased missiles, a bomber force and a small number of submarine launched missiles, but the latter two legs of the triad are extremely underdeveloped.

[63] Shirley A. Kan, Congressional Research Service. "China: Ballistic and Cruise Missiles," Washington, DC: Congressional Research Service, Library of Congress (updated 28 September 1998): CRS-4.

[64] Reports on Beijing's Su-27 deal with Russia indicate that China will first assemble, then attempt to produce, up to 200 more in coming years.

[65] Bernard D. Cole and Paul H.B. Godwin, "Advanced Technology and the PLA: Priorities and Capabilities

for the 21st Century," unpublished paper prepared for the 1998 AEI Conference on the People's Liberation Army (revised 24 August 1998): 47-8. According to the authors, "China possesses a broad sweep of those [technologies] necessary to develop effective operational military power in submarines, surface combatants, missiles, and aircraft. But in none of these cases does the Chinese military industrial complex (CMIC) appear able to design, develop, and manufacture the systems necessary for China to achieve effective modern status in any of the conventional military environments. Those areas where the CMIC will improve are, and will remain, heavily dependent on foreign production technologies. Even more striking is China's apparently still basic level of capability in the crucial twenty-first century military "theater" of space and information warfare."

[66] Report to Congress, "The Security Situation in the Taiwan Strait," U.S. Department of Defense, February 1999: 2.

[67] Admittedly, U.S. policy toward Iraq is currently the subject of considerable debate and an international consensus has been increasingly elusive. France and Russia also opposed Operation Desert Fox and are in favor of lifting the oil embargo on Baghdad. For background see Frank H. Murkowski, "Our Toothless Policy on Iraq," *Washington Post*, 25 January 1999, A21.

[68] Shirley A. Kan, Congressional Research Service. "Chinese Proliferation of Weapons of Mass Destruction: Current Policy Issues," Washington, DC: Congressional Research Service, Library of Congress (updated 22 December 1998): CRS-13.

[69] A related incident occurred when, on the heels of Tiananmen, the U.S. blocked China's bid to host the 2000 Olympics. Even average Chinese are still bitter today over that episode, arguing that the Chinese people lost opportunity to enjoy a period when Beijing would have to have been on its best behavior.

[70] Lucian W. Pye, "International Relations in Asia: Culture, Nation and State," Washington, DC: George Washington University, Sigur Center for Asian Studies, July 1998, 9.

[71] Ibid., 8.

[72] Ibid., 9.

[73] Ibid., 9.

[74] Ibid, 11. The Chinese have, in fact, passed verdict on the Cultural Revolution, regarding it as one of Mao Zedong's greatest mistakes.

[75] John Pomfret, "China's Premier Offers Prop for Slow Economy," *Washington Post*, 5 March 1999, A27.

[76] Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and its Geostrategic Imperatives* (New York: Basic Books, 1997): 164.

[77] Ibid., 166-7.

[78] Ibid., 166.

[79] Ibid., 172. Emphasis added.

[80] Chen Jian, "The China Challenge in the Twenty-First Century: Implications for U.S. Foreign Policy," Washington, DC, United States Institute of Peace, June 1998, 9.

[81] Ibid., 10.

[82] Ibid., 10-11.

[83] See Thomas A. Metzger and Ramon H. Myers, "Chinese Nationalism and American Policy." Orbis, Winter 1998.

[84] Zhao Suisheng, "In Search of a Right Place? Chinese Nationalism in the Post-Cold War World," Shatin N.T., Hong Kong: Chinese University of Hong Kong, Hong Kong Institute of Asia-Pacific Studies, USC Seminar Series no. 12, 1997, 23, 25, as quoted in Metzger and Myers, 33.

[85] Chen, 12.

[86] Francis Fukuyama, *The End of History and the Last Man* (New York: Avon Books, 1993), xvi.

[87] Ibid., xvii.

[88] Ibid., xviii.

[89] Ibid., xx.

[90] Jonathan Spence, *To Change China: Western advisors in China 1620-1960*, (New York: Penguin Books Ltd, 1980) xii.

[91] Ibid., xiii.

[92] Georgi Kostin, quoted by Judith Matloff in "New Chill in U.S.-Russia Ties," *Christian Science Monitor*, 27 January 1999, available at http://www.csmonitor.com; Internet Edition.

[93] From a private conversation with a member of the Chinese mission to the United Nations, February 3, 1999.

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