STRATEGY RESEARCH PROJECT

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COORDINATED ENGAGEMENT: A SHIFT IN THE FOCUS OF U.S. POLICY TOWARDS CHINA

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ABSTRACT

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China has emerged as a great power in Asia and soon will be a great world power. China's efforts to expand its influence outside of its borders will have a tremendous influence on the future role of the United States in the Pacific Rim and beyond. The concern is whether China will emerge as a cooperating world power or a challenging world power. China has been exhibiting a reluctance to operate within a reasonable set of international standards on such issues as human rights abuses, trade violations, Taiwan, and the Spratly Islands. U.S. policy planners have been unable to moderate China's behavior. Worse yet, these same planners have been unable to articulate a workable policy toward China. Left unchecked, China will develop into a challenging world power. Fortunately, U.S. policy planners can still prevent this by adopting a coordinated policy of engagement that uses all of the elements of national power.

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COORDINATED ENGAGEMENT:
A SHIFT IN THE FOCUS OF U.S. POLICY TOWARDS CHINA

China, the largest and most populous nation in the Pacific Rim, has embarked on a campaign to increase its influence and prestige and to solidify its status as a great power. A series of troubling political, economic, and military actions by China, however, have raised concerns among U.S. policy planners as to the intentions of China. These concerns center on whether China desires to become a cooperative great power or a challenging great power. The answer to this will have a tremendous effect on the role the U.S. will play in the Pacific Rim.[1] At present, China's increasing power and its apparent reluctance to operate within a reasonable set of international standards presents a major challenge for U.S. policy planners.

To examine this challenge, I will address the question of whether China can moderate its current domestic and foreign policies to help avoid war with the U.S. There are currently a number of contentious issues between the U.S. and China. These issues range from human rights abuses, trade violations, and theft of intellectual property to Taiwan, the South China Sea, and nuclear proliferation. I happen to believe that if the U.S. wishes to protect its interests, it cannot continue to treat China as a lesser power and attempt to influence China's behavior with a piecemeal policy of economic threats, diplomatic measures, and military actions. Instead, the U.S. must begin to treat China as an equal power and moderate China's actions with a coordinated policy that combines all aspects of the economic, diplomatic, and military options.

While examining this challenge, I will review some important events in China's recent history to provide context and an understanding of the current political climate in China. Additionally, I will review China's recent actions in four areas (human rights abuses, the transfer of sovereignty in Hong Kong, cross-strait relations with Taiwan, and actions in the South China Sea) to present patterns of behavior that will help predict China's future actions. Finally, I will analyze current U.S. policy toward China within the framework of the elements of national power[2] to identify policy mistakes and propose policy changes.

I will show how adhering to a coordinated policy that accepts China as an equal power but requires it to abide by a reasonable set of international standards is in the best interests of the U.S. I believe that this will determine whether the U.S. can continue to engage China or must begin to confront China as it expands its role in the Pacific Rim.

CHINA LOSES ITS WAY

The history of China, the most ancient continuous civilization in the world, dates back thousands of years. Most historians establish the beginning of civilization in China at

approximately 2000 BC.[3] The Chinese name for the country is not China. The name the Chinese use is the "Middle Kingdom," the kingdom between heaven and earth. They considered themselves to be above the peoples who lived outside their blessed country. The Chinese believed that only barely human savages lived beyond the boundaries of the Middle Kingdom.[4]

Because of this attitude, it was particularly galling when Europeans began to exert influence on the affairs of China. Before the discovery of the sea route around Africa's Cape of Good Hope, the only Europeans to visit China had been missionaries and traders who used the overland route. The hardships and hazards of the overland route had kept the number of missionaries and traders who wished to travel to the Middle Kingdom at a level acceptable to the Chinese. The discovery of the sea route would change this.[5]

The increase in contact with the outside world was troubling to the Chinese. Their intellectual curiosity had provided access to a small number of European visitors, but their belief that they were superior to all other peoples produced a level of friction that colored all contact with outsiders. This belief of superiority also prevented the Chinese from realizing that the Europeans could present a threat to the Middle Kingdom.

The most influential European entity in China during this period was the English-owned East India Company. Established by an Act of Parliament in 1600, the company enjoyed an official monopoly on England's trade with the Far East for most of this period and a virtual monopoly for the remainder. Because of the threat of piracy along the sea route to the Far East, all company ships were armed as heavily as warships. This armament also gave the Company a method to obtain compliance from the Chinese. The Chinese were particularly vulnerable to the company ships because the majority of their ports had only light armaments and their navy consisted of smaller ships that were no match for these company ships.[6]

For most of the seventeenth and eighteenth centuries, the company traded freely with China. This trade provided goods such as silk and tea to the British and tin and textiles to the Chinese. Although the trade made many British and Chinese traders wealthy men it was not an even exchange. The British bought more than they sold and made up the difference with silver bullion.[7]

Searching for a way to restore the balance of trade, the British began selling opium in China in 1773. Grown in the crown colony of India, opium was cheap to produce and extremely profitable at sale. China's emperor banned the importation of opium in 1796 but the ban had little effect. Rather than transporting the opium to China on company ships, the company sold it to private merchants who then transported the opium to China on board "country traders."[8]

As one might expect, opium had an extremely deleterious effect on the moral fiber of the Chinese. Like most drugs, opium produces a heavy rate of addiction in those who use it. At one point, in Canton alone, 90% of the men and 60% of the woman smoked opium. Realizing the severity of the situation, China finally rebelled against the opium trade. The series of battles that ensued were the first Opium War (1840-1842).[9]

The military might of the British overwhelmed the Chinese. Major battles took place at Canton, Shanghai, and Chinkiang. Minor skirmishes occurred in almost all other port cities. The Chinese emperor finally capitulated in August 1842. The subsequent Treaty of Nanking obligated China to pay a $21,000,000 indemnity, ceded Hong Kong to the British, opened Canton, Amoy, Foochow, Ningpo, and Shanghai to British trade, and established diplomatic relations between the two countries. Worst of all, there was no mention of the opium trade in the treaty, save one codicil that read, . . . "it is hoped (opium) smuggling will cease."[10]

The second Opium War (1856-1860), the Sino-French War (1883-1885), and the first Sino-Japanese War (1894-1895) continued the downward spiral begun during the first Opium War. China's military suffered quick and decisive defeats. China lost control of cities, ports, and entire provinces and protectorates (Taiwan, Vietnam, and Korea) to outside powers. Additionally, after the first Sino-Japanese War, coastal areas of China became spheres of influence controlled by Russia, France, Germany, Great Britain, Italy, and Japan.[11]

China endured a series of humiliations beginning with the signing of the Treaty of Nanking in 1842 and ending only after the Communist victory in 1949. Although China maintained its sovereignty during these dark times, it lost much of its autonomy through a series of one-sided treaties and humbling concessions. During this "Century of Shame,"[12] the world's most populous country was at the heel of England, Japan, the U.S., and other outside powers. This treatment fostered a feeling of resentment and a strong desire to reestablish China as a great power. These factors are central to China's actions since the Communist takeover. China's actions when handling internal affairs, trade, and foreign policy all reflect its desire to prevent another "Century of Shame."

CHINA STRIKES BACK

Following World War II, the first test of China's will came after the Communists had taken control of the country. Less than one year after the Communists' victory in China, war broke out on the Korean peninsula. The war began as a struggle between North and South Korea but soon escalated into the first major armed struggle of the Cold War. After the United Nations intervened on behalf of the South, the North was thrown back and nearly defeated. To

prevent this from occurring, China entered the war on the side of the North. The introduction of Chinese forces into the Korean War marked a turning point in the history of China[13]. After enduring their humiliations, China was again willing and, what is more important, able to act offensively outside its borders.

Initially, Mao Zedong hesitated before making the decision to intervene militarily in Korea. While the United Nations' forces advanced into the North, Josef Stalin was pressuring Mao to send forces into Korea. Stalin wanted Mao to assist the North. Mao decided to intervene when the United Nations' forces drove the North back to the Chinese border. Although Mao wanted to demonstrate China's ability to exert influence outside its borders, he really wanted to do this by invading and recapturing Taiwan. Mao had to postpone his plan to invade Taiwan when he committed the army, the Chinese People's Volunteers, to the war in Korea.[14]

Mao and the Chinese gained a great victory in Korea. By intervening and stalemating the war, China demonstrated its ability to operate as a regional power. No longer a servant of the West, China had reestablished itself as a great nation and had emerged as one of the strongest powers in Asia.

Even before China's involvement in the Korean War, Mao had significant challenges before him. He needed to round up remnants of the Kuomintang (Nationalist) forces, and rebuild China from the ravages of the war with Japan and the civil war with the Kuomintang. Additionally, after the civil war ended he had to choose to ally with either the U.S. or the Soviet Union. Before choosing an ally, Mao had to balance the benefits of an alliance with the U.S. or the Soviet Union against the possible loss of autonomy that might result from an alliance.[15]

When Mao chose to align China with the Soviet Union he did so partly because of their similar ideologies and partly because of continued U.S. support for Chiang and the Kuomintang exiled on Taiwan. He also did so knowing that Stalin viewed China as the lesser partner in the alliance. This was no big surprise since the Soviet Union had emerged from World War II as one of the two remaining superpowers. The great landmass of China, rather than its status as an emerging power, made China valuable to the Soviets. China was the buffer that Stalin needed in Asia. Stalin needed this buffer so that he could concentrate on his goals of consolidating territorial gains in Eastern Europe and delivering a deathblow to world imperialism. China, still reeling from its protracted internal struggles, needed a strong ally to help stabilize its domestic situation and assist its efforts to exert influence outside its borders.[16]

After allying with the Soviet Union, China found itself isolated. As part of the communist Sino-Soviet bloc, China was unable to establish diplomatic relations with most western nations. Even after its break with the Soviets in 1959, the West still ostracized China. This situation did

not change until President Nixon visited China in 1972 and began the process of reestablishing diplomatic relations. Because of China's Communist ideology and the U.S.'s continued support of Taiwan, this process has proceeded slowly.

During its "Century of Shame," China suffered great privations. Later, under Mao, many million (some estimates go as high as 80 million) Chinese died unnatural deaths. The great famine of 1959-1961 that occurred after Mao's failed "Great Leap Forward," an ill-considered 1958-1960 industrialization campaign, caused the deaths of more than 30 million Chinese. Cannibalism for survival and as a way to punish political crimes took place in the western provinces.[17] Throughout China, rural residents survived by eating roots and insects while urban residents survived by eating rodents.

During the Cultural Revolution of 1966-1976, Mao's attempt to purify the Communist ideal in China, 20 million Chinese died from unnatural causes. The madness that occurred during the Cultural Revolution rivaled the most brutal purges of Stalin. Political figures at all echelons used the revolution to eliminate their rivals. When China emerged from the Cultural Revolution and embarked on a grand plan of industrialization it did so under a leadership elite that gave unflinching loyalty to the Communist party and saw little need to dwell on human rights issues.

The loss of life that occurred in China under Mao makes him responsible for more deaths than Hitler and Stalin combined.[18] That China could accept this and continue to function as a nation seems incomprehensible to Western observers. After enduring the ill treatment heaped on them from outside powers, they were willing to endure any level of adversity from within so long as they were secure from the interference of outsiders. A willingness to endure internal privations and an unwillingness to accept external interference continues to be one of China's enduring characteristics. To analyze properly China's actions and its unwillingness to conform to external expectations, one must consider this historic context and how it has influenced the development of the current Chinese mindset.

AN ANALYSIS OF CHINA'S DOMESTIC AND FOREIGN POLICIES

An analysis of China's current domestic and foreign policies will help to identify patterns of behavior and predict China's future actions. To conduct this analysis, I will review China's actions in four areas (human rights abuses, the transfer of sovereignty in Hong Kong, cross-strait relations with Taiwan, and actions in the South China Sea). Compliance with human rights abuses, a sensitive issue that the Chinese view as an internal matter, can predict how

China will react to demands for modification of its domestic policies. The transfer of sovereignty in Hong Kong, although unique to some degree, can predict how China will act if Taiwan agrees to reunify with China. Recent cross-strait relations with Taiwan, a long-standing issue with much U.S. involvement, can predict China's willingness to use force to attain its goals. Finally, actions in the South China Sea, a vital area with long-term strategic implications, can predict what China will do to expand its sphere of influence.

Besides identifying these patterns, I will point out where U.S. involvement has either helped to modify China's stance or has only served to exacerbate the problem. By doing so, I will point out what is at stake for the U.S. as it continues to provide leadership and direction in the Pacific Rim.

HUMAN RIGHTS ABUSES

The current focus on human rights abuses in China began in the spring of 1989. Although human rights abuses were rampant throughout China before this, it took a watershed event to give this problem the attention it deserves. During the months of April, May, and June 1989, thousands of young college students joined with older Communist Party rebels and other dissident factions in Beijing's Tiananmen Square to protest conditions in China and demand increased individual freedoms under the rule of law. The brutal crackdown unleashed on 4 June 1989, focused world attention on the plight of China's citizens.[19]

Since the crackdown in Tiananmen Square, the U.S. has walked a tightrope attempting to maintain normal diplomatic relations with China while trying to obtain concessions from China in the area of human rights. No other issue has clouded the relationship between the U.S. and China more than human rights. China's reluctance (some might say refusal) to modify its behavior and the U.S.'s unwillingness to levy sanctions for non-compliance has done little to resolve this issue.

An examination of some forms of human rights abuses in China will help to judge their scope and severity. The most common human rights abuse in China is the lack of basic rights for average citizens. In the U.S. we often take for granted our rights of free speech, due process, and assembly. None of these rights exist for the average citizen in China.[20] As seen in the aftermath of Tiananmen Square, the central government holds almost dictatorial power over the everyday affairs of its citizens. This condition is a result of the methods used by Mao and his Communist Party leaders during the establishment of the Peoples' Republic in 1949. After the Communists defeated the Kuomintang they solidified their power by eliminating all competition for the hearts and minds of China's citizens. They disbanded all religious

organizations, professional guilds, and youth groups. The only organizations that survived the transition to Communist rule were organizations that the central government could control. The desire to maintain societal homogeneity and basic loyalty to the Communist Party left little room for individual rights.

A less common but no less serious form of human rights abuse is the mistreatment of political prisoners. Abuses within its prison system, routinely criticized in the annual U.S. State Department report on human rights, continue to undermine China's legitimacy as a great power. Political prisoners, incarcerated in an extensive network of labor prisons throughout China, produce goods and services sold for a profit by the government. Additionally, China amended its criminal code in 1995 to increase the number of crimes punishable by death from 26 to 65. One gruesome result of the increase in executions has been a corresponding increase in the number of organs removed from executed prisoners and sold by the government.[21] Set fees for kidneys, corneas, livers, and other organs draw hundreds of sick and dying patients to China. These patients are able to obtain replacement organs after little or no waiting period. As the demand for organs increases, prisoners are being executed for less and less serious crimes.[22]

Another form of human rights abuse is the use of dissidents as bargaining chips in negotiations with the U.S. and other nations. China has jailed several prominent dissidents for minor offenses or has brought trumped-up charges against them to show that the Chinese are in charge of domestic affairs and as a way to make the U.S. and others retract critical human rights demands or leverage similar concessions in other areas. Conversely, China has released convicted dissidents or dropped charges against these dissidents at critical times in order to keep compliance with human rights demands separate from other policy issues. This strategy has been successful and will continue to be successful so long as the U.S. and others are unwilling to challenge China on this issue.[23]

China's treatment of Tibet and its citizens is still another form of human rights abuse. Although China routinely denies charges of torture, discrimination, and other anti-Tibetan policies, available evidence supports these charges.[24] Beginning in 1949, when Mao ordered an invasion of Tibet, and continuing still as the Chinese attempt to influence the selection of the Dalai Lama's successor, China has engaged in a steady pattern of human rights abuse in Tibet.

After China completed its conquest of Tibet in 1950, Communist Party officials began a systematic elimination of all organizations the government could not control.[25] The measures used in Tibet mirrored those used in China in 1949. While pacifying Tibet, China transferred settlers and administrators there. The intent of this resettlement was to limit the effect of Tibetan nationalism by making the Tibetan people a minority within their own country.

In 1959, the Tibetans staged a failed nationalist revolt against China's rule. The Dalai Lama, Tibet's spiritual leader and conscience, fled to India after the revolt had failed. Since arriving in India, he has led an international effort to regain self-determination for Tibet.[26] While in exile, the Dalai Lama has been a constant source of concern for the Chinese. Although he has been unable to regain self-determination for Tibet, he has been able to draw the world's attention to China's human rights abuses. He received the Nobel Peace Prize in 1989 for his efforts to regain self-determination for Tibet and to publicize China's human rights abuses there.

A final form of human rights abuse in China is the ongoing campaign against the Falun Gong sect. Falun Gong literally means "the practice of the wheel of the Dharma." The exercises and spiritual movements practiced within a loose framework based on Buddhist and Taoist principles are the components of Falun Gong. This practice has become increasingly popular among China's late middle age population. Members of this age group, though not old enough to have participated in the civil war, were alive during the Great Leap Forward and the Cultural Revolution. They are increasingly concerned that their age-induced health problems will not be handled by the central government and are searching for spiritual means to increase their quality of life.[27]

Not unlike Tibet, China sees the Falun Gong as a threat to the government's absolute authority. Referring to the Falun Gong as an "evil" or "notorious" cult, government spokesmen routinely blame the Falun Gong for the deaths or mental illness of its members[28]. Although the Falun Gongs teachings are similar to Christian Scientists in that both encourage spiritual healing over other methods, this is not the real reason for China attempt to crush the movement. China's leaders see the Falun Gong as an organization outside its absolute control and one that may foment organized dissent. The growing number of government officials who are covertly joining the ranks of Falun Gong is also cause for great concern.

The ongoing attempt to crush the Falun Gong has taken on some grisly dimensions. Simple arrests and detention without access to counsel have escalated into the torture and murder of leaders of the movement. After rejecting a recommendation to stay away from Tiananmen Square for the tenth anniversary of the 4 June 1989 crackdown, Falun Gong members who demonstrated were beaten, arrested, and imprisoned by Chinese authorities. Several of the members who were arrested during that demonstration are still unaccounted for and have most probably been executed.[29]

China's reluctance to comply with human rights demands stems from its desire to be free from outside interference. This reluctance, brought on in part by its "Century of Shame," is reflected in its "Five Principles."[30] These principles are: mutual respect among nations for

sovereignty and territorial integrity, mutual non-aggression, non-interference in the internal affairs of nations, equality among nations in negotiations, and peaceful co-existence. China considers the human rights of its citizens to be a domestic issue. Accordingly, it does not welcome interference from outside powers and will not comply with their demands. China sees the issue of human rights for its citizens to be no different from the issue of civil rights for U.S. citizens. Despite repeated calls for moderation of its human rights policies, China has granted few concessions. U.S. policy planners repeatedly weaken their position by threatening to impose sanctions on trade or withdraw loan guarantees only to back down when China threatens actions of its own.[31]

Despite China's stance on human rights abuses and the difficulties in coercing compliance, the U.S. must not allow China to ignore its responsibilities as a civilized nation. This is not a situation that can be ignored. This is a situation where a nation, attempting to solidify its place as a great power, is unwilling to abide by a reasonable set of international standards. If China wants to become a responsible member of the international community then it must improve its human rights record.

THE TRANSFER OF SOVEREIGNTY IN HONG KONG

China reacquired sovereignty of Hong Kong at midnight, June 30, 1997. Hong Kong had been an embarrassing reminder to China of a time when it obeyed the wishes of England and other powers. Under the Joint Declaration,[32] signed by British Prime Minister Margaret Thatcher and Chinese Premier Zhao Ziyang in 1984, Britain agreed to relinquish sovereignty of Hong Kong in 1997 while China agreed to respect the colony's separate system until 2047.
As the date for transfer of sovereignty approached, Hong Kong's residents began to voice concerns over China's true intentions. Their concern stemmed from a series of actions undertaken by China that diluted, and in some cases contradicted, the basic tenets of the Joint Declaration.[33]

The importance of all this is that China's actions now that sovereignty of Hong Kong has occurred can predict how China will act if Taiwan agrees to reunification. The best way to use the transfer of sovereignty in Hong Kong to predict how China will act is to examine whether China is willing to live up to the basic tenets of the Joint Declaration. If China abides by the Joint Declaration it will strengthen its case for reunification. If China does not it will weaken its case for reunification and damage its overall diplomatic credibility.

The most important of these tenets is the policy of "one country, two systems." This policy allows Hong Kong to maintain its separate democratic system until 2047. China's

willingness to abide by this condition is important because it is the same one being offered to Taiwan as a way to hasten reunification. Two other important tenets from the Joint Declaration are ones that say, "Hong Kong people (will be) running Hong Kong" while enjoying "a high degree of autonomy."[34] The gist of these two statements is that Hong Kong will run its affairs without interference from China and, conversely, that China will run its affairs without interference from Hong Kong.

When China began writing the Basic Law, which is Hong Kong's mini-constitution, all segments of the political spectrum had a voice. Hong Kong's residents were hopeful that a representative form of government based on the principles of democracy would ease the transition from British to Chinese rule.[35] That was before 1989. One explanation for China's apparent unwillingness to be bound by the provisions of the Joint Declaration is its fear of a repeat of the 1989 Tiananmen demonstrations. During China's brutal crackdown on the pro-democracy demonstrators, similar rallies in Hong Kong drew over one million demonstrators to the streets of the colony. In the aftermath of the Tiananmen Square debacle, China began to waver on its guarantee to provide basic freedoms to the residents of Hong Kong. China did this to lessen the chance of additional pro-democracy demonstrations in Hong Kong and to avoid the damage another bloody crackdown would do to China's world image.[36]

In October 1995, China proposed the elimination of key segments of the Hong Kong Bill of Rights.[37] It also proposed the reinstatement of a number of British colonial laws, including one that would give Hong Kong's chief executive the authority to suspend a broadcaster's license and another that would provide police more control over public assemblies and marches. Britain previously had struck down these laws because they violated basic freedoms.[38] The Preparatory Committee's plan to disband Legco and replace it with an appointed body sympathetic to China's wishes was contrary to the intent of the Joint Declaration. The Declaration stated, "The government and legislature of the Hong Kong Special Administrative Region shall be composed of local inhabitants." That meant that Hong Kong's citizens were supposed to choose their own leaders. Hong Kong's autonomy and the basic freedoms of its citizens would be in jeopardy if China controls Hong Kong's governing body.

China's obvious disregard for important portions of the Joint Declaration caused widespread concern in Hong Kong. One tangible result of this concern was an exodus of craftsmen, bankers, and businessmen. Over 100,000 of Hong Kong's 6 million residents left the colony in 1996.[39] The loss of these skilled workers and the blow it would have had on Hong Kong's economy had the exodus continued, caused concern in China too. One reason China agreed to respect Hong Kong's separate system was to reap the benefits of its thriving

economy. China knew that if enough of Hong Kong's workforce fled, it would have damaged Hong Kong's economy.

Hoping to reduce the exodus of skilled workers, Jiang Zemin admitted that China might be interfering too much in Hong Kong's internal affairs. He did this during a meeting with Hong Kong businessmen who were seeking to limit the loss of workers within their businesses. Soon after this meeting, a new adjunct to Legco, the Provisional Legislative Council, was formed. Seen by many as a face saving device, it nonetheless had the positive effect of providing a way for China to allow Hong Kong to maintain its autonomy during the transfer of sovereignty without appearing to be disrespectful to China. Although Jiang stated that China would interfere less in the future, he stopped short of offering any concrete proposals. The net result was a lessening in the exodus of skilled professionals and a calming of the debate over how China would act after 30 June 1997. Concurrent with the formation of the Provisional Legislative Council, Jiang announced his plan to have an elite regiment of PLA soldiers enter Hong Kong to raise the Chinese flag on 1 July 1997.[40] On balance, these two announcements served both Hong Kong's purpose by giving it a way to maintain the desired degree of autonomy and China's purpose by giving it a way to set the stage for the ultimate transfer of sovereignty.

After a rough start prior to the actual transition of sovereignty, China has made a remarkable effort to abide by the letter and the spirit of the Joint Declaration. Personal freedoms, including the right to assemble, the right to free speech, and the right to protest, have been honored. Although it can be argued that China is doing this more from fear of losing the economic engine of Hong Kong than from any egalitarian motives, it is nonetheless a positive step. If China remains willing to abide by its agreement to allow Hong Kong's autonomy under the "one country, two systems" construct, then it will do much to increase its standing within the international community.[41]

Taiwan is watching closely China's actions in Hong Kong. Taiwan will use China's actions toward Hong Kong as a way to predict what it can expect if it agrees to reunify with China. China's willingness to abide by the policy of "one country, two systems" and the other tenets of the Joint Declaration will be a critical factor in its ability to entice Taiwan into any type of reunification accord. If China fails to honor its agreement with Hong Kong it will have an extremely difficult time getting Taiwan to agree to reunification based on similar assurances.

Although the U.S. was not a principal in the transfer of sovereignty, it does have an interest in this issue. One of the goals of our national security strategy is the enlargement of the community of free market democracies and, by extension, the preservation of existing ones. Accordingly, the U.S. should not ignore the fate of Hong Kong and its residents. If China

attempts to renege on its agreement to respect Hong Kong's separate democratic system, the U.S. must weigh in on the issue.[42]

CROSS-STRAIT RELATIONS WITH TAIWAN

When Chiang Kai-shek and his Kuomintang forces fled to Taiwan, both he and the Kuomintang on Taiwan, as well as Mao and the Communists on the mainland, believed they could reunify China. Except for a handful of old-timers, most of Taiwan's residents long ago abandoned the dream of recapturing the mainland. The question facing the vast majority of Taiwan's citizens has changed from how to recapture the mainland to whether they should accept reunification with the mainland or declare independence for Taiwan. The question for China is only when reunification will occur.

Stung by the loss of Taiwan to first the Japanese and then the Kuomintang, China views reunification with Taiwan as a matter of national pride. Additionally, China sees Taiwan's democratic system of government as a threat to China's autocratic system of government. China's Communist leaders believe repression of human rights and limits to democratic reforms are sacrifices necessary to ensure economic growth. Taiwan abandoned this type of authoritarian control during the 1970's and has had enormous success developing its economy into one of the strongest in Asia. The contrast between the systems worries China's Communist leaders who fear that their citizens will demand the same freedoms.[43]

U.S. involvement in this dispute began shortly after Chiang fled to Taiwan. China's emergence as the second major communist power worried U.S. policy planners and led them to support Chiang and the Kuomintang on Taiwan. Since he had been a loyal ally during World War II and was a staunch anti-Communist, the U.S. chose to recognize Chiang and the Kuomintang (rather than Mao and the Communists) as the legitimate government of China. This recognition and Taiwan's Security Council veto helped keep China and the Soviet Union from becoming the Communist monolith they had hoped to become.[44]

Following the estrangement of the Soviet Union and China, President Nixon moved to reestablish "unofficial" relations with China. His visit there in 1972 and the first of the three "Shanghai communiqués" laid the framework for reestablishing diplomatic relations between the U.S. and China. President Nixon realized that Asia could not progress if China remained isolated.[45] Despite the warming of relations, the U.S. refrained from extending full diplomatic recognition to China until 1979, one year after the U.N. General Assembly voted to transfer China's U.N. seat from Taiwan to mainland China. The U.S. enacted the Taiwan Relations Act in 1979 to balance our recognition of China with our desire to maintain support for Taiwan.

Since the U.S. officially recognized China in 1979, the situation on Taiwan has changed dramatically. Taiwan is no longer a military dictatorship with minimum economic impact. It is now a democracy with one of the most robust economies in the Pacific Rim. These developments have altered the dynamics of China's cross-strait relationship with Taiwan and provided an impetus for a pro-independence movement on Taiwan. Although Taiwan has pledged repeatedly its support for eventual reunification, it has tied this to the development of a democratic system in China. The development of a democratic system in China is highly unlikely in the near term and thus serves as a safety valve for Taiwan.[46]

Taiwan's desire for an independent voice has been increasing along with its economic power. One example of this occurred when Taiwan offered $1 billion to the U.N. for a separate seat.[47] Unfortunately for Taiwan, its efforts to gain a seat in the U.N. have little chance of succeeding so long as China maintains its veto power. Additionally, China viewed this offer as a signal that Taiwan was moving toward independence and not just seeking an independent voice.

Despite occasional setbacks to their cross-strait relations such as Taiwan's attempt to gain a UN seat, China and Taiwan had been able to co-exist without any undue rancor. China, while pushing for eventual reunification, maintained relatively cordial relations with Taiwan. Taiwan, while seeking increased autonomy, attempted to remain on good terms with China. All of this changed for the worse in the spring of 1995.

After giving China assurances it would not do so, the U.S. issued a visa to Taiwan's president, Lee Teng-hui, for an "unofficial" visit to his alma mater, Cornell University. This enraged China's leaders who saw the visit as a move by the U.S. away from its "one China" policy and as a step by Taiwan toward independence. Stung by its inability to discourage the U.S. from issuing the visa or to dissuade Lee from attending the reunion, China undertook a series of actions aimed at punishing the U.S. and intimidating Taiwan. First, it disrupted diplomatic relations with the U.S. by recalling its ambassador and refusing to receive the U.S. ambassador. Next, it conducted a show of force in the Taiwan Strait by launching missiles into the shipping lanes north of Taiwan. Finally, it threatened direct military action against Taiwan by warning that it would invade Taiwan upon any declaration of independence.[48]

The U.S. responded to China's actions by sailing the USS Nimitz carrier battle group through the Taiwan Strait in December 1995. The official reason given for this seldom-used routing was bad weather east of Taiwan. The real reason the Nimitz was there was to deliver a message to China to refrain from any direct military action against Taiwan. That the weather in the area of the normal route east of Taiwan was clear lent credence to the idea of a warning.

China's once again ratcheted up the pressure on Taiwan in March 1996 when it conducted a second round of missile "test" firings into the sea lanes north and south of Taiwan and threatened a full-scale invasion of the island. China timed these actions to coincide with Taiwan's presidential election, the first such election in China's 4,000-year history. China was attempting to weaken the position of Taiwan's President Lee Teng-hui and disabuse Taiwan of any further moves toward independence. These actions by China along with its actions after Lee's U.S. visit raised tensions between China and Taiwan to a level not seen since Chiang and the Kuomintang fled to Taiwan.

The U.S. again responded to China's actions, this time by sailing two carrier battle groups to the waters near Taiwan. This was the largest deployment of U.S. warships to Southeast Asia since the Vietnam War and it reflected the severity of the situation.[49] This show of force by the U.S. helped to diffuse but not end the problem. Among other measures, China has massed over 250 fighter-bomber aircraft and over 100 surface-to-surface tactical missile batteries at airfields across the Taiwan straits. China has signaled its intention to use these assets if Taiwan moves closer to independence.[50]

Whether the U.S. would actually resort to force to protect Taiwan is not clear. At present, this ambiguity is consistent with U.S. policy within the Taiwan Relations Act. Although Taiwan remains a friend, Washington does not want it to assume it can rely on assistance from the United States. Conversely, the U.S. does not want China to believe it can attack Taiwan without provoking military action by the U.S. China, unlike the U.S. whose actions are ambiguous by design, has made it very clear that it is willing to use force to attain its goals.[51]

The resolution of these tensions will be crucial to the U.S. and its future role in the Pacific Rim. If China attacks Taiwan and the U.S. does not intervene, the U.S. will lose all its credibility for forward military presence in the western Pacific. Worse yet, Japan would rearm to defend itself from further Chinese aggression. If Japan were to rearm, it could lead to an arms build-up by other Asian nations who fear that a rearmed Japan would be a very real threat to their security. The peaceful resolution of the cross-strait tensions will have a long-term impact on the future of U.S.-China relations and the overall security of the Pacific Rim.

ACTIONS IN THE SOUTH CHINA SEA

The dispute over the Spratly Islands has the potential to disrupt U.S.-China relations.[52] The Spratly Islands lie astride the strategic sea lines of communication in the South China Sea. Control of the Spratly Islands and, by extension, the surrounding waters, would give China the ability to interfere with freedom of navigation in the South China Sea and block passage of

tankers that carry 70% of Japan's oil.[53] Any attempt by China to impede passage of these oil tankers, or any other shipping in the South China Sea, will provoke a military response by the U.S. The U.S. would do so because we consider freedom of navigation on the high seas to be a vital interest.[54] Besides this concern, China's actions in the South China Sea can predict what China will do to expand its sphere of influence.

China, Taiwan, and Vietnam claim the Spratly Islands in their entirety. The Philippines, Malaysia, and Brunei all have partial claims. Each of the six nations has tried to legitimize its claim in many ways. China and Taiwan base their claims to essentially the whole of the South China Sea, along with the Spratlys, on historic precedents of discovery and use. The others base their claims on a variety of territorial, economic, and security issues. Each party in the dispute has bolstered its claim of sovereignty by using military force, "showing the flag," occupying and fortifying islets, building structures, or placing markers.[55]

Of all the claimants, China has been the most active and aggressive. Chinese naval forces engaged and defeated Vietnamese naval and naval infantry forces on Johnson Reef in 1988. This was not the first time China had seized Vietnamese-claimed islands in the South China Sea. Fourteen years earlier, China wrested control of the Paracel Island chain (located north of the Spratlys) from the then-North Vietnamese while the North Vietnamese were still fighting their war with South Vietnam. Chinese naval forces also seized Mischief Reef, a small atoll located only 150 miles west of the Philippine island of Palawan, from the Philippines in 1995.[56] Not coincidentally, these actions at Johnson and Mischief Reefs occurred shortly after the USSR and the U.S. pulled their forces out of Cam Rahn and Subic Bays respectively. These actions served notice to Vietnam and the Philippines (and other nations) that China is willing to use force to back up its claims in the South China Sea.

After the incident at Mischief Reef, China sought to defuse the situation during meetings with the Association of South-east Asian Nations (ASEAN). Chinese foreign minister Qian Qichen stated that all disputes in the South China Sea should end peacefully and according to international laws and the 1982 United Nations Convention on the Law of the Sea (UNCLOS). Qian did not back down, however, from China's claim of sovereignty over the Spratlys. He also stated a desire to defer settlement of conflicting claims of sovereignty. Qian reaffirmed China's desire to establish joint (but not multilateral) development of oil and gas resources in the South China Sea and reassured the ASEAN members that China had no intention of impeding freedom of navigation in the South China Sea regardless of its claims to sovereignty.[57]

China's offer to begin joint development of the oil and gas reserves under the South China Sea came with one important qualifier. To enter into a joint development with China, the

other party in the development must agree to honor China's claim of sovereignty over the island or islands within the area of development.[58] Not surprisingly, no ASEAN member has agreed to this offer so far. This situation suits China just fine. Its strategy is to defer issues of sovereignty and delay development of the resources under the South China Sea to gain the time it needs to project its military power there. Once China is able to do this, it will be able to act on its claim of total sovereignty in the South China Sea.[59]

The rapid expansion of China's economy has increased its need for oil and gas. Because of this, China has become a net oil importer. The amount of these imports will increase unless China can develop an additional source. China sees the oil and gas reserves under the South China Sea as this source. Possession of the Spratly Islands would give China the ability to construct port facilities and airfields there. China could then use these facilities and airfields to forward base portions of its naval and air forces. China's intends to buy time to complete these actions by minimizing the development of oil and gas reserves under the South China Sea and limiting the presence of other nations' naval and air forces. China will use that time to improve its naval and air forces to the level needed to project power into the South China Sea.[60]

Not all ASEAN members have been willing to wait for this to happen. The Indonesians, who make no claims to sovereignty within the Spratlys, have been eager to develop the oil and gas reserves around Natuna Island. This island, located in the southern portion of the South China Sea, lies just outside the area claimed by China. China, however, maintains that the oil and gas reserves around Natuna Island extend north into the area it claims. It holds that the reserves are, therefore, within its claim of sovereignty. Disregarding China's claim, Indonesia signed a $35,000,000,000 contract with a U.S. oil company to begin development of the oil and gas field. The Indonesians have stated their willingness to use force to defend their national interests and to resist Chinese claims of sovereignty in this portion of the South China Sea. The Indonesians possess adequate naval and air forces to back up their willingness to use force. Additional developments such as the one around Natuna Island will force China to accelerate improvements in its power projection capabilities. If China does not do this, it risks losing the vital reserves under the South China Sea to other nations.

China has expressed its willingness to defer its claims to sovereignty in the Spratly Islands and the South China Sea. Judging from its actions at Johnson and Mischief Reefs, it wants others to defer making claims also. For now, the dual delaying tactics of resisting multilateral development while making joint development unpalatable seems to be accomplishing its goal.

Satisfying China's claims in the Spratly Islands will be key to any resolution of this issue. China claims sovereignty over virtually the entire South China Sea. It has defended this claim since the establishment of the People's Republic.[61] China has stated repeatedly that its claims of sovereignty in the South China Sea are "indisputable" and "irrefutable." China publishes all maps of the area with a dashed line encompassing the South China Sea. The dashed line bears the legend "historic claim line."[62]

The U.S. has urged peaceful settlement of the issue by all nations involved in the dispute. U.S. policy planners view the use of, or the threat of the use of, force as a "serious matter." The U.S. hopes that all parties will avoid the use of force. Although the U.S. takes no position as to the relative merits of the claims of sovereignty, it does believe that all claims should conform to international law and UNCLOS 1982.[63] U.S. resolve to protect the strategic sea lines of communication in the South China Sea and China's intention to respect freedom of navigation there are crucial to the future of this issue.

China's actions in the four areas examined reveal several problem areas. In all of these problem areas, China claims its actions are either not the business of outside powers or, if they are, are perfectly justifiable. China has defended grievous human rights abuses, attempts to subjugate the citizens of Hong Kong, acts of war in the Taiwan Strait, and armed seizures of islands in the South China Sea with one or both of these explanations. Additionally, with the exception of some promising developments in Hong Kong, China has demonstrated an unwillingness to bargain in good faith. China promises improvements to its human rights record, adherence to the tenets of the Joint Declaration, peaceful reunification with Taiwan, and cooperative development of resources under the South China Sea. In the event, however, it keeps few of these promises.

If the U.S. wants to maintain its position of leadership in the Pacific Rim, it will not be enough to request cooperation from China. The U.S. must take a stronger stance on substantive issues when negotiating with China. In the four areas examined in this chapter, only the introduction of carrier battle groups modified China's behavior. Although I am not advocating gunboat diplomacy as a solution for all instances of disagreement, the U.S. must take a firm stance if it expects cooperation from China. In the next chapter I will examine the options available to the U.S. and identify areas where our policy toward China has failed.

ENGAGEMENT OR CONFRONTATION

The current national security strategy, as set forth in the December 1999 "A National Security Strategy for a New Century," calls for advancing U.S. national interests by enhancing America's security, bolstering America's economic prosperity, and promoting democracy and human rights abroad. The current policy toward China, within the framework of the national security strategy, is "comprehensive" (sometimes called "constructive") engagement. This policy emphasizes cooperation in areas where the U.S. and China agree and confrontation in areas where they disagree. The concept of engagement has been the backbone of U.S. policy toward China since the resumption of diplomatic relations in 1979.[64] Despite the obvious utility of a policy that appears to possess both the "carrot" and the "stick", comprehensive engagement has failed in its application and is undermining the U.S.'s best interests with China.

A recent example of the failed application of this policy occurred in 1993 when the U.S. first linked the continued granting of Most Favored Nation (MFN) status for China to its adherence to human rights demands. After much tough talk but after watching no perceptible improvement in China's respect for human rights, the granting of MFN status was delinked from adherence to human rights demands in 1994. Finally, the yearly debate on China's continued MFN status was put to rest in 2000 when the U.S. granted permanent Normal Trading Status (NTS) to China.[65] The stated purpose of delinking MFN status from adherence to human rights demands was to provide China a window of opportunity to improve its human rights record. U.S. policy planners had hoped to use continued free trade as a way not only to improve China's human rights record but also to reduce its misbehavior in other areas. Unfortunately, with the threat of the withdrawal of MFN status removed, China did little to improve its human rights record or its behavior in other areas.

Although the issues of free trade and human rights are important in and of themselves, they are still only two of the issues that the U.S. should consider when formulating an effective policy toward China. U.S. policy planners must not consider human rights, theft of intellectual property, nuclear proliferation, arms transfers, and other issues as separate issues, but must interrelate the effects of each of these issues into a grand strategy if our policy toward China is to be effective.[66]

This and other policy mistakes have given China sufficient opportunity to exhibit a pattern of misbehavior outside of acceptable international standards. This misbehavior has taken place in areas of interest to the U.S. The piecemeal nature of our current policy of comprehensive engagement has prevented the U.S. from using advantages in one area of interest to induce cooperative behavior from China in other areas. While analyzing the current

U.S. policy toward China, I use the framework of the elements of national power[67] to identify policy mistakes and propose policy changes. Additionally, I recommend that U.S. policy planners treat China as an equal power while requiring China to adhere to a reasonable set of international standards. If they do this, they can craft a coordinated policy of engagement that will be in the best interests of the U.S. This also will determine whether the U.S. can continue to engage China or must begin to confront China as it expands its role in the Pacific Rim.

ECONOMIC PROSPERITY

The element of economic prosperity contains one of the most important policy issues for the U.S. and China. That issue is trade. China is one of our most important trading partners. China's economy, already the third largest in the world, soon will be the largest economy in Asia and, if projected growth rates continue, will surpass the U.S. economy early next century.[68] If China were a marginalized state unable to produce goods for export to the U.S. or an impoverished state unable to absorb imports from the U.S., it could not use the issue of trade, or more specifically, the U.S. desire to maintain free trade, to avoid compliance with human rights demands, nuclear non-proliferation agreements, or arms transfer restrictions. Because of the difference in the nature of trade between the two countries and the unwillingness of U.S. policy planners to press advantages when and where they exist, China has been able to maintain trade with the U.S. and resist modifying its behavior.

One tenet of the U.S. policy of comprehensive engagement is the use of trade as a way to modify China's behavior. As I mentioned earlier, this has not been happening. The reason it has not been happening is two-fold. First, there is a difference in the nature of trade between the U.S. and China. In the U.S., major corporations intent on maintaining trade with China lobby U.S. leaders. These corporations know that our leaders need support from business interests.[69] In China, the nature of trade is completely different. The central government manages the import and export of goods and services to promote prosperity and provide capital for improvements to China's industry, military, and infrastructure.[70] No lobbying is required or allowed, nor is there a need for China's leaders to curry favor from its business community to remain in power.

Additionally, U.S. policy makers have ignored U.S. trade advantages. Although China denies it, a loss of trade with the U.S. would hurt China. U.S.-China trade in 2000 came to almost $45,000,000,000, with China buying $11,000,000,000 in U.S. exports of planes, computers, power plant generators, and chemicals, and the United States buying $34,000,000,000 in Chinese exports of clothing, shoes, hand tools, and toys. China thus

enjoyed a trade surplus of $23,000,000,000. Even though the labor-intensive nature of Chinese imports makes it unlikely that the U.S. would turn to domestic sources, the U.S. might look to other Asian nations for these goods. Because these goods represent approximately 33% of China's total exports, China's leaders do not want this to occur. If the U.S. were to turn elsewhere for these goods (and the costs for the goods remained the same), there would be no net effect on the overall U.S. balance of payments' deficit. There would be, however, a significant impact on China's economy. China's leaders have stated that restrictions on trade would hurt the U.S. more than China. Restrictions on trade would hurt China just as much as they would the U.S.

If U.S. policy planners are to use trade as a modifying force within any policy of engagement toward China, they must understand the difference in the nature of trade between the two countries (U.S. corporations trade with the Chinese government). They must also understand the influence trade can exert on China (loss of trade with the U.S. will hurt China).

China, for its part, is well aware of these two considerations. It uses them to gain concessions from the U.S. When faced with the threat of sanctions or the loss of MFN status, China simply refused to comply with demands or provided vague reassurances it would modify its behavior. China knows that lobbyists from the U.S. corporations who do business in China will exert pressure to maintain trade. After the lobbying effort is complete and the crisis diffused, China knows it will be "business as usual" until the next half-hearted U.S. attempt to secure compliance with its demands.[71]

If the U.S. is to remedy this situation, U.S. policy planners must be willing to levy penalties when China misbehaves. China must understand that continued unrestricted trade with the U.S. hinges on its compliance with legitimate demands. Besides linking continued trade to compliance with legitimate demands, U.S. policy planners must look for common ground to help foster cooperation. U.S. policy planners can do this if U.S. interests are also China's interests. This may, at times, be difficult, but here in the element of economic prosperity common ground already exists. The theft of intellectual property and China's desire to join the World Trade Organization are good examples of areas where the U.S. and China can cooperate.

The term intellectual property refers to patented, copyrighted, or trademarked material. Some examples of the intellectual property stolen in China are name brand clothing, music and video cassettes, computer programs, pharmaceuticals, industrial chemicals, and compact discs. Although the theft of this type of product may not seem important, the extent of the theft has had an extremely deleterious effect on the U.S. balance of payments deficit and U.S.-China

relations. To add insult to injury, China has barred several U.S. companies who produce these products from the lucrative Chinese market.[72]

U.S. policy planners expected to see a decrease in the theft of intellectual property when MFN status was delinked from adherence to human rights demands and again when permanent NTS was granted. China had offered reassurances of its support to reduce this problem during both MFN and permanent NTS negotiations. Despite these reassurances, the theft of intellectual property has continued unabated.[73] Allowing China to disregard completely all human rights demands while still maintaining NTS is a bad policy. Allowing China to maintain this status without reducing the theft of intellectual property is just as bad.[74]

One instance of common ground that U.S. policy planners can use surfaced when the theft of intellectual property began to harm the domestic economy in China. This development has increased the efforts of China's central government to alleviate this problem. Fearing the loss of internal revenue to the copycats, the central government stepped up its enforcement of anti-theft laws.[75] U.S. policy planners must insist on progress in this area but should be willing to assist China as it reduces the scope of this problem.

Another instance of common ground that U.S. policy planners can use is China's desire to join the (WTO). China wants to join the WTO but has known this will happen only with U.S. support. Inclusion of China in this multinational organization is desirable since it would provide a multilateral forum to negotiate contested economic issues. U.S. policy planners have supported China's entry into the WTO but have done so without linking this support to China's improving its human rights record and reducing its theft of intellectual property. The benefits of having China as a participant in a multinational economic forum should not prevent U.S. policy planners from continuing to demand compliance with legitimate demands.

Although U.S. policy planners have advantages they can use to modify China's behavior and, with the WTO, a forum where this can happen, they must realize the process will be long and, at times, difficult. Additionally, they must keep two important facts in mind. Withdrawal of China's permanent NTS will not help the process since the loss of trade with China will remove one of the most important modifying forces at our disposal. Conversely, maintaining permanent NTS without applying pressure on China to adhere to a reasonable set of international standards also will not help the process. Finding and maintaining a policy somewhere between these two extremes is crucial to making the process work.

MILITARY STRENGTH

The element of military strength is the least understood and most poorly handled aspect of the current U.S. policy toward China. U.S. policy planners continue to underestimate the capabilities of the Chinese military and how rapidly these capabilities are growing.[76] Additionally, U.S. policy planners have not drawn other Asian nations into cooperative security agreements to help balance China's influence in the Pacific Rim.[77]

China is engaging in a rapid modernization of its military forces. This modernization reflects the shift in emphasis from peoples' warfare to warfare with regular forces. Before this modernization effort, which began in earnest after the end of the Cold War, the bulk of China's military hardware was 1950's and 1960's vintage Soviet Union-supplied equipment. China is modernizing its military infrastructure with a combination of imported equipment and technology and an indigenous research and development program.[78] China's goal is to rely less on foreign technology and equipment and more on domestic production as industrial capacity rises to a level capable of producing adequate numbers of weapon systems.

China's defense budget has increased by at least 12 percent every year since 1988. In the last two years the increase has been over 20 percent. Military expenditures account for only 10 percent of the total Chinese budget (compared with approximately 16 percent in the U.S.). This is somewhat misleading because this percentage does not include an additional two to three percent of the overall Chinese budget that pays for importing equipment and technology and for conducting research and development.[79]

What is China doing to improve its military capabilities? As mentioned above, one way it is modernizing its forces is by importing technology and equipment. An example of this is the aggressive importation of every weapons system it can obtain from the cash-strapped states of the former Soviet Union.[80] The Chinese also excel in copying the designs of purchased weapons systems. They do this either through licensing agreements or through unauthorized copying. One example of production through a licensing agreement was the domestic production of 150 Su-27 fighters in 1996 and 1997. China first acquired the Su-27 from former Soviet Union sources in 1993. It was able to tool its aircraft industry and begin production of this front-line fighter in less than three years. China has already begun domestic production of advanced weapons systems such as the SA-10 surface-to-air missile, Kilo class diesel submarine, and the improved Scud surface-to-surface missile. One example of unauthorized copying is the production of air-to-air missiles (with Israeli assistance) patterned after the U.S.-produced Sidewinder. After suffering grievous air-to-air losses to the Taiwanese, China stole a Sidewinder missile from a Taiwanese Air Force base in the 1960s. Since then, it has combined

the basic design of the Sidewinder with improvements of its own to produce a very capable air-to-air missile.

The development of an air-to-air refueling capability signals China's intention to project power beyond its shores. The conversion of IL-76 transport and B-6 bomber aircraft to air-refueling tankers and the addition of air-refueling probes to fighter and attack aircraft give China's air force and naval aviation an increased operating range. With this increase in range these forces can project striking power throughout the South China Sea, the island of Luzon in the Philippines, and Vietnam as far south as Ho Chi Minh City. If China can base aircraft in the Spratly Islands, their striking range will increase to as far south as Indonesia.[81]

One alarming aspect of how badly U.S. policy planners have underestimated the capabilities of China's military and how rapidly these capabilities are growing is our continued willingness to transfer advanced technology to China. A particularly troubling example of this is China's W-88 warhead (their version of the neutron bomb). Although China claims to have developed this warhead domestically, the blatant similarities between the W-88 and the U.S. neutron bomb, belies China's claims. China's strategy toward technology transfer has been two-fold. First, it engages in direct transfer of technology through surreptitious means. Plainly stated, it steals our secrets by co-opting U.S. citizens or by planting spies in nuclear labs and other weapons industry positions. Second, it purchases dual-use technology and material (often in violation of U.S. statutes) from U.S. and allied corporations and then either uses these assets to advance its own weapons programs or passes the technology and material on to other states for cash or considerations.[82]

One particularly egregious example of this occurred when U.S.-controlled companies transferred state-of-the-art communications technology to Chinese companies in 1993 and 1994. This technology transfer was part of a U.S.-led effort to convert Chinese defense industries from arms production to the production of goods for domestic use and for export. Unfortunately, this well-meaning effort transferred communications technology to a Chinese company half-owned by the PLA. Part of the communications technology went from a U.S.-controlled company, SCM/Brooks, to a Chinese company, Hua Mei Communications. The stated purpose for this technology transfer was to improve record keeping at PLA hospitals. In reality, the technology not only improved record keeping at the hospitals but also upgraded 1950's PLA communications to 1990's standards.[83]

Since the end of the Cold War, economic prosperity has become a primary measure of the overall power of a nation. Although many Western powers criticized Japan for its passive (non-military) role in the Gulf War, they still acknowledge Japan's economic prosperity and see

it as an indicator of its overall power. However, these same Western powers also acknowledge that without military strength, Japan cannot be considered a super power. While the current U.S. national security strategy acknowledges the importance of all the elements of national power, U.S. policy planners continue to overestimate the effect of economic prosperity and underestimate the effect of military strength when gauging the overall national power of China.[84] The current policy of constructive engagement focuses on China's developed economy while ignoring China's developing military as the justification for not drawing other Asian nations into cooperative security agreements. China soon will be able to use its rapidly developing military to continue its economic upturn under terms of its choosing. U.S. policy planners must act to balance China's legitimate ambitions with the need for continued security agreements between the U.S. and our other Asian trading partners.

The construction of cooperative security agreements in the Pacific Rim will not be easy. Because of China's experience during its "Century of Shame," it may view any attempt to construct multilateral security agreements as a move toward containment rather than engagement. This consideration is particularly important for U.S. policy planners.[85] They must be careful to engage China by offering it membership in all of these security agreements. Membership should convey benefits such as increased trade cooperation, but these agreements must not allow China to reap these benefits without adhering to a reasonable set of rules.

The reluctance of Asian nations to condemn China's recent actions against Taiwan illustrates another challenge U.S. policy planners must solve when constructing cooperative security agreements in the Pacific Rim. Fearing reprisals from China, Asian nations may be reluctant to enter into multilateral security agreements that require sanctions against members who refuse to abide by reasonable standards of conduct. Their reluctance is not unfounded. China's aggressions in the Spratly Islands in 1988 and 1995 and its stated unwillingness to enter into multilateral agreements to solve sovereignty issues in the South China Sea justify their concerns. Other Asian nations see these incidents as ample justification to shy away from multilateral security agreements that involve China. Despite this reluctance, U.S. policy planners must urge other Pacific Rim nature to participate in the process of constructing multinational security agreements. This is the best way to deter China from flexing its growing military strength. The inclusion of other Pacific Rim nations in these multinational security agreements will help U.S. policy planners engage China in a coordinated manner.

Besides these agreements, the U.S. also must maintain its military presence in the region. This is a clear signal to China that the U.S. will not shy away from its security

commitments in the Pacific Rim. When the USSR and the U.S. withdrew their naval forces from Cam Ranh Bay in Vietnam and Subic Bay in the Philippines respectively, China did not hesitate to use aggression to seize islands in the Spratlys. These actions would have been unthinkable while Soviet and U.S. forces were still present in Vietnam and the Philippines.[86] Recently, the presence of U.S. carrier battle groups in the South China Sea helped deter China from attacking Taiwan. The continued U.S. military presence in Japan and South Korea also is extremely important. After giving up bases in the Philippines, the U.S. cannot afford to withdraw its forces from these two nations and retreat to bases on Guam, Kwajelein, or Hawaii. These locations are simply too far away from the region to be effective bases for the forces required to deter Chinese aggression.

The U.S. also must participate in any multinational forums that China has been willing to attend. One of these forums, the ASEAN Regional Forum (ARF), which is a loose grouping of nineteen Pacific Rim nations (including Japan, China, and the U.S.), discusses security issues in East Asia. The U.S. should continue to participate in this forum as a way to remain engaged with China. U.S. policy planners must demonstrate to China that compliance with multinational agreements crafted during these forums will lead to gains for China in other areas. Again, China must understand that these gains are conditional with its adherence to a reasonable set of rules. While participating in these forums, U.S. delegates must also treat China as an equal partner in all issues pertinent to the forum. Expanding China's membership in multinational forums, crafting workable multilateral security agreements, and providing China with incentives to adhere to reasonable limits are all keys to crafting the military strength portion of a coordinated policy of engagement.

POLITICAL AND DIPLOMATIC CREDIBILITY

Of the four elements of national power, the element of political and diplomatic credibility presents the most difficult problem for U.S. policy planners. The problem facing U.S. policy planners is how best to engage China politically and diplomatically so that China's interests and U.S. interests remain in balance. China has every intention of maintaining its status as a great power. This is, of course, something China has a right to do. Realizing this, U.S. policy planners must recognize and respect China's legitimate goals if China is to become a cooperative great power. If U.S. policy planners fail to do so, China will become a challenging great power just as the USSR did after World War II. If this happens, the U.S. must confront China to protect our national security interests. This is not the best outcome for the U.S., China,

or any other Pacific Rim nation. Adhering to a policy of coordinated engagement is the best way to keep this from occurring.[87]

When former U.S. Secretary of Defense, the Honorable William J. Perry, was asked about our policy toward China, he said, "you cannot contain over one billion people."[88] Although the present U.S. policy of comprehensive engagement with China recognizes the unfeasibility of containing China, it has not compelled China to comply with reasonable political or diplomatic limits. One of the reasons for this is a basic misunderstanding of the intentions of China (and how these intentions differ from those of the U.S.). With few exceptions, democratic nations do not resort to armed confrontations to settle their differences. Multinational forums such as the United Nations and multilateral security agreements such as NATO have reduced the use of armed conflict by democratic nations as a way to settle disagreements. Unfortunately, nations outside the democratic construct often feel no compulsion to settle their differences peacefully.

U.S. policy planners, acting under the assumption that they can settle differences through binding agreements or peaceful negotiations, are unable to comprehend China's unwillingness to act in good faith. An example of this is China's unwillingness to settle differences through peaceful negotiations in its ongoing attempt to reacquire the province of Taiwan. The missile launches during 1995 and 1996 and the bellicose nature of its 2000 white paper are particularly troubling. These actions point to China's penchant for intimidation rather than negotiation.

Despite these setbacks, there have been some successes in this element. China has acted in concert with the U.S. to freeze North Korea's nuclear weapons program, and refrained from using its U.N. veto on several U.S.-backed resolutions (most notably the resolutions condemning Iraq).[89] China believes it has been cooperating with the U.S. It also believes U.S. policy toward China is one of containment rather than one of engagement. China cites U.S. support for India, sanctions against Pakistan, arms for Taiwan, recognition of Vietnam, alignment with Japan, and troops in Korea as ample evidence of the U.S.'s desire to contain China.[90]

Besides these concerns, the failure of communism in Eastern Europe and the previous entitlement of our National Security Strategy as a "Strategy of Engagement and Enlargement" fueled further China's fear of containment. To allay this fear, China has taken action to protect its interests. Two of these actions have strained U.S.-Chinese diplomatic relations to the breaking point. The sale of missiles and materials for making chemical weapons to Iran and the transfer of nuclear weapons technology to Pakistan have violated multiple U.S. laws and one

international treaty.[91] On the face of it, there would seem to be no rational reason for China's actions, but there are two very good reasons China has acted in this manner.

First, sales of missiles and the material for making chemical weapons to Iran stem from China's knowledge that it would be unable to control an Islamic-led uprising in its western provinces. Recent agreements with the Islamic former Soviet republics that share borders with China provide further evidence for this reasoning. Rather than risk border clashes, China made territorial concessions to these Islamic states. Second, sales of nuclear technology to Pakistan rose from China's need to balance India's power by assisting Pakistan. China sees India as a threat to regional stability and fears a U.S.-backed India could present as much of a threat to its southern border as Iranian-backed Islamic republics could to its western border.[92]

These actions are consistent with two of China's three main interests. The two interests that are the keys to understanding China's dealings with Iran and Pakistan are national unification and political stability. The third interest, economic development, flavors almost all of China's actions but is not as important here. China's current effort to complete national unification (after the reacquisition of Hong Kong and Macao) centers on the reacquisition of Taiwan. This effort will be for naught if it loses mainland provinces to separatist factions. The presence of China's only major oil reserves in the province of Xinjiang gives additional importance to this matter.[93] Domestic unrest in many rural areas has already pushed the PLA to its limit. The PLA simply cannot cope with an Iranian-backed Islamic separatist effort in the western provinces. China is protecting its western border by cooperating with Iran through territorial concessions and the sale of missiles and materials for making chemical weapons.

China's transfer of nuclear technology to Pakistan reflects its desire to maintain stability along its southern border. China needs to balance India's power by increasing Pakistan's strength. India fought a border war with China, fomented dissension in Tibet, and provided a domicile for the Dalai Lama.[94] India also has sophisticated conventional forces and a nuclear arsenal on par with China's. China does not want to engage in another clash with India while solving its domestic problems and modernizing its military. China sees Pakistan as an ally of opportunity that can keep India occupied until China becomes strong enough to dissuade India from any thoughts of renewed aggression. Pakistan cannot hope to acquire conventional forces capable of defeating India. It must depend on its nuclear capability to keep India at bay. Pakistan is bolstering this capability with Chinese material and technical support.[95]

U.S. policy planners have seen these actions only as violations of non-proliferation laws and treaties rather than viewing them within the context of China's vital interests. Although we need not approve of these actions (and surely we must not), we cannot afford to back China into

a corner on issues involving its vital interests. If we do, we will move from engagement to confrontation.

Another problem facing U.S. policy planners is how best to deal with China during its upcoming leadership succession. While China awaits the orderly succession from current President Jiang Zemin to prospective president Hu Jintao (currently China's Vice President), U.S. policy planners must construct a cogent plan to engage Hu on the issues that must be addressed if the U.S. and China are to engage in a coordinated way.

Hu, the first PRC leader to reach maturity after China's revolution, is still Chinese-educated and a survivor of the Cultural Revolution. Despite the plan for an orderly succession, no clear rules for succession exist in China. Hu's ascendancy will depend on his ability to consolidate power in the Central Communist Party (CCP) and the upper ranks of the PLA. Although it is difficult to judge how much Hu has done to consolidate power in the CCP, he has evidently attempted to consolidate power within the PLA by promoting several senior generals who have pledged loyalty to him.[96]

If Hu can garner support within the Politburo and the Standing Committee, U.S. policy planners may attempt to seek movement on several key issues. This approach is correct for two very important reasons. The first is that so long as the U.S. and China have interests that must remain in balance, seeking common ground with China is in our best interests. The second is that the U.S. must not ignore the element of political and diplomatic credibility in its dealings with China even while China changes leaders or we will be running on only three of the four cylinders of national power while China runs on all four. U.S. policy planners must continue their political and diplomatic efforts to ensure the leadership succession in China does not result in a miscalculation of U.S. resolve. These efforts must strike a balance between our interests and China's interests if we are to maintain our political and diplomatic credibility during this crucial period.

PSYCHOLOGICAL OR MORAL PERSUASION

The final element of national power, psychological or moral persuasion, is the element where the U.S. enjoys its greatest advantage. The guarantees of personal freedom and the rule of law that is essential to the American way of life place the U.S. apart from China, a country where neither of these conditions exists.[97] Unfortunately, this is also the element least used within the current policy of comprehensive engagement. Whenever U.S. policy planners have dealt with an issue that involves the use of this element, they have either attempted to use it by itself or not used it at all. Delinking MFN status from human rights demands and granting NTS

despite non-compliance with these demands are examples of the former while allowing the importation of products made in Chinese factories that use slave labor is an example of the latter. This has been, and will continue to be, a mistake. U.S. policy planners must use the element of psychological or moral persuasion in concert with the other three elements of national power. This will provide the U.S. the advantages we have within this element.

Before offering some examples of how to use the element of psychological or moral persuasion, it might be helpful to mention the nature of the transformation that is taking place within China. Since 1978, when Deng offered the then-heretical thought that the system of state control was itself China's biggest problem,[98] China has been struggling with how to balance its intent to modernize through a free market economy with its desire to maintain its identity as a communist state. This modernization, under the guise of "market socialism," has brought China to the brink of superpower status but has lessened the effect of communist ideology in everyday life. Although communism is being replaced by nationalism as the political construct in China, the effect of the state and its bureaucratic institutions are no less prevalent.

Two factors that effect the perception of how well China's transformation has progressed are the tenure of China's leaders and the patience of eastern societies. China's leaders, unlike U.S. leaders who must campaign for re-election almost as soon as they take office, enjoy the luxury of being able to craft long-term policies that may take several years, and sometimes decades, to evolve fully. Besides the absence of biennial elections, which require U.S. leaders to produce substantive evidence of progress or be removed from office, China's leaders belong to a society that sets long-term goals and embraces the struggle required to realize these goals.[99]

The democratization of Taiwan provides U.S. policy planners with the best example of how we can use psychological or moral persuasion when dealing with China. For many years, Asia scholars believed democratic governments would not work within eastern societies. Even after other Asian nations had already turned to democracy (Japan and South Korea are good examples), these scholars still saw China as a poor candidate for democracy. During the period of transformation, China's leadership has asserted continually that within a Chinese society economic and social developments take precedence over individual freedoms and the rule of law. Despite this assertion, the rapid economic and social development within the Chinese society on Taiwan took place with a proportionate increase in individual freedoms and respect for the rule of law. Additionally, Taiwan now has the first democratically elected leader in China's history.

The signal for the U.S. should be to balance our demands for human rights reforms with the steady democratization of China's society. Some of this will occur naturally as a byproduct of its ongoing economic transformation, but some of it will only occur if the U.S. and other democratic societies prod China along the path of reform. U.S. efforts to coerce China to comply with human rights demands and to increase individual freedoms under the rule of law have been highly unsuccessful. Most of the blame here stems from our unwillingness to adopt a balance between total compliance and no compliance. The U.S. must look for a level of compliance that falls somewhere between these two extremes and increases steadily with time.

China has made some progress in these areas, albeit slow and meager by U.S. standards. Human rights abuses before 1978 were many orders of magnitude worse than they are now. Cannibalism, used to punish political dissidents, was rampant during the Cultural Revolution. It does not exist today. Accused offenders may now call witnesses on their behalf at all trials, even politically motivated ones. Efforts to eliminate corruption within low to mid-level government agencies have been moderately successful in recent years.[100] Unfortunately for the Chinese, these reforms seem trivial to the average American. Additionally, the Tiananmen Square crackdown on political dissidents galvanized world opinion against China. It placed China at the forefront of nations targeted for human rights reforms at a time when China was making improvements to individual freedoms and the rule of law.[101]

Political dissent and the rule of law are areas where the U.S. should look for gradual improvements. China has squelched dissent in the media and denied basic rights to citizens to maintain control of the society. China's leaders are afraid that dissent will allow an independent voice to exist outside the government. China's leaders are also afraid mainland Chinese will embrace the example of Taiwan and the central government will lose the authoritarian grip it now enjoys.[102] U.S. efforts must focus on rewarding China for improvements in the areas of legitimate dissent and the rule of law. By doing so we can expect to see further improvements.

The U.S. can do little to speed up the transformation taking place in China and would be wise to refrain from any overt measures aimed at accelerating the process. China is a proud nation that views the U.S. as a usurper in Asia. Also, China will move along the path of change only as quickly as it wants to go itself. When the U.S. Secretary of State, Warren Christopher, visited China in 1994 to discuss U.S. human rights demands, China's leaders jailed several political dissidents to make it clear that China, and not the U.S., would decide how to resolve human rights demands. U.S. policy planners certainly must continue to insist on China's compliance with reasonable demands but they must not expect total compliance immediately.

U.S. policy planners must use all available advantages when crafting a policy of engagement toward China. This means that they must look not only for China's weaknesses but also for U.S. strengths. By using the framework of the four elements of national power, U.S. planners can point to where and to what degree the U.S. had an advantage over China. Additionally, U.S. planners can highlight areas where the U.S. must demand compliance and areas where the U.S. must temper these demands.

If the U.S. is to maintain the advantages it possesses, policy planners must remedy past policy mistakes such as unconditionally delinking MFN status from compliance with human rights demands. The U.S. must recognize when its vital interests are at stake and take action to protect them. Protecting trade by requiring China to limit the theft of intellectual property is an example of an area where the U.S. must act. U.S. policy planners must also take advantage of any common ground they share with China's policy planners on these issues.

While crafting a coordinated policy of engagement toward China, U.S. policy planners should keep two very important considerations in mind. First, they must treat China as an equal power. China is a great power in Asia and will soon be a great world power. To ignore or refute this fact can only lead to trouble. China has stood up and will not abandon its rightful place among the world's great powers. Second, even though U.S. policy planners will find it difficult to obtain compliance initially, they must craft a policy that requires China to adhere to a reasonable set of international standards. The key to making this work is to strike a balance between demanding total compliance with these standards and allowing no compliance at all. U.S. policy planners must remember these two considerations if the U.S. hopes to continue engaging China and avoid confronting it.

To help tie all of this together, the current (as of this writing) refusal by China to return the U.S. EP-3 and its crew is particularly illustrative. The U.S. has demanded the return of the aircraft and crew. China has (so far) refused to do this. Chinese demands for U.S. apologies have garnered U.S. expressions of regret over the loss of the Chinese pilot killed during a collision with the EP-3 but no U.S. apologies. Non-stop diplomatic efforts between the U.S. and China have failed to diffuse the situation. U.S. patience with China's intransigence is running low. Not unlike most disputes between nations, there seems to be no easy answer here.

The most problematic issue here is how to obtain the release of the aircraft and crew without either the U.S. or China making unacceptable concessions. This is a perfect case where a coordinated policy of engagement will bear fruit. Additionally, U.S. interests and

China's interests can be satisfied if both nations cooperate rather than confront. Some of these acceptable concessions will benefit China but some will also benefit the U.S.

Central to this dispute is China's desire to keep U.S. reconnaissance aircraft out of the skies over the South China Sea. The fact that China has been increasingly aggressive in its "escort" activities points to an imbalance in national interests. Although the U.S. considers these reconnaissance flights as only one part of a comprehensive surveillance effort and thus a non-vital national interest, China considers these flights as a direct assault on a vital national interest, sovereignty of their territorial waters and the airspace above them.

The U.S. must employ a coordinated effort that employs all four elements of national power. Equally important, the U.S. must look at how the solution of this dispute will affect its long-term relationship with China. Each of the levers of power should be pulled but with varying degrees of pressure. The economic lever will be needed, but withdrawing U.S. approval of China's entry into the WTO will be counterproductive since China's WTO membership will help open its markets to U.S. products. The military lever will be needed, but direct action against China will only serve to further harden the PLA's position on the matter. The political and diplomatic lever will be needed and presents the most promising option here. Concessions and promises which do not affect vital U.S. national interests but play into China's interests and desires will serve to soften China's hard line. The psychological and moral persuasion lever (along with a robust information campaign) will also be needed to counteract the efforts of China's civilian and military leaders to paint the U.S. as the aggressor here.

While China's leaders are employing only the military power and political and diplomatic credibility elements of power, the U.S. must use all four elements of national power. An acceptable solution for the U.S. will be much more probable if we do not allow China to create an advantage where none exists. The result of this dispute will have a great influence on whether the U.S. is able to continue its engagement of China or whether it must begin to confront.

CONCLUSION

China will not moderate its current domestic and foreign policies and will develop into a challenging great power unless the U.S. takes steps to prevent this from happening. The influence of its "Century of Shame" and period of isolation, the success of its recent actions in the areas of human rights, Hong Kong, Taiwan, and the South China Sea, and the missteps of U.S. policy planners have pushed China in this direction. U.S. policy planners can help prevent this from happening if they adopt a coordinated policy of engagement toward China that treats

China as an equal power and includes China as an active participant in the future of the Pacific Rim.

The mindset that developed in China during the "Century of Shame" it suffered at the hands of England, Japan, the U.S., and other outside powers and the period of isolation it endured after it became a Communist state is crucial to understanding and dealing with China. During its "Century of Shame," China endured a series of humiliating treaties and concessions. China will not allow this to happen again. If the U.S. demands total and immediate compliance from China on any issue, China will resist our demands and label them as efforts to contain rather than engage. During its period of isolation, China underwent a series of privations caused by misguided internal reforms but chose to remain isolated rather than enter into another one-sided alliance as it had done with the USSR. If the U.S. presents China with a choice between renewed isolation or less control over its domestic and foreign policies, China is likely to choose renewed isolation (and increased confrontation) rather than risk loss of control over its own affairs.

China's recent pattern of misbehavior demonstrates its willingness to operate outside the bounds of responsible conduct and its unwillingness to adhere to a reasonable set of international standards. When pressed for moderation of its behavior, China has defended its actions by claiming that these are domestic issues and, therefore, not the business of outside powers or that these are issues where no misbehavior exists. China has justified abominable human rights abuses, the subversion of democracy in Hong Kong, missile shots to intimidate Taiwan, and encroachment on vital shipping lanes in the South China Sea with these excuses.

The current U.S. policy of comprehensive engagement toward China does not use all the advantages we have within the four elements of national power to moderate China's domestic and foreign policies. U.S. policy planers have misunderstood the importance economic prosperity has for not only the U.S. but also for China. This misunderstanding has given China an advantage in an element of national power where no advantage should exist. U.S. policy planners have allowed China to maintain unconditional trade without complying with reasonable requests for modification of its human rights record or protection of intellectual property. Additionally, they have overlooked the use of common ground that exists under the issues of theft of intellectual property and China's entry into the World Trade Organization as ways to help modify China's behavior.

U.S. advantages in the elements of military strength, political and diplomatic credibility, and psychological or moral persuasion have either been overestimated (U.S. military forces advantage over China's), underestimated (U.S. personal freedoms and the rule of law versus

China's oppressive autocracy), or misunderstood (U.S. policy planners' failure to recognize China's legitimate interests). If the U.S. is to engage China rather than confront it, then U.S. policy planners must employ all the advantages the U.S. has and must engage China continuously in all four elements. If U.S. policy planners disregard the advantages we have within an element, China will be able to negate these advantages or, even worse, gain an advantage for itself. If U.S. policy planners ignore one or more of these elements, China will be quick to gain an advantage in an element where it should have no advantage.

The requirement for a coordinated policy of engagement toward China will mean a change in the way the U.S. views China. China is no longer the sick man of Asia, an economically and militarily weak state that must do the bidding of Western powers. China is still not a superpower, but it is already the strongest power in Asia and will continue to grow more powerful. If the U.S. chooses to confront China and attempts to contain its power, it may be able to do so for the next decade but it can do so only with the commitment of large military forces. Containment in ten years may not be possible and efforts to contain now will serve only to antagonize China and ensure that it remains a challenging power.

The U.S. needs a coordinated policy of engagement toward China to prod it along the path toward cooperation. Maintaining a sense of China's history and its cultural values, holding China accountable for its actions, and using the advantages we possess in all four elements of national power will be the best way to keep China from developing into a challenging great power. Crafting a coordinated policy of engagement will be a difficult but necessary task for U.S. policy planners. Failure to do so now will only lead to a tougher challenge later.

Ultimately, the answer to whether China will become a challenging great power or a cooperative great power hinges on not only how the U.S. treats China but also on how China chooses to act. If the U.S. attempts to impose a set of values or attempts to demand obedience, China will resist these efforts and develop into a challenging power. Conversely, if the U.S. rewards compliance with a reasonable set of international standards and refrains from ignoring non-compliance with these standards, it will help China continue its transformation and is the best way to induce China into developing as a cooperative great power. The U.S. must not, however, allow China to threaten U.S. vital national security interests to preserve our policy of engagement. It takes two to engage. If China is unwilling to engage and chooses to confront, the U.S. will have no other choice than to confront. China is still a Communist regime with fundamental ideological differences from the U.S. If China's policy planners perceive the U.S. as weak, they are apt to translate that perception into aggressive actions. U.S. policy planners can reduce the chance this will occur if they make it clear to China that the best course

of action is one of cooperation. This will, of course, require resolve and a firm hand when China misbehaves. Far too many U.S. interests are at stake here. If China refuses to act responsibly, the U.S. must take immediate and forceful action to protect its vital interests in the Pacific Rim.

WORD COUNT = 15,833

ENDNOTES

[1]China has supplanted Japan as the major power in Asia although not as the U.S.'s main ally there. U.S. policy planners now face the delicate problem of maintaining good U.S. relations with Japan while recognizing China's position in Asia.

[2]William J. Clinton, A National Security Strategy for a New Century (Washington, D.C.: The White House, December 1999), 4.

[3]Immanuel C.Y. Hsu, The Rise of Modern China (New York, NY: Oxford University Press, 1970), 3-4.

[4]Robin McKown, The Opium War in China: 1840-1842 (New York, NY: Franklin Watts Inc, 1974), 12-13.

[5]Daniel Williams, "Marco Polo, Con Man? Assailing the Legend." Washington Post, 23 March 1996, A1. Recent assertions that Marco Polo may not have made his trek to China do not dismiss the fact that Europeans who did travel to China made the journey by land routes until De Gama's discovery. The sea route provided more than just an alternative to the land route. It provided the Europeans with a way to bring their military might to China.

[6]McKown, 18-22. The company vessels, known as East Indiamen, carried up to forty-eight guns and qualified as warships.

[7]Although the trade was not even, it was still immensely profitable for the Company and its crews. Ironically, we have the same situation now. The balance of payments is in favor of China but the individual U.S. Corporations who profit from today's version of the "China trade" lobby to maintain it.

[8]Hsu, 187. The country traders, originating in India, accounted for 30 per cent of all British trade at the port of Canton between 1764 and 1800.

[9]Wolfram Eberhard, A History of China (Berkeley, CA: University of California Press, 1960), 285-286.

[10]Hsu, 231-237; and McKown, 43-59.

[11]In 1899, the U.S. proposed the Open Door Policy to lessen restrictions to trade caused by these spheres of influence. This policy sought to protect equal privileges among nations trading with China and to support Chinese territorial and administrative integrity. These measures were not as altruistic as they might seem. U.S. interest in the Pacific Rim had increased when Spain ceded Hawaii, Guam, and the Philippines to the U.S. at the conclusion of the Spanish-American War (1898). The U.S. also wanted to sell textiles to China as a way to recover from the economic depression of the 1890s. The U.S. had not been as aggressive as other powers in carving out spheres of influence in China and needed a pretense for opening up China's markets. The U.S. Secretary of State, John Hay, circulated the Open Door policy to the six nations with spheres of influence in China. The policy provided free access to all treaty ports for all powers, limited taxing authority to the Chinese, and gave no exemptions from harbor or railroad levies within a power's sphere of influence. Despite these measures, China continued to lose control over its internal affairs. This loss of control culminated when Japan seized

Manchuria and large portions of coastal China during the second Sino-Japanese War (1937-1945).

[12]McKown, 59-60. The terms "Century of Shame," "Century of Humiliation," and "Century of Unequal Treaties" all refer to the hundred-plus years from the signing of the Treaty of Nanking to the establishment of the Peoples Republic of China.

[13]When Mao stated "the Chinese people have stood up" from the top of the Tiananmen gate in Beijing during the founding ceremonies of the Peoples Republic of China on 1 October 1949, it was an appeal to Chinese nationalism. Ironically, the first real test for China occurred outside of its borders.

[14]Walter Pincus, "Papers Show Mao Wary of Korean War," Washington Post, 20 December 1995, A27-A28.

[15]Sergi N. Goncharov, John W. Lewis, and Xue Lital, The Marriage of Mao and Stalin, Uncertain Partners: Stalin, Mao, and the Korean War (Palo Alto, CA: Stanford University Press, 1994), 23-37.

[16]Jane Hamilton-Merritt, "The Marriage of Mao and Stalin," Los Angeles Times, 24 April 1994, 8.

[17]R.J. Rummel, China's Bloody Century: Genocide and Mass Murder Since 1900 (New Brunswick, NJ: Transaction Publishers, 1991), 219-266 and Beth Duff-Brown, "Scholars Continue to Reveal Mao's Monstrosities," Los Angeles Times, 20 November 1994, A8. Deaths from execution, starvation, malnutrition-induced disease, and politically motivated murder are included in this category. In an interview with Chen Yizi, a former Communist Party official turned dissident, who is now living in the U.S., he reveals the enormity of the death toll during this period. Using smuggled government documents, Chinese population statistics, and interviews with police and residents of four of China's rural provinces, Chen estimates that as many as 43 million Chinese died during the famine that followed the failed Great Leap Forward. One particularly grisly episode occurred when the government officials encouraged the residents of several rural provinces to use cannibalism as a means to survive and as a way to punish political offenders.

[18]Duff-Brown, A8. The crackdown on the pro-democracy demonstrators in Tiananmen Square in 1989 forced some Communist Party members who were sympathetic to the pro-democracy movement to flee the country. When they left they took many secret documents that reveal the enormity of the loss of life under Mao.

[19]Rone Tempest, "Chinese Activists Trade Dreams of '89 for Careers," Los Angeles Times, 2 June 1994, A-1 and John Simpson, "Confessions' by Activist Harry Wu Point Only to Beijing's Insecurity," Christian Science Monitor, 9 August 1995, 19. Units of the Peoples Liberation Army (PLA) conducted the crackdown on the Tiananmen demonstrators. The blame for this embarrassing incident has been given to Li Peng, China's premier and head of the armed forces. After the incident, Li attempted to save face first by defending the crackdown on its own merits and then by releasing a bogus video that purported to show journalists supplying gun money to the demonstrators.

[20]Frank Ching, "China: Fear No Longer Prevalent," Far Eastern Economic Review, 8 February 1996, 31. Chinese citizens do have these freedoms "officially." In reality, judges routinely deny these rights to citizens under whatever pretext suits the situation. An example of this occurred when dissident Wei Jingsheng wrote an open letter to Deng Xiaoping that was published in the Hong Kong newspaper "Ming Pao" in 1993. Wei's letter advocated self-determination for Tibet. For voicing this opinion, Wei was charged with the crime of advocating the separation of Tibet from China.

[21]Thomas W. Lippman, "Rights Report Questions U.S. Policy on China," Washington Post, 6 March 1999, A4. Human Rights Watch/Asia, a New York-based agency that reports human rights abuses throughout Asia, has reported on the practice of removing organs from executed political prisoners in China. These organs are either sold to organ banks or used to replace failed organs in high-ranking PLA officers or Communist Party officials.

[22]Ian Williams, China Sells Organs of Slain Convicts," The Observer, 10 December 2000, A1. While the sale of organs removed from executed political prisoners continues, Chinese officials have moved to limit reports of this practice by the press. After releasing a comic strip that showed two Chinese prison guards discussing why they no longer beat the prisoners (so as not to damage the kidneys that are worth $30,000 each), cartoonist Larry Feign lost his job with the South China Post. The newspaper, published in Hong Kong, had been sold by Rupert Murdoch to Robert Kuok, a wealthy Malaysian Chinese businessman and friend of Chinese President Jiang Zemin, just prior to Feign's firing.

[23]China's government uses the imprisonment of dissidents as a double-edged sword. One edge is used to intimidate its citizens and reduce calls for democratization. The other is used to aid its foreign policy through the selective imprisonment or release of prisoners at opportune moments during negotiations. The two most prominent victims of these practices are Wei Jingsheng, leader of the 1979 Democracy Wall movement and Harry Wu, a naturalized American citizen who has documented the trafficking of human organs in China's forced labor prisons. Neither of these men are strangers to China's justice system. Wei served all but six months of a 15-year prison term for his pro-democracy stance. China released Wei in 1993 when it was trying to demonstrate progress in its human rights reforms while it lobbied for the 2000 summer Olympics. Harry Wu served 19 years in prison labor camps after he criticized China's support of the 1956 Soviet invasion of Hungary. After his release from prison, Wu became a U.S. citizen but has returned to China on numerous occasions to uncover human rights abuses. China's actions toward Wei and Harry Wu show clearly its unwillingness to yield to pressure over its repressive legal system. In 1994, Chinese police rearrested Wei less than a year after he had left prison on parole. Authorities held him incommunicado and without bringing formal charges for almost 21 months. After finally bringing formal charges, they tried and convicted him of plotting to overthrow the government. For this "crime" he received a sentence of an additional 14 years in prison. In 1995, Chinese border guards arrested Harry Wu when he attempted to enter China through Kazakhstan. At the time of his arrest, he had a valid U.S. passport and Chinese visa. China tried and convicted Harry Wu of spying. He received a sentence of 15 years in prison and expulsion from China.

[24]Richard S. Ehrlich, "Chinese Torture Tibetans Trying to Escape," Washington Times, 20 January 1996, A7. In 1995, Amnesty International stepped up its call for sanctions against Beijing following reports of torture, rape, and sexual abuse of Tibetan nuns. The nuns and other Tibetans had been abused while in custody for promoting human rights and Tibetan self-determination. Tibetan women joined with women from other nations at the United Nations

Conference on Women held in Beijing. Genocide and forced abortions were documented during the conference and added to the list of abuses inflicted on the Tibetans by the Chinese.

[25]One of the measures taken by China in Tibet to eliminate competing organizations was the elimination of most Buddhist clergy. During 1959 and 1960, China closed Buddhist monasteries throughout Tibet. Tens of thousands of Buddhist monks were rounded up and shipped off to labor camps in China proper. Most of the monks perished under the strain of harsh physical labor or were executed by their captors. The Chinese were attempting to control the ideology of the Tibetan population by removing their spiritual leadership. In a recent effort to quell criticism of their actions in Tibet, the Chinese have allowed some monasteries to be rebuilt. The monasteries remain standing only so long as the monks and Tibetan worshippers refrain from demonstrating against China's presence in Tibet.

[26]H.D.S. Greenway, "The Case of the Dueling Lamas" Boston Globe, 31 January 2001, A16. The sanctuary provided to the Dalai Lama by India has strained relations between India and China. China has declared the Dalai Lama's choice for his successor invalid and forced the senior Tibetan monks to select a new Panchen Lama. The new Panchen Lama is supposed to fill a vacancy created when the previous Panchen Lama died in 1989. However, by controlling the education of the new Panchen Lama, China hopes to weaken further the unity of the Tibetans and assert increased control over all aspects of the Tibetans' lives.

[27]Richard Madsen, "Understanding Falun Gong," Current History (September 2000), 246.

[28] "Falun Gong Blamed for 24 Deaths, Injuries in Inner Mongolia," Xinhua News Agency, 13 January 2001, A9.

[29]Madsen, 243-246. In addition to the problems the Falun Gong faces in China, world reaction to its plight has been less than overwhelming. Part of this stems from the fact that the Falun Gong is seen as a false religion. Although technically true (Falun Gong is actually a health movement), its members have been denied their basic rights to assemble peaceably and express their opinions regardless of whether it is or is not a religion. Another part of the problem is that Falun Gong is seen as homophobic and anti-feminist because of its traditionalist teachings.

[30]Xinbo Wu, "China as a Cooperative Power," Lecture Presented at the National Defense University 1996 Pacific Symposium. Washington, DC, 14 February 1996, 5.

[31]Michael Kelly, "Engagement's Unseeing Eye," Washington Post, 28 February 2001, A25. The U. S. continues to curry favor with China's business community despite China's dismal human rights record. In the most recent report on human rights abuses, the U.S. State Department accused the Chinese government of extrajudicial killings, the use of torture, forced confessions, arbitrary arrest and detention, the mistreatment of prisoners, lengthy incommunicado detention, and denial of due process.

[32]The Sino-British Joint Declaration on the Future of Hong Kong was the basic agreement for the transfer of Hong Kong's sovereignty from Great Britain to the Peoples Republic of China.

[33]Sheila Tefft, "Beijing OKs Economic Steps in Hong Kong, Nixes Democracy," Christian Science Monitor, 30 June 1994, 5.

[34]Ching, "China Interfering in Hong Kong," Far Eastern Economic Review, 28 December 1995 and 4 January 1996, 31.

[35]Keith B. Richburg, "Chinese Muscle-Flexing Puts Hong Kong Under Pessimistic Pall," Washington Post, 26 December 1995, A31.

[36]Michael Sheridan, "Secret Files Reveal Tiananmen Panic," The (London) Sunday Times, 7 January 2001, A16. In addition to the panic that China's leaders felt in the aftermath of the Tiananmen massacre, a need for prevent another debacle arose. Jiang Zemin especially saw the need to keep these demonstrations from occurring. He initially took steps to limit freedoms in Hong Kong as part of this prevention program but has backed off on some of these restrictions as a way of showing China's "good will" in the area of human rights.

[37]The Hong Kong Bill of Rights, adopted by the British during their colonial rule, is similar to the U.S. Bill of Rights. It is part of the Basic Law, the document that is serving as the constitution for the Hong Kong Special Administrative Region.

[38]Richburg, A31. If China ignores the tenets of the Hong Kong Bill of Rights it will send a very clear signal to Taiwan and others about China's intent to ignore the idea of "one country, two systems". Prior to the transfer of sovereignty two developments cast doubt on China's resolve to abide by the Joint Declaration. In November 1995, Hong Kong's Legislative Council (Legco) voted to condemn several of China's actions. Legco, which had gained a surprising democratic majority in elections held two months earlier, passed the motion to condemn by a vote of 40-15. China's reaction to Legco's condemnation was swift and severe. China stated that Legco had no right to discuss the Bill of Rights and that they would disband Legco and replace it with a new legislative body after the transfer of sovereignty. China took another step to limit autonomy and basic freedoms when it selected the Preparatory Committee in December 1995. This committee oversaw the transition of sovereignty and was tasked with protecting the interest of all parties during the transition. Hong Kong's Democratic Party members were notable by their absence. The 150-member committee did include 94 residents of Hong Kong. Unfortunately for Hong Kong, the colony's powerful pro-China business community accounted for the bulk of these selections. China selected only 14 of Hong Kong's elected officials, all from pro-China or pro-business parties, to be part of this committee.

[39]Ching, "Time Running Out as 1997 Nears," Far Eastern Economic Review, 25 January 1996, 31.

[40]Tony Walker, "China Displays Crack Troops to be on Duty in Hong Kong," Washington Times, 29 January 1996, A14.

[41]Alvin Y. So, "Hong Kong's Problematic Democratic Transition: Dependency or Business Hegemony," The Journal of Asian Studies (May 2000), 375.

[42]Richburg, "Britain Tells Hong Kong Not to Count on London," Washington Post, 13 January 1996, A16; and Richburg, "Major Strongly Backs Hong Kong," Washington Post, 5 March 1996, A14. Despite what the second headline might imply, Britain had no intention of

interfering with China's heavy-handed tactics in Hong Kong. Britain's Prime Minister John Major's assurances to Hong Kong's residents consisted of pledges to "mobilize the international community" and to pursue unspecified "legal avenues" to force China to abide by the Joint Agreement. The U.S. must not allow a recalcitrant China the latitude to bully Hong Kong without suffering more consequence than Britain proposed.

[43]Harvey Feldman, "Taiwan's Year of Living Dangerously," Washington Times, 28 February 1996, A19. One reason for China's resentment of Taiwan is the difference in the standard of living between the two. Taiwan's per-capita income rose to $12,500 last year while China's rose to only $500. China's leaders fear that Taiwan's example will lead to increased demands for democratization and economic reform on the mainland.

[44]Senior Colonel Wang Zhongchun, "Across-Strait Relations and China's Reunification," lecture presented at the National Defense University 1996 Pacific Symposium, Washington, DC, 13 February 1996.

[45]This statement, which is attributed to former President Richard M. Nixon, was taken from remarks made by Senator Frank Murkowski, R-Alaska, on the Senate floor on 6 March 1996. The exact words used by Sen. Murkowski to quote President Nixon were, in fact, "Asia could not progress if China remained isolated."

[46]Jim Mann, "China Seeks to Check Taiwan in U.S. Talks," Los Angeles Times, 3 February 2001, 1.

[47]Lucia Mouat, "Taiwan Looks for a Seat in the House of Nations," Christian Science Monitor, 25 August 1994, 7. The idea of allowing one nation to have more than one U.N. seat is not without precedent. When the U.N. was formed in 1945, the USSR was granted 3 seats, one for itself and one each for the Ukraine SSR and the Byelorussia SSR.

[48]Michael Dobbs, "Chinese Revert to Mao Formula in New War of Nerves on Taiwan," Washington Post, 16 March 1996, A20; and Sheila Tefft, "China's Shot Across the Bow of Taiwan Riles Asians," Christian Science Monitor, 24 July 1995, 6.

[49]Dobbs and Jeffrey Smith, "Second Carrier Group Sends a Clear Signal," Washington Post, 12 March 1996, A8.

[50]Winberg Chai, "Relations between the Chinese Mainland and Taiwan: PRC White Paper, February 2000," Asian Affairs: An American Review (Spring 2000), 37-54. China views the reunification of Taiwan as the "fundamental interest of the Chinese nation". Not surprisingly, former Taiwanese President Lee Teng-hui's July 1999 statement that negotiations between China and Taiwan must be based on a "special state-to-state relationship" has been the cause for great alarm in China.

[51]John Pomfret, "China Lobbies to Block an Arms Sale to Taiwan," Washington Post, 3 March 2001, A14. The U.S. is committed to helping Taiwan maintain its defenses, but not to a specific pledge to intervene if Taiwan is attacked by China. Conversely, the U.S. has made it clear to China that it may intervene.

[52]China and at least one of the parties in the Spratly dispute claim three other areas in the South China Sea, the Paracel Islands, Gulf of Tonkin, and Pratus Island/Macclesfield Bank. Although the potential exists for armed conflict in all four areas, the Spratly Island claims are the most complicated and the most likely location for Chinese military action.

[53]Richard E. Hull, "The South China Sea: Future Source of Prosperity or Conflict in South East Asia?" Strategic Forum no.60 (February 1996), 3.

[54]Clinton, 12. Freedom of navigation falls into the category of vital national interests. These interests ". . . are of broad overriding importance to the survival, security and vitality of our national entity--the defense of U.S. territory, citizens, allies, and economic well-being."

[55]Mark J. Valencia, "China and the South China Sea Disputes," Adelphi Paper 298, International Institute for Strategic Studies (New York: 1995), 8-11.

[56]Abby Tan, "China Tries to Hide Its Land Grab But Manila Pulls Back the Curtain," Christian Science Monitor, 19 May 1995, 6; and "Oil Boom Makes Waves in South China Sea," Los Angeles Times, 3 April 1995, D-5. Itu Aba Island, claimed and occupied by Taiwan, is the largest island in the Spratlys. Taiwan has constructed a runway there and maintains a permanent garrison of Marines on the island. Should China attempt to capture this island, there will be no doubt as to its intention to bring the South China Sea under its control.

[57]Valencia, 14-15 and 23-24. Qian's statement about China's intentions not to impede freedom of navigation is a safe one to make at this time. China's naval and air forces do not yet have the capability to interfere with freedom of navigation in the South China Sea, but they are rapidly approaching that capability. Recent construction of a military base and airfield on Woody Island in the Paracels has extended the range of China's SU-27 and SU-30 fighter bombers well into the South China Sea. However, without surface ships to work in concert with these aircraft, China still lacks the staying power to effectively interdict the sea lanes there.

[58]Dale McFeatters, "Potential Pacific Flashpoint," Washington Times, 25 February 1996, A12.

[59]Nayan Chanda, "Long Shadow," Far Eastern Economic Review, 28 December 1995 and 4 January 1996, 17-18. Both Vietnam and the Philippines are taking steps to deal with China's plan to expand its sphere of influence into the South China Sea. Both Vietnam and the Philippines have experience with Chinese aggression there and would like to avoid any further armed confrontations.

[60]Mohamed Jawhar Hassan, "The South China Sea: Mitigating the Conflict Potential," lecture presented at the National Defense University 1996 Pacific Symposium. Washington, DC, 14 February 1996.

[61]One example of this occurred in 1951 when Premier Zhou En Lai lodged a formal protest with the Japanese government over the wording of the draft Japanese Peace Treaty. He did not object to Japan's renouncement of sovereignty but did object to their failure to specify new ownership of the Spratly and Paracel Islands.

[62]Valencia, 13.

[63] George Moffett, "Why U.S. Keeps Hands Off on Spratly Dispute," Christian Science Monitor, 17 March 1995, 6; and Valencia, 25-30.

[64]Xinbo Wu, "U.S. Security Policy in Asia: Implications for China-U.S. Relations," Contemporary Southeast Asia (December 2000), 480-481.

[65]Tucker, Nancy Bernkopf, "A Precarious Balance: Clinton and China," Current History (September 1998), 244-245.

[66]Thomas L. Wilborn, "International Politics in Northeast Asia: The China-Japan-United States Strategic Triangle," Strategic Studies Institute Monograph (Carlisle, PA: USAWC, 21 March 1996), 50-51.

[67]For the purpose of this examination, I will use these four elements of national power: economic prosperity, military strength, political and diplomatic credibility, and psychological or moral persuasion. Although these elements differ somewhat from the currently espoused elements of national power by not including information as a separate element of power and by including psychological or moral persuasion, I believe they more closely capture the dynamics within the strategic relationship between the U.S. and China.

[68]Sandra Sugawara, "China Market Set to Eclipse Its Neighbors," Washington Post, 18 March 1996, A1.

[69]Paul Blustein and R. Jeffrey Smith, "Economic, Political Concerns Put Clinton on the Spot in China Policy," Washington Post, 11 February 1996, A26; and James Gerstenzang, "Hollings Says He'll Block Vote on Trade Pact," Los Angeles Times, 29 September 1994, A-1.

[70]The concept of a centralized government and a de-centralized economy in China does not mitigate the central government's influence on what goods are imported and exported. Tariffs, importation quotas, and other measures all influence the type of production that takes place in China and the type of goods that enter China from abroad. State run organizations (SROs), most notably those involving the PLA, have a great effect on China's trade practices. Overall, these influences determine the nature of trade between the U.S. and China.

[71]Tucker, 243-249. Although the multi-faceted aspects of U.S. foreign policy tend to blur basic issues, U.S. policy planners must understand where the ground truth lies. If China continues to have its way within the element of economic prosperity, this will undercut efforts in all of the other elements of national power. If, for example, the U.S. maintains permanent Normal Trade Relations with China, there can be no linkage of this element of power to the other elements and, therefore, no coordinated engagement of China.

[72]Greg Mastel, "Piracy in China: No Mickey Mouse Issue," Washington Post, 15 February 1996, A14.

[73]Tucker, 246.

[74]Part of the problem the U.S. faces with the theft of intellectual property is that in China copying is neither condemned nor illegal. Traditionally, apprentices of master Chinese artists were trained to copy their masters' works as closely as possible. Doing so is considered acceptable and part of a time-honored learning process. This culturally acceptable behavior provides an incentive to train copiers and diminishes any guilt associated with the process. Another problem is the decentralization of control over the factories where the piracy occurs. Until very recently, China's central government has been unwilling to expend much effort to stop the theft of intellectual property because of a shortage in manpower and the low priority it placed on stopping this practice.

[75]Matt Forney, "Now We Get It," Far Eastern Economic Review, 15 February 1996, 40-42. In this article, the author points out how China also loses from the practice of copying music CDs. In a demonstration of support of copyright laws, Chinese officials staged a public display of the destruction of several thousand CDs produced at an SRO factory. Despite this step in the right direction, most SROs are protected from this type of action by their relationship to the PLA.

[76] Bill Gertz, "Gen. Shelton Sees China as Growing Threat to U.S.," Washington Times, 15 December 2000, A1. Despite the alarmist tones of this article, it is true that China is taking steps to bring its military out of the past and into the future. The recent redistribution of funding from the PLA (China's Army) to the PLAN (China's Navy) and the PLAAF (China's Air Force) indicates a commitment to modernize China's military and provide it with the capacity to project power outside its borders.

[77]The unwillingness of Japan and other Asian nations to openly support Taiwan by speaking out against China's actions points out an inherent weakness in the U.S. policy toward China. Without cooperative security agreements, no other Pacific Rim nation has the individual strength to challenge China for fear of retaliation. As it stands now, only the U.S. has the strength to do so and must stand alone against China.

[78]These efforts have established China's military as a force to be reckoned with throughout Asia. The People's Republic of China has the largest military force in the world. With 2,930,000 members, it dwarfs the military force of the U.S. in sheer numbers. The U.S. maintains a major advantage in quality of training and weaponry but China is closing the gap. China's military force is made up of the Peoples Liberation Army (PLA), the Peoples Liberation Army Navy (PLAN), and the Peoples Liberation Army Air Force (PLAAF). The PLA is considered the senior service and has the vast majority of China's uniformed personnel (2,3000,000).

[79]Elaine Kurtenbach, "China Plans Military Spending Hike," Washington Post, 6 March 2001, A21. Because labor costs are a high percentage of any military budget, a true comparison between the U.S. and Chinese military budgets should take this into account. When the difference between Chinese military and U.S. military salaries are factored into the comparison, China's actual defense spending, in Western terms, is approximately $130 billion. This is still much less than the U.S. military budget of approximately $280 billion but, unlike the U.S. defense budget, China's defense spending is increasing with no limit in sight. Additionally, the military generates profits from its vast commercial operations throughout China. The PLA operates hotels, karaoke bars, factories, shops, and agricultural enterprises. The PLAN operates a shipping fleet and several construction companies. The PLAAF has its own airline that controls close to forty domestic air routes. These operations have made the Chinese military the largest economic conglomerate in China and one of the largest in all of Asia.

[80]Larry M. Wortzel, "China's Military Potential," Strategic Studies Institute Monograph (Carlisle, PA: USAWC, 2 October 1998), 13-14. The Chinese military has acquired several major weapons systems from Russia. These include the T-80U main battle tank, the S300V "Patriotski" anti-missile system, the BMP-3 advanced armored personnel carrier, the Smertch multiple launch rocket system, and the 152mm self-propelled howitzer. Coupled with a robust indigenous surface ship and submarine manufacturing program, the Chinese military is moving rapidly toward its goal of modernization.

[81]Several minor confrontations between U.S. and Chinese forces in international waters point to China's increased willingness to confront U.S. naval forces in and around the South China Sea. During one of these incidents, a Chinese submarine employed sound deadening technology to temporarily evade detection by the USS Kitty Hawk battle group while in international waters. This may signal China's willingness to challenge U.S. naval superiority in the region. Additionally, there have been several aerial standoffs between U.S. and Chinese warplanes in this region.

[82]Andrew Scobell, "Chinese Army Building in the Era of Jiang Zemin," Strategic Studies Institute Monograph (Carlisle, PA: USAWC, August 2000), 6-7 and Gertz, "Beijing Using Front Companies to Grab U.S. Arms Technology," Washington Times, 26 January 2001, A9.

[83]Lawrence T. Di Rita, "How the U.S. Aids China's Military," Washington Times, 7 March 1996, A8.

[84]Z. Khalilzad et al., "The United States and a Rising China: Strategic and Military Implications," (Washington DC: RAND, 1999), 88. For the last two decades, China has developed at unparalleled speed. But, it began from a very low base. China still has a lot of catching up to do before it can be a credible opponent to the U.S. in Asia. However, China is putting enormous efforts into modernizing its military and will eventually rival the U.S. for military hegemony in Asia.

[85]Admiral Dennis C. Blair, Commander in Chief, U.S. Pacific Command Press Conference, Beijing, PRC, 15 March 2001. During the press conference, Admiral Blair stressed the importance of military to military contacts while expressing his desire for reciprocity in these contacts. U.S. policy planners must be adroit in their efforts here. Despite assurances to the contrary, China's leadership elite remain convinced that the U.S. and other Pacific Rim nations are intent on containing China. Additionally, the lessons of history should not be ignored. Attempts to contain Germany at the turn of the century by England, France, and Russia led to World War I.

[86]Dario Agnote, "China to Continue Military Buildup in Spratley Islands," Washington Times, 22 October 1999, A8. With the exodus of Soviet (now Russian) and U.S. military power from the South China Sea, China is not the only actor on the scene. India, itself another developing military power, recently has engaged in joint naval exercises with Vietnam, itself a South China Sea and Spratley Islands claimant. Although India has no designs on the Spratley Islands, the presence of its blue water navy and/or its naval air forces in the South China Sea indicate its willingness to assert freedom of navigation/right of innocent passage for its navy and commercial shipping and could provoke a response from China.

[87]Wilborn, 9. China resents the U.S. role in northeast Asia and views U.S. actions as containment rather than engagement.

[88]Despite Mr. Perry's statement to the contrary, China's leadership remains convinced that the U.S. and other Pacific Rim nations are intent on containing China.

[89]Wu, 12-13.

[90]Erik Eckholm, "China: Calling on Washington," New York Times, 7 February 2001, A16. China's top foreign policy official, Deputy Prime Minister Qian Qichen, is expected to pressure the Bush administration to "get onboard" the one China policy and keep from selling advanced weaponry to Taiwan.

[91]J. Mohan Malik, "China and the Nuclear Non-Proliferation Issue," Contemporary Southeast Asia, (December 2000), 456-463. The laws in question are the Symington, Pressler, and Glenn Amendments, the Iraq-Iran Arms Non-Proliferation Act, and the Nonproliferation Prevention Act. The treaty in question is the Treaty on the Non-Proliferation of Nuclear Weapons. Violation of these laws or the treaty is punishable by sanctions that vary from the denial of loans to the loss of trade for the offending nation.

[92]Even though both Devin T. Hagerty, "Nuclear Deterrence in South Asia," International Security, (Winter 1995/96), 79-114: and Seymour M. Hersh, "On the Nuclear Edge," New Yorker, 29 March 1993, 56-73 contend that India and Pakistan came very close to a nuclear exchange in 1990, China stills sees a nuclear Pakistan as a balance against India.

[93]Dianne L Smith, "Central Asia: A New Great Game," Strategic Studies Institute Monograph (Carlisle, PA: USAWC, 17 June 1996), 24-28. The Xinjiang-Uigher Autonomous Region (XUAR) in northwest China accounts for approximately one-sixth of China's land mass but has a population of only 15 million. Despite an aggressive Chinese resettlement program, 60% of the XUAR residents are Muslims. China has been courting the good will of this province and its Muslim neighbors (most notably Iran) by granting territorial concessions and religious freedoms to the residents of the XUAR.

[94]Ehrlich, A7.

[95]Gertz, "China Aids Pakistani, Rogue Missile Programs, CIA Says," Washington Times, 27 February 2001, A15. When confronted with the facts of the matter, U.S. officials initially sought to defuse the situation by stating that the company that sold uranium-enriching ring magnets to Pakistan may have done so without Chinese government approval. Now that this effort has failed, the U.S. administration has been forced to confront China with evidence of the sale. Whether or not the U.S. administration is willing to apply sanctions to China or Pakistan (or both) remains to be determined.

[96]Pomfret, "China's Generational Shift," Washington Post, 5 March 2001, A12. Hu's appointment as the president is part of a generational shift that may involve as many as six new members of the Chinese Politburo's seven-member Standing Committee. This "sea change" is part of a campaign that may move China away from its Revolutionary base and possibly allow it to make needed concessions as it attempts to become an actor on the world stage.

[97]One of the highlights of our National Security Strategy is the call to "The Power of Our Values." This paragraph, which has been (and has deserved to be) included in the last several iterations of our NSS states that underpinning our international leadership is the power of our democratic ideals and values. No similar document exists in the PRC.

[98]1985 Man of the Year, Deng Xiaoping, Time Magazine's Collectors Edition of Men, Women, and Ideas of the Year 1927-1993, New York: Time-Life Publishing Company, 1994.

[99]Michael D. Swaine, "Does China Have a Grand Strategy?" Current History (September 2000), 274-279. China's strategy combines internal and external concerns. Among these are a desire to preserve domestic order and well-being in the face of strife; provide defense against persistent external threats to sovereignty and territory, and to attain and maintain geopolitical influence as a major and perhaps primary state in the Asia-Pacific region.

[100]Philip P. Pan, "Top Judicial Officials Say China's Corruption Is Deep," Washington Post, 11 March 2001, A18. China's top judicial officials admit that their government remains hobbled by graft, bribery, and collusion with organized crime. Obviously, eliminating this type of corruption will give China's citizens better access to the legal system and will help them to air their grievances.

[101]On 27 December 1995, ironically just one day before the Beijing Higher People's Court rejected the appeal of dissident Wei Jingsheng's appeal and sentenced him to a 14-year prison term, Chinese officials issued a 23,000-word report detailing the progress of human rights in China. The report heralded progress in rights of appeal (notwithstanding the rejection of Wei's appeal), association, free speech, and compensation for unjust punishment.

[102]Swaine, 276-277.

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