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*China's Rising Power: Alternative U.S. National Security  
Strategies-Findings of a Seminar*

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Updated June 6, 1996

**Abstract.** Participants at a CRS seminar on May 13, 1996 judged that an effective U.S. strategy toward China needs to be seen in the context of a broader U.S. strategy in Asia—one seen to include a strong U.S. military, economic, and political presence, and requiring some degree of cooperation from important U.S. allies and friends in the region. Recommendations for U.S. policy focus on establishing a clear set of priorities that take account of U.S. interests along with Chinese concerns and those of U.S. allies, associates, and other interest third parties, especially in Asia. To formulate these policy priorities, and to help to ensure that they are met, requires careful and consistent high-level U.S. policy attention, including regular U.S.-PRC summit meetings. The fact that such meetings give considerable prestige to PRC leaders seen as illegitimate by many Americans poses perhaps an immediate dilemma for sustained U.S. efforts to deal with the rise of China.

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## China's Rising Power: Alternative U.S. National Security Strategies — Findings of a Seminar

June 6, 1996

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## **ABSTRACT**

This report summarizes the findings of a May 1996 CRS seminar that examined challenges posed for U.S. policy by the rising wealth and power of China, and alternative U.S. strategies to deal with China's rising power. A Clinton administration representative and four non-government experts discussed these subjects; together with other seminar participants, they reached general consensus on recommendations favoring a balanced U.S. policy of positive and negative incentives geared toward prolonged interaction with rising Chinese power in the context of careful U.S. leadership attention to nurturing the relative power and influence of the United States in Asian and world affairs. This report will not be updated.

# China's Rising Power: Alternative U.S. National Security Strategies — Findings of a Seminar

## Summary

Although recent development of China's wealth and power poses opportunities as well as challenges for U.S. policy, participants at a CRS seminar on dealing with China's rise focused on the challenges. China was seen as a very large, strategically located country undergoing rapid economic growth and social change, and ruled by authoritarian political leaders. Since the Maoist era, China has made great strides in conforming to many international norms, but a combination of rising Chinese power and nationalistic assertiveness has posed serious problems for: U.S. security interests in Asia; U.S. efforts to curb trafficking in technology for weapons of mass destruction and conventional weapons; U.S. support for a smooth running market based international economic systems; and U.S. backing of other international norms regarding human rights, environmental protection and other issues.

Seminar participants judged that historical experience suggests that the United States will be unable to reach any "grand bargain" or lasting solution to the China challenges. Rather, U.S. leaders will need to devote continuous high-level policy attention, issue by issue, case by case, in order both to deter Chinese assertiveness and to encourage Chinese accommodation to prevailing international practice. In so doing, the U.S. would be ill served to rely solely on policies designed to moderate Chinese assertiveness through accommodation and greater integration in world affairs. Although many are hopeful about the positive changes that could come from China's economic modernization and social change, positive changes could be long in coming. As a result, seminar participants urged U.S. policymakers to establish U.S. national goals vis-a-vis China, and clearly defined negative and positive incentives that would prompt PRC behavior more compatible with U.S. interests. At the same time, a U.S. policy of containment against China was seen as both premature and unworkable.

An effective U.S. strategy toward China needed to be seen in the context of a broader U.S. strategy in Asia -- one seen to include a strong U.S. military, economic and political presence, and requiring some degree of cooperation from important U.S. allies and friends in the region. Recommendations for U.S. policy focused on establishing a clear set of priorities that take account of U.S. interests along with Chinese concerns and those of U.S. allies, associates and other interested third parties, especially in Asia. To formulate these policy priorities, and to help to insure that they are met, requires careful and consistent high-level U.S. policy attention, including regular U.S.-PRC summit meetings. The fact that such meetings give considerable prestige to PRC leaders seen as illegitimate by many Americans posed perhaps an immediate dilemma for sustained U.S. efforts to deal with the rise of China.

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# China's Rising Power: Alternative U.S. National Security Strategies — Findings of a Seminar

## Introduction

China's provocative use of force in the Taiwan Strait to intimidate voters in Taiwan's first presidential election on March 23, 1996, headed the list of Beijing's deviations from U.S.-backed international norms in early 1996. Other contentious issues included the estimated \$2 billion in annual losses U.S. firms suffer as a result of China's continued and growing violations of U.S. intellectual property rights, despite past Chinese government agreement to halt such violations; China's reported continued close cooperation in Pakistan's widely noted effort to build a nuclear weapons capability; reports of China's sale of advanced surface-to-surface missiles and related technology to such troubled areas as Iran and Pakistan; and Beijing's hard-line stance toward any signs of political dissent or advocacy of greater human rights in China.<sup>1</sup>

Against the backdrop of a deluge of media and congressional criticism of China's actions and the Clinton Administration's avowed policy of comprehensive engagement with the People's Republic of China (PRC), the Administration toughened the U.S. posture toward China. Specific steps included deploying two U.S. carrier battle groups to the Taiwan area during the PRC military exercises in the region in March 1996; postponement of the planned visit of China's defense minister to the United States; temporary suspension on approval of U.S. Export-Import Bank financing for new U.S. projects in China, pending a thorough review of U.S. options to deal with reported Chinese exports of nuclear weapons technology; and other measures. The Administration endeavored to underline its dissatisfaction with recent Chinese behavior while trying to find common ground to sustain a longer term engagement with China, through a series of recent or anticipated discussions with senior PRC leaders. Notably, President Clinton reportedly sent a letter to China's leaders with newly appointed U.S. Ambassador James Sasser, requesting such a dialogue. The Chinese responded in part by sending in March 1996, the PRC State Council's senior foreign policy official to the United States for extensive discussion with executive branch and congressional leaders.<sup>2</sup>

Congressional opinion was not assuaged by the Administration's actions, and Congress sought additional measures to reinforce the U.S. posture against China's infractions of international norms. The House and Senate passed separate non-binding resolutions expressing support for Taiwan in the face of PRC intimidation.

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<sup>1</sup> For background, see, Kerry Dumbaugh, *China-U.S. Relations*, CRS Issue Brief 94002.

<sup>2</sup> Interviews with PRC Embassy and U.S. Government officials, March 1996.

Many Members, strongly concerned with Chinese infractions on nuclear and missile proliferation and on important trade issues like intellectual property rights, were adamant in hearings, public statements, and private communications with the Administration that more needed to be done in order to end Beijing's egregious violations of accepted world norms. For example, the House Committee on National Security along with the Senate Foreign Relations Committee held extensive hearings on China's military and national security challenges to U.S. interests. The House and the Senate also passed the 1996-1997 State Department authorization bill (HR 1561) that contained over one dozen provisions targeted directly or indirectly on strengthening U.S. opposition to PRC government practices, on issues ranging from Taiwan to Tibet, and from human rights to World Trade Organization (WTO) membership.

President Clinton vetoed HR 1561 and the veto was sustained by the House on April 30, 1996. After reaching an understanding with Chinese officials on reported Chinese exports of nuclear weapons related technology to Pakistan, the President in May 1996 lifted the suspension of U.S. Export Import Bank financing, but he also began formal procedures threatening over \$2 billion in trade sanctions unless China took further measures to curb intellectual property rights violations -- a deadline of June 17 was set. On May 20, 1996, the President announced that he would grant on June 3 the annual waiver that allows Chinese imports Most-Favored-Nation (MFN) tariff treatment by the United States, setting the stage for the annual congressional debate on the pros and cons of the move and on the broader direction of U.S. relations with China. Senate Majority Leader and Republican presidential candidate Bob Dole added to the debate with a speech on May 9 that was sharply critical of the Clinton Administration's "vacillation" on China Policy, though also supportive of continued MFN for Beijing.

In this context, the Congressional Research Service, at the request of the House National Security Committee and with the support of the National Committee on U.S.-China Relations, conducted a seminar on May 13, 1996. The topic was "Dealing With China: Alternative U.S. National Security Strategies." A Clinton Administration representative and four non-government experts offered diverse perspectives as to the challenges posed for the United States by China's rising power and influence in world affairs, and made recommendations for U.S. policy. The speakers and others who addressed the seminar gave their personal views under ground rules that their remarks would not be for personal attribution. The views expressed were those of the individual participants, not the sponsors. The speakers at the seminar were *Kurt Campbell*, Dept. of Defense; *Douglas Paal*, Asia Pacific Policy Center; *Jonathan Pollack*, RAND Corp; *Ezra Vogel*, Harvard University; *Arthur Waldron*, Naval War College.

## The Challenge of China

In the period immediately following the June 1989 Tiananmen incident and subsequent collapse of communist regimes in Europe and elsewhere, many journalists, analysts and other observers outside China judged that the communist

regime in China was destined for collapse.<sup>3</sup> Observers also sometimes warned of major retrogression in Chinese economic reforms, speculating that Beijing would feel compelled in the face of domestic and foreign pressure to revert to autarchic development policies of the Maoist past. These would reduce Chinese interdependence with other countries and substantially reduce China's incentive to avoid disruptive behavior in interaction with its neighbors and other world powers.

On balance, China's record in recent years has undercut the predictions of collapse or retrogression. The regime in Beijing has presided over a period of unprecedented growth in the Chinese economy. This growth has not only benefitted many in China, but has come at a time of lackluster growth in most other parts of the world. The result has been a period of unprecedented international investment in and interaction with the Chinese economy. When combined with Beijing's selectively accommodating posture in world affairs in recent years, the result has been to erode foreign sanctions and to enhance the international legitimacy of the Chinese leaders.

Nevertheless, analysis of key determinants of China's future shows a wide range of possible outcomes for China over the next few years. In particular, a good deal of the success of Beijing's efforts in recent years is attributed to the leadership of senior leader Deng Xiaoping. Deng's anticipated early demise means that a vacuum at the center of political power in China could lead to political struggles with possibly adverse outcomes for the country. The leadership transition is likely to complicate an already difficult set of problems of governance caused by dynamic economic growth, rapid social change, a realignment of central and local power arrangements and other factors. Also seen as complicating China's future is the rise of the Chinese military's influence on sensitive policy issues, including foreign policy; and the increasingly nationalistic tendency among Chinese leaders and people alike which seems to reduce Chinese flexibility in dealing with the United States and much of the outside world.

A positive scenario for China's future posits an effective administration and some political reform along with powerful economic modernization. Alternative outcomes are of two kinds. One sees a series of developments, including political changes, leading to degeneration of government effectiveness and authority with a range of negative effects on China's economic and social development. Another sees China developing formidable economic power while retaining strong authoritarian political control. This raises the possibility of an emerging Chinese economic and military superpower, less interested in accommodation with the outside world and unfettered by the political checks and balances that accompany less authoritarian political structures. It is the latter scenario that has received considerable attention in hearings and is the cause of particular concern on Capitol Hill.

Recent developments in China pose economic, cultural and other opportunities and the prospect of cooperation on global and regional issues, as well as challenges for the United States. The seminar participants, like much recent U.S. government, media and popular opinion, focused on the challenges to U.S. policy. China is seen as a very large strategically located country undergoing rapid economic growth and

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<sup>3</sup> See *China and Congress in 1992*, Kerry Dumbaugh, CRS Report 93-894F, October 12, 1993.

social change and ruled by an authoritarian political leadership. Strongly supported by "conservative" political, military and other constituencies in China, Chinese leaders are seen as determined to maintain their political power while pursuing a strongly nationalistic ideology emphasizing China's desire for greater international respect and recognition of China's territorial claims and aspirations for leadership in Asia and world affairs. Chinese leaders strive to make China a great power with broad international influence. Chinese capabilities to achieve great power remain limited in certain areas because of such factors as continued widespread poverty, population pressure and limited capability for military power projection. China's uncertain leadership transition is also seen as a source of potential weakness, as are the difficulties the authoritarian political leaders in Beijing are seen to face in trying to manage China's rapid, uneven economic and social changes. On balance, the participants at the seminar saw problems for U.S. policy focused heavily on China itself and nearby parts of Asia, although China is also seen to pose difficulties in other areas of U.S. policy concern.

The difficulties posed by China's search for wealth and power prompted one participant at the seminar to recall the many positive features for U.S. interests in China's approach to world affairs since the death of Mao Zedong 20 years ago. Chinese international policy changed markedly during the Maoist period (1949-1976). It moved from reliance on the USSR and strident opposition to the United States to a posture of strong opposition to both the U.S. and the USSR. Finally, their approach relied strategically on reconciliation with the United States to deal with the danger posed by the Soviet threat. These shifts were often accompanied by hostile and militant actions fundamentally threatening peace and stability in Asia and the broader international order.

After Mao died, Chinese leaders emphasized domestic policies of development that required markedly increased economic contacts abroad. These policies comported with Beijing's desire to sustain good relations with the West and avoid disruptions around the periphery of China that would complicate the Chinese drive toward modernization.<sup>4</sup>

On specific issues in foreign affairs, Chinese leaders generally adhered to the logic underlying the pragmatic trend in Chinese foreign policy seen in the post-Mao period:

- Post-Mao Chinese communist leaders need to foster a better economic life for the people of China in order to legitimize and justify their continued monopoly of political power. These leaders cannot rely, as Mao did, on enormous personal prestige as a successful revolutionary, or on the appeal of Communist ideology: they have little of Mao's prestige, and the appeal of Communist ideology is fading.
- China depends critically on foreign trade, and related foreign investment and assistance, for its economic development.

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<sup>4</sup> See among others, *China in World Affairs*, by Robert Sutter, CRS Report 95-265S, January 31, 1995, 19 p.

- China depends particularly heavily on its neighbors for aid, investment, and trade benefits, and on the United States to absorb its exports.
- Therefore, to buttress their political survival, post-Mao leaders emphasize their concern with maintaining a "peaceful" international environment, which assures continued trade, investment, and assistance flows so important to Chinese economic well being.

Chinese leaders put aside past ideas of autarchy and self-reliance and allowed the Chinese economy to become increasingly integrated into the world economy. They sought to avoid dependence on any one power by encouraging broad competition. Beijing made efforts to meet the requirements of the United States and others regarding market access, intellectual property rights and other economic issues, and strove to become a member of the GATT and a founding member of the World Trade Organization (WTO). Chinese leaders duly accepted commitments and responsibilities stemming from their participation with such international economic organizations as the World Bank, the Asian Development Bank and the Asian Pacific Economic Cooperation (APEC) forum.

Chinese leaders remained sensitive on issues of national sovereignty and were less accommodating on international security issues. They did adjust to world pressure when resistance appeared detrimental to broader Chinese concerns. Examples included Chinese cooperation with the international peace settlement in Cambodia in 1991; Beijing's willingness to join the Non-Proliferation Treaty and to consider halting nuclear tests by the end of 1996 under an international agreement banning nuclear tests; China's reported willingness to abide by terms of the Missile Technology Control Regime (MTCR); and the Chinese leaders' reportedly helpful efforts to assist the United States in reaching an agreement with North Korea in October 1994 over the latter's nuclear weapons program. Beijing also selectively sought to meet international expectations on other transnational issues like policing drug traffic, curbing international terrorism, and working to avoid further degradation of the world's environment.

As was noted in the seminar, it is easy to exaggerate the degree of Chinese accommodation to international concerns. Beijing's continued hard line against outside criticism of Chinese political authoritarianism and poor human rights record graphically illustrates the limits of Chinese accommodation. Continued Chinese transfer of sensitive military technology or dual use equipment to Pakistan, Iran and other potential flash points is widely criticized in the United States and elsewhere. And the Chinese political and military leaders are not reluctant to use rhetorical threats or demonstrations of military force in order to intimidate and deter those in sensitive areas like Taiwan, the South China Sea and Hong Kong, who are seen by Beijing as confronting its traditional territorial or nationalistic claims. These and other assertive Chinese actions may reflect a changing Chinese international calculus. Increasingly, Chinese leaders are seen as more confident in their international position of greater wealth and military power. The power vacuum in Asia caused by the collapse of the USSR combines with strong Chinese nationalistic ambitions to fuel a perceived PRC tendency to assert its interests in the face of opposition from the United States and others.

In short, Beijing has been widely seen as accommodating pragmatically to many international norms not because such accommodation is seen as inherently in China's interest. Rather, Beijing is said to view each issue on a case-by-case basis, calculating the costs and benefits of adherence to international norms in each case.<sup>5</sup>

Underlying the case-by-case approach is a rising sense of nationalism among Chinese leaders. Viewing the world as a highly competitive state centered system, Chinese leaders remain deeply suspicious of multilateralism and interdependence. Rather, they tend to see the world in more traditional balance-of-power terms, and therefore argue that the current world trend is more multi-polar (i.e. a number of competing nation states) than multilateral (a system where nation states sacrifice some of their independence and freedom of maneuver for the expected benefits of an interdependent international order governed by law).

Chinese suspicions of many multilateral efforts focus on the central role of the United States and the other developed countries. These nations are "setting the agenda" of most such multilateral regimes. They are accused of doing so to serve their own particular national interests and to give short shrift to the interests and concerns of newly emerging powers like China. As a result, many leaders in China see U.S. and other efforts to encourage or press China to conform to multilateral standards on international security, human rights and economic policies and practices as motivated by the established powers' fear of China's rise, their unwillingness to share power fairly with China, and their desire to "hold down" China -- to keep it weak and fragmented for as long as possible. In short, Chinese leaders are often predisposed to oppose the international status quo supported by the United States.

This mix of accommodation and assertiveness has combined with China's obviously growing power and importance to lead to a number of specific conflicts with United States foreign policy and security interests.<sup>6</sup>

a. **China's military power.** There appears to be a general agreement among specialists that China, at present, does not pose a major direct military threat to the United States. Its military, economic and other capabilities are seen as too limited to pose such a danger in the near future (5-10 years). U.S. and foreign analysts see potential for China to challenge and threaten the United States over the longer term

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<sup>5</sup> For example, Beijing saw by 1991 that maintaining its past support for the Khmer Rouge in Cambodia would be counterproductive regarding China's broader interests in achieving a favorable peace settlement in Cambodia and solidifying closer relations with the Association of Southeast Asian Nations (ASEAN) countries, Japan and the West -- all of whom saw continued Chinese aid as a serious obstacle to peace. By the same token, the U.S.-led international moratorium on nuclear testing had reached a point in 1994 that Beijing had to announce its decision to consider halting nuclear testing by the end of 1996, and join a comprehensive nuclear test ban, or risk major friction in its relations with the U.S., Japan, Western Europe and Russia.

<sup>6</sup> See among others, *China's Rising Military Power and Influence*, by Robert Sutter, CRS Report 96-66F, January 16, 1996. See also Council on Foreign Relations publications *Redressing the Balance: American Engagement in Asia*, 1996; and *Weaving the Net: Conditional Engagement With China*, 1996.

(20-plus years). Of the nations of the world, in their view, China is among the very few that have the mix of economic, political, human resource, and military factors that could produce the emergence of a superpower capable of directly challenging the United States in the first half of the 21st Century. China's rapid economic growth in recent years has been accompanied by a steady increase in military spending, reflecting in part the influence of the Chinese military on budget and policy issues. The overall impact of China's military buildup on justified U.S. policy concerns remains a subject of debate among U.S. specialists.

In the interim, the main danger to U.S. positions coming from China bears on U.S. interests in preserving and strengthening the peace and stability of the Asian-Pacific region. There is considerable debate among specialists as to whether or not China is likely to embark on an expansionist or more assertive course disruptive to stability in the area.

**b. China as a proliferator of weapons of mass destruction, manufacturing technology for such weapons, and related delivery systems.** Chinese military strategy against both the United States and the Soviet Union focused during much of the Maoist period (1949-1976) on developing reliable, hard-to-locate weapon systems of mass destruction -- i.e., nuclear missiles and bombs. These weapons gave Chinese leaders the option of a second strike against a stronger adversary and thus were seen to deter a feared preemptive nuclear attack, especially from the USSR. For many years, China shared such technology with a select group of countries, notably Pakistan, whose defense had a direct bearing on China's own national security. At the same time, China has a long record of selling materials, technology, and related expertise in these sensitive areas for profit.

In the past, U.S. and other western-aligned international observers tended to play down the consequences of these Chinese actions. They appeared more interested in sustaining a broadly cooperative relationship with Beijing in the Cold War competition with the Soviet Union. U.S. views changed markedly in the post-Cold War environment. This occurred especially after the 1991-1992 U.S.-led allied confrontation with Iraq, which was developing mass destruction weapons in order to dominate regional adversaries and world oil supplies. Fearful of having to confront authoritarian, expansionist leaders armed with nuclear or other mass destruction weapons and related delivery systems, U.S. officials now saw China's proliferation practices as a major threat to U.S. interests. American officials have had some success in recent years in leading international efforts to press China to adhere to international control regimes regarding nuclear weapons and related missile delivery systems. In this effort, they have used leverage provided by China's dependence on trade and other relations with the U.S. and other developed countries concerned with proliferation.

**c. China's economic rise.** The strength, size, and vibrancy of the Chinese economy has attracted positive international attention but also has caused considerable uneasiness among China's major trading partners. Although China's economy was large, though qualitatively weak, and grew rapidly in the Maoist period, the regime's "self reliant" development strategy meant that Chinese interaction with the world economy was limited and the consequences of developments in China for other nations were generally limited.

The post-Mao economic reforms have changed that situation. The Chinese economy is larger than ever and is growing at a rate surpassing that of the Maoist period and mirroring the rapid rise that some other Asian countries experienced during periods of economic "take off" in the latter 20th century. At the same time, the Chinese "open door" policies have put aside Maoist autarchy in favor of integrating the Chinese economy with the growing economies of Asia and the world. In the past 10 years, Chinese foreign trade and foreign investment in China have grown at rates far surpassing China's overall economic growth rate. The Chinese economy today statistically depends more on foreign trade than do the economies of other large countries like Russia, India and Brazil, and that dependency even surpasses that of Japan. China is now among the top 15 world traders and rising fast. Much of this trade stems from investment from inside China and from abroad in manufacturing industries designed to produce goods for export. To a considerable degree, China has become a manufacturing platform for exports to many countries of the world, with investment from Hong Kong and Taiwan being the major impetus behind this development.<sup>7</sup>

Analysts in Asia and the West sometimes see China's economic power and potential as a current or prospective threat to Asian stability or the stability of international commerce in certain commodities. On the one hand, Chinese leaders may choose to use this rapid economic growth to support military modernization and a more assertive policy toward China's neighbors. On the other hand, Chinese enterprises may choose to direct their sometimes state-supported manufacturing capabilities to world markets sensitive to the rest of Asia and the West.

In this view, the size, scope, and capabilities of the Chinese economy, when combined with the fact that the economic system in China remains subject to state control and direction in several important respects, means that China is seen as having a great ability to "surge." This involves targeting production in certain areas, dominating markets, and causing major disruption and dislocation for trading partners and competitors. Of course, the larger and more resilient world economies (e.g., the United States, Japan) doubtless are better able to adjust to Chinese growth, but others (e.g., Taiwan) may find themselves more vulnerable to a directed or predatory Chinese economic initiative.

Another challenge relates to the ability of Chinese authorities to divert foreign supplied technology from civilian to military use. Reports of such alleged diversions have led to investigations in Congress over the past year.

**d. China's challenge to other post-Cold War values.** Beijing's determined effort to sustain its authoritarian political regime is seen to defy U.S.-backed efforts, accentuated in the post-Cold War period, supporting greater pluralism, human rights and democracy. China's economic development could also come at the expense of its environment, which given the size of China, is sure to have a major impact on international efforts to curb suspected global warming, among other environmental concerns. As noted above, it is unclear whether the rise of China's wealth and power

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<sup>7</sup> See Central Intelligence Agency, *China's Economy in 1994 and 1995*, December, 1995.

will prompt Beijing leaders to be more or less accommodating to these widely shared values backed by the United States.

e. **The problem of a weakened China.** Although the potential problems and dangers noted above stem from the growth of China's wealth and power, analysts at the seminar and elsewhere have been careful to point to the dangers to Asian and international stability that could result from a markedly weakened China. The concern focuses on a possible breakdown in government authority in China, such as was seen in a number of Communist countries in recent years. The size and scope of problems in China suggest that such a breakdown could be accompanied by large scale economic dislocation, armed conflict, and massive outflows of migrants. For the crowded and often strongly homogeneous countries along China's eastern rim, and for the sparsely populated and poorly controlled countries to China's north and west, such outflows of migrants would pose a national security threat of the first order.

## Findings and Recommendations

The presentations and discussions at the seminar offered a somber picture for the United States as it faces the wide range of existing and potential challenges posed by China's rising power in the years ahead. There was general agreement that the United States needed to clarify U.S. goals vis-a-vis China and find practical ways both to engage China more fully in the current world system while deterring Chinese behavior adverse to U.S. interests. Policies of accommodation of China on the one hand, or strict constraints of China on the other were deemed to be inappropriate or unworkable. The panelists were in general agreement that the U.S. strategy toward China should be seen in the context of a broader U.S. strategy in Asia -- one requiring a strong U.S. military, economic, and political presence, and also requiring significant cooperation from important U.S. allies and friends in the region.

Recommendations for U.S. policy focused on establishing a clearer set of U.S. priorities that take account of U.S. interests along with Chinese concerns and those of interested third parties, especially in Asia. To formulate these policy priorities, and to help to insure that they are implemented, requires careful and consistent high-level U.S. policy attention, including regular U.S.-PRC summit meetings. It was acknowledged that such meetings, and the prestige they give to PRC leaders seen as illegitimate by many Americans, posed a difficult problem for U.S. policy as it endeavors to deal effectively with the rise of China.

## Lessons of History

China shows strong signs of emerging as the most important new world power in the early 21st century. In modern history, most instances of such rising powers have been accompanied by severe strains on the prevailing international system, often resulting in conflict. The size and importance of China, and its large influence on the strategically and economically important rimlands of the Pacific Basin prompted seminar participants repeatedly to emphasize the need for consistent and close U.S. policy attention to China for years to come. Given the wide differences in U.S. and Chinese leaders' values and world views, along with the relatively immature security, political and economic frameworks for the post-Cold War situation in Asia, specialists warned the U.S. not to expect any "grand bargain" regarding the future of the region and of China's role in it to be reached in the foreseeable future. More likely, in their view was a future characterized by the need for persistent U.S. efforts dealing case-by-case with issues as they arise and striving both to encourage China to engage more fully with and conform to the norms of the international system, and to deter China from taking action detrimental to accepted world norms.

## Limits of Engagement and Containment

Some seminar participants were hopeful that greater U.S. and other international engagement with China along with continued rapid economic and social change in China would lead to changes prompting Chinese leaders to conform more fully to international norms. Growing economic interdependence presumably would reduce China's incentive to challenge the interests of its important economic partners, while internal pressures stemming from modernization would presumably reduce the ability of the authoritarian regime to exert power in ways contrary to the interests of the Chinese people.

Nevertheless, it was duly acknowledged that the positive fruits of such a development process are not certain and could be long in coming. This is seen as especially relevant given the evident determination of China's current leaders to sustain political authoritarianism, and the slow and mixed record of such "peaceful evolution" in other parts of Asia. As a result, U.S. policymakers were urged by some participants to establish some clearly defined positive and negative incentives that would both prompt Chinese leaders to conform more to international norms backed by the United States and deter them from taking actions disruptive of such norms. Specific recommendations are discussed below.

On the other hand, a policy of U.S. containment of China was deemed unneeded and currently unworkable. For one thing, because of its economic strength, China is in a far different position than the USSR or Maoist China, when they were targets of U.S. containment strategies during the Cold War. In one sense, it was argued, it is already "too late" for the U.S. to consider containing China as the PRC in the past two decades has so broadened its economic and related political connections abroad as to make a policy of trying to isolate China unworkable. At the same time, it was argued, the challenges currently posed by China cannot be compared to the fundamental antagonism to the U.S. of the USSR or of Maoist China

during much of the Cold War. As noted above, some participants thought that China's record in world affairs shows increasing willingness to conform to U.S.-backed norms. While some Chinese doubtless harbor antagonistic intentions toward the United States, their freedom of action is constrained for now by realities of power and by the practical considerations of Beijing's search for greater wealth and power. At the same time, rising wealth and power, prevailing nationalistic sentiment, leadership uncertainty giving greater influence to military and other conservative leaders, and other trends could prompt more assertive and disruptive Chinese foreign policy behavior.

At this time, it remains unclear whether Beijing will in the future follow a path of confrontation or greater accommodation with world norms; seminar participants judged that the United States should wait to see which path is chosen, and try positively to influence the choice before the U.S. itself chooses a path of containment and confrontation. A U.S. effort to pursue a containment policy under current circumstances would likely get little support from allies and associates in Asia, who are wary of China and uncertain about Beijing's future policy directions, but who see little justification for such a hard U.S. response and, in any event, have to live in close proximity to the PRC.

### **Seeing China in Asia**

Seminar participants were in agreement that an effective U.S. policy toward China needs to be placed in the context of a broader U.S. policy toward East Asia. Whatever strategy the United States adopts to deal with China needs to be compatible with broader U.S. efforts to protect and foster American interests in the post-Cold War situation in East Asia. From the point of view of U.S. national security policy, the latter effort involves several major components in addition to dealing with China:

- U.S. efforts to revitalize security alliances with regional allies. The Administration has already capped a recent effort to strengthen alliance relations with Japan during President Clinton's visit to Tokyo in April 1996.
- U.S. efforts to build support, at home and abroad, for the U.S. forward deployed forces in East Asia. Despite U.S. Government spending cutbacks, the Pentagon has been able to sustain support for around 100,000 U.S. forward deployed forces. U.S. domestic backing for this effort is enhanced by the willingness of allies and associates to publicly support the U.S. presence and to bear some of the financial and other burdens associated with it. Although Japan and to a much smaller degree Korea bear financial costs associated with the U.S. presence, many Asian governments are reluctant to stand up and be counted in support of the U.S. military presence, even though they privately support it in strong terms. Such public ambivalence makes it difficult for U.S. defense leaders to make a strong case that the American military presence is an asset rather than a liability in U.S. efforts to benefit U.S. interests in East Asia.
- U.S. efforts to strengthen still weak multilateral efforts to promote a more secure environment in Asia. Some seminar participants stated that existing

multilateral security efforts in the region like the ASEAN Regional Forum (ARF) were weak, but they expressed a desire to use at least some multilateral efforts to sustain U.S. security interests in the region.

As the United States seeks both to deter and engage China, seminar participants emphasized the need for the United States to build coalitions centered among Asian allies and associates. Such coalitions were seen as difficult to form and use, but important in making sure that China's leaders did not outflank or isolate U.S. efforts to press China for change. A key difficulty was the perceived preference of these Asian allies and associates for an ambivalent position on China and on forthright U.S. efforts to deal with China. Thus, seminar participants judged on the one hand that it was desirable for the United States to set out in clear terms its security and other concerns vis-a-vis China and to press U.S. Asian allies and associates to back the U.S. position; yet, on the other hand seminar participants judged that U.S. allies and associates under most likely circumstances would be very reluctant to take such forthright positions regarding China for fear of antagonizing the PRC or important domestic political constituencies.

### **High-Level Dialogue Versus Prestige for PRC Leaders**

Seminar participants appeared to agree on the need for high-level and continuous dialogue between U.S. and PRC leaders. They readily acknowledged that summit meetings with Chinese leaders would be used by the PRC to legitimize Beijing's current authoritarian rulers both at home and abroad. This poses a big problem for the large segment of U.S. opinion that sees China as a rising power bent on rolling back U.S. influence in Asia and those that remain strongly offended by Beijing's crackdown at the time of the Tiananmen incident and its subsequent violations of human rights and other norms.

Specialists at the seminar offered arguments to persuade U.S. skeptics of the utility of high-level dialogue, despite the problem of legitimizing Beijing's authoritarian rulers. They stressed the need for senior U.S. leaders to lay out U.S. interests to their Chinese counterparts in order for the latter to understand clearly areas of great sensitivity to the United States. The alternative is miscalculation that can lead to military confrontation. For example, several seminar participants judged that Beijing had misunderstood U.S. resolve in pursuing its military intimidation efforts against Taiwan in 1995-1996. They also emphasized the U.S. needs to take account of Chinese leaders' interests. Without a clear sense of Chinese priorities, it was argued, U.S. leaders will have difficulty in coming up with options for China that have a realistic chance of being successful.

High-level U.S. dialogue with China was said to assist international efforts to get China to conform to norms favored by the U.S. It was claimed that China's shift from confrontation to more conformity in the last 20 years was facilitated by U.S. leaders' efforts in discussion with senior Chinese leaders. The U.S. leaders were said to make clear to Beijing the negative consequences of confrontational or obstructionist actions in sensitive areas, and the positive consequences of more cooperative behavior. As such, American leaders were seen to have helped to channel Chinese behavior in more constructive ways.

High-level dialogue with China was especially needed during a time of leadership transition in the PRC. Without it, Chinese leaders are seen as prone to adopting politically safe nationalistic stances that greatly reduce Chinese flexibility and increase PRC paranoia in dealing with the United States. With high-level U.S. assurances, PRC leaders could justify taking a few more risks in moving away from narrow nationalistic positions to more cooperative internationalist stances broadly beneficial for both China and the world community.

To deal with the issue of adding to Beijing's international prestige, U.S. officials were urged to "pick and choose" from among Chinese leaders. Thus, some at the seminar said there is no need for U.S. leaders to have a summit meeting with Premier Li Peng, who is widely identified with the Tiananmen crackdown. But the U.S. could move ahead with President Jiang Zemin, who handled the 1989 demonstrations in his area of responsibility, Shanghai, in a largely bloodless way. The idea here suggested by some is in part to empower the more pragmatic Chinese leaders.

Some seminar participants went on to stress that past practice and practical interests seem to argue in favor of dialogue even with leaders thought to be key to distasteful or dangerous PRC policies. For one thing, U.S. practice in dealing with the USSR during the Cold War showed the utility of dialogue with Soviet leaders even when U.S. policy saw the USSR as an evil empire. Meanwhile, a seminar participant supportive of Clinton Administration policy pointedly emphasized the benefits of active dialogue with China's People's Liberation Army (PLA) -- viewed by many as a key force in Chinese domestic authoritarianism and international assertiveness. The perceived benefits were:

- Make known U.S. military priorities and concerns to key PRC leaders at a time of leadership transition and policy formulation in China.
- Exposing the nationalistic PLA leaders to the possible negative consequences, including possible U.S. military actions, if they forcefully pursue their nationalistic goals.
- Exposing the PLA leaders to a broad discussion of U.S. perceptions of interests and priorities, encouraging them to pursue paths of constructive activity and avoid disruption and confrontation.
- Exposing U.S. leaders to clear understanding of PLA plans, intentions and capabilities.
- Establishing "rules of the road" so that U.S. and PRC forces in proximity in East Asia do not accidentally come into conflict.<sup>8</sup>

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<sup>8</sup> While not addressed explicitly at the seminar skepticism of such U.S.-PRC military exchanges has been voiced repeatedly on Capitol Hill, notably during hearings held by the House Committee on National Security and the Senate Committee on Foreign Relations.

## Specific Recommendations

### Set Priority Among U.S. Policy Interests

Panelists were in agreement that U.S. policymakers should establish more clear priorities in order to set clearer guidelines for dealing with China in the years ahead. Specifically, seminar participants urged a higher priority be given to U.S. security and economic interests regarding peace and development in Asian and world affairs, and suggested that U.S. concerns over issues of values, like human rights, be given less priority. Part of the reasoning had to do with a sense that regional peace and development were not only in U.S. interests but were of fundamental importance to human rights conditions in China and neighboring areas. And part of the reasoning had to do with the general judgment that Chinese priorities made it unrealistic for U.S. policymakers to hinge relations with China on human rights.

Seminar participants agreed that U.S. policymakers where possible should reduce linkage between major issue areas as they set their priorities for dealing with China. They generally endorsed the recent U.S. Administration's practice of dealing with economic and trade disputes with positive and negative incentives focused in the area of economic relations. The Clinton Administration's May 1996 decision to threaten over \$2 billion in trade sanctions if China did not do more to protect U.S. and international intellectual property rights was a case in point. They urged similar approaches in dealing with security issues and human rights questions, though it appeared that U.S. leverage on the human rights issue, per se, was relatively weak. (In part this is why some in Congress wish to link human rights and U.S. trade policy toward China).

Chinese leaders were thought to be relatively open to meaningful negotiations with suitable give-and-take on trade and economic issues with the United States. Beijing had shown less flexibility on security issues involving such questions as nuclear technology and missile exports. Some seminar participants judged that progress could be made here as well provided in part that U.S. negotiators were aware of Chinese motives for reported nuclear and missile sales to Pakistan and the Middle East.<sup>9</sup> Those motives included China's search for economic profit and better overall relations with key strategic and oil producing countries (China is now a net importer of oil). Seminar participants also linked Chinese arms transfers to this sensitive area to a PRC desire to show the United States that if U.S. policy continues to upgrade arms sales to Taiwan then Beijing is prepared to respond with an upgrading of military related sales to areas sensitive for the United States.

Given Beijing's strident nationalistic emphasis in recent months, specialists judged that the U.S. could expect little flexibility on Chinese issues of "sovereignty" (e.g. Taiwan) or internal political control (e.g. human rights). On the former, the

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<sup>9</sup> In particular, some noted that a U.S. explanation of its difficult experience with proliferation in sensitive world areas might have a positive impact on China's appreciation of how such proliferation could affect its interests.

face-off of U.S. and PRC forces in the Taiwan area at the time of the March 1996 Taiwan presidential election had the benefit of giving Beijing a clearer notion of the limits of U.S. tolerance to mainland Chinese pressure tactics. Seminar participants warned that Beijing remains determined to restore its sovereignty over Taiwan over the long term and that one of the lessons learned by the PLA from the face-off with the U.S. forces was that China needed to do more to prepare militarily for possible contingencies over Taiwan. It was assumed that this line of thinking would add to incentives prompting faster Chinese military modernization. Nevertheless, participants also judged that the U.S. show of force had provided a useful deterrent to further PRC aggressive actions, at least for the time being. Over the longer term, at least one seminar participant judged that the U.S.-PRC framework setup in the 1970s and 1980s for dealing with the so-called Taiwan issue no longer conformed to reality and would have to be adjusted through what were expected to be very difficult discussions with the PRC.

Several suggestions on how to advance U.S. human rights interests despite PRC inflexibility included:

- Use an improved atmosphere coming from U.S. leaders' willingness to meet with Chinese leaders to petition strongly and privately for the release of prominent Chinese dissidents.
- Use improved U.S. interchange with China to actively promote U.S. interests and values through business contacts, exchange and education programs, study missions, etc. Some seminar participants urged greater U.S. funding for these efforts.

### **Build A Consensus Behind U.S. Policy at Home and in Asia**

As noted above, seminar participants judged that this consensus had to focus on broader U.S. policy toward Asia as well as policy toward China. U.S. officials were urged to explain fully to American opinion leaders and citizens the utility of a continued strong and active U.S. military, economic and political involvement in Asia, as the foundation of an effective policy toward China. A strong exposition on the many current and future challenges posed by China was thought to be helpful in obtaining greater American support for an effective and balanced Asian presence in East Asia.

Clear and realistic priorities and consistent direction were deemed important in building of Asian support for U.S. leadership. As noted earlier, most U.S. friends and allies are reluctant to follow the United States in confrontation with China, even when the PRC strongly violates world norms. Part of the reason has to do with a regional perception that U.S. policy could change, with the United States withdrawing from Asia, leaving its allies and associates exposed before the rising power of China. Seminar experts acknowledged the difficulty for U.S. policy in crafting a China policy sufficiently balanced to win support among Asian allies and friends while having enough force behind the policy to warrant a serious and constructive PRC response. Some participants noted that this argues for more active U.S. diplomacy and military cooperation with allies and friends.

## **Clarity and Consistency**

Once U.S. leaders establish clear and workable policy priorities and build consensus at home and abroad behind them, it is incumbent on U.S. leaders to remain consistent in pursuing these objectives. One participant judged that the Clinton Administration had been less than optimally effective in dealing with China because it had changed policy in key areas regarding MFN and Taiwan. In particular, the Administration's ability to establish lasting understandings with Chinese leaders and to build consensus in the U.S. depends on clarity, credibility and consistency. The alternative is seen as vacillation and drift whereby the U.S. may be forced to resort to extraordinary means, including the use of force, in order to clarify its intentions in the face of growing pressure from China.