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Engaging the “New China”

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Introduction

In the past 30 years China has experienced a wave of growth and change. The current China bears very little resemblance to the old China of the Cold War. Throughout the course of the United States’ and China’s 140-year history, relations have ranged from one extreme to the other. During World War II and the 1970s and ’80s the United States and China were allies—first against Japan and later against the Soviet Union. However, after the Chinese Communist Party (CCP) gained control of the Chinese mainland in 1949 and throughout the ’50s and ’60s, the United States and China were bitter enemies, even coming to blows during the Korean War. The Tiananmen crackdown of 1989 marked another low point; however, relations have gradually gotten better over the past two decades, despite some difficulties. China has alternatively been referred to as, among other things, friend, enemy, rogue state, peer competitor, strategic partner and now “responsible stakeholder.”¹

For the past two decades China has made great gains in national development and economic growth and now stands as one of the most important states on the world scene. It has been greatly aided in its success by a receptive international community (led by the United States) and an enabling international economic and political framework. As a “responsible stakeholder” China is being asked to contribute its support to strengthening the international order. As two of the most important members of the international community, the United States and China are both affected by some of the same threats—terrorism, the proliferation of weapons of mass destruction, the energy crisis and environmental degradation—and coordinated action to effectively combat these problems will be required. However, while China may be cooperative on certain issues, it may not be helpful on others. China benefits greatly from increased international peace and stability, but this does not mean that it will go along with the United States on all issues. In some areas, China will continue to stick closely to its core national interests and maintain a policy consistent with its long-held foreign policy principles. Thus, it is important to realize that China is neither always an enemy nor always a friend, and that we must see China for what it truly is and not how we want it to be. To best understand Chinese interests and policies and the sweeping changes that have taken place in China over the past two decades—as well as their ramifications for U.S.-China policy—it is necessary to understand the “new China.”

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Understanding the New China

Communist China is Dead

Second in Asia only to Japan, China boasts 345,000 millionaires and 106 billionaires.² Since 1978 China has experienced average annual gross domestic product (GDP) growth rates of 9.3 percent.³ The World Bank has forecast China's 2008 GDP growth at 9.8 percent.⁴ Furthermore, barring any major unforeseen circumstances, China's GDP will surpass that of the United States by around 2020 (although it will take considerably longer for China to catch up in GDP per capita).⁵ Also highlighting the strength of capitalism in China, there was strong opposition to a labor contract law in the National People's Congress (NPC), China's highest governing body, with one delegate arguing, "The law is overly-protective of workers' rights."⁶ Whereas such basic workers' rights as written work contracts, health insurance and pensions were once guaranteed in "communist China," this is clearly not the case in the "new China." The main point is that while China continues to officially consider itself a communist state, it is communist in name only.

The Growth of Nationalism

The new China has little use for communism as a guiding national force and has instead replaced it with the twin pillars of nationalism and economic growth. The Chinese government has been quite effective at using nationalism to deflect criticism of its own shortcomings and redirecting that anger toward "nefarious foreigners" and other sinister forces. Additionally, the CCP has worked hard to foster a narrative whereby all of China's tragedies and disappointments can be attributed to foreign interference in China's internal affairs. Among Chinese it is accepted fact that the Chinese Middle Kingdom was once the center of the world and one of the great civilizations, until it was dismembered by the European colonial powers and Japan. Through hard work and sacrifice the Chinese are attempting to rebuild their great nation, which was ravaged by the Mongols, Europeans, Japanese and other interlopers. The Japanese, the perpetrators of the 1937 Rape of Nanjing⁷ and China's World War II arch-enemy, are the Chinese people's most diabolical nemesis, followed closely by the "hegemonic"⁸ United States.

The central influence of nationalism on Chinese policy was extremely apparent during the Tibet protests and Olympic torch run in April–May 2008. As protests and rioting broke out in Tibet in the run-up to the torch relay, the Chinese government was nearly silent on the issue and generally showed restraint in dealing with the disturbances. Almost immediately the Chinese public began counterdemonstrations against the protests in Tibet, and the "weak" response of the Chinese government in dealing with the disturbances was heavily criticized throughout the large and influential Chinese blogosphere. Chinese authorities responded by flooding Tibet with units of the paramilitary People's Armed Police, imposing restrictions on daily activity in Tibet and arresting hundreds of monks and other Tibetans. Also, Chinese authorities blamed the disturbances in Tibet on foreign interference and began to strongly and publicly denounce the enemies of China in very colorful language. U.S. Speaker of the House Nancy Pelosi was called "disgusting" and the Dalai Lama was characterized as "a jackal and wolf clothed in a monk's robe, and a vicious devil who is a beast in human form."⁹ After large and raucous protests against the Olympic torch run broke out in London, Paris, San Francisco and other cities, Chinese citizens turned their anger toward their old European colonial masters, whom they accused of trying to embarrass and ruin China. European embassies and businesses were attacked, foreigners were angrily confronted, and Chinese cyberspace called for the boycott of Carrefour (a French supermarket chain), CNN and other Western businesses. China's public image suffered as its behavior was generally viewed around the world as cruel, disproportionate, chauvinist and irrational, but neither the Chinese government nor the Chinese people cared because they stood together against foreign attacks on Chinese dignity and unity.

The Chinese Communist Party Has Reinvented Itself

Not only is China communist in name only, but so too is the Chinese Communist Party. Founded and controlled for nearly 60 years by hardcore communist ideologues and national heroes such as Mao Zedong and Deng Xiaoping, its leadership for the past two decades has been dominated by a different type of individual. Hu Jintao, Jiang Zemin and the rest of the CCP leadership who have run China since 1990 have been primarily middle-aged men and engineers by training. They lack the personal charisma, war hero status and cult-like reverence that leaders from the previous Long March Generation¹⁰ enjoyed. In addition, the current generation of the CCP is widely regarded as elitist, corrupt and undeserving of their power and affluence. These sentiments have made the CCP leadership an extremely insecure and neurotic group who are more often than not preoccupied with their own survival and with proving their worth to the Chinese people by providing continued economic growth.¹¹

Nonetheless, the CCP has undertaken a number of initiatives to revive and reinvigorate itself. The CCP expelled 25,000 members deemed to be corrupt and disciplined another 100,000.¹² A recently announced five-year plan aims to prevent and punish corruption through greater oversight of state-owned corporations, CCP bosses and government officials.¹³ The plan also calls for officials to be more responsive to public demands and invites the press to assist in providing effective oversight. In addition, the CCP has also mandated annual training and development for members and opened the membership to entrepreneurs and other professionals. Even though having businessmen in a “communist” party is an obvious contradiction, this measure is especially significant as it co-opts increasingly powerful Chinese business interests and prevents them from setting up a base of power independent of, or even opposed to, the CCP. Moreover, the CCP has even attempted to institute a certain degree of “democracy” into its party governance and local politics. “Intraparty democracy” will allow for more democratic decisionmaking within the CCP, while “electoral democracy” will ensure that there will be more elections, with more candidates (most of whom must still be members of the CCP).¹⁴

Loss of Control

China’s economy is not the only thing growing. In addition to eating more and spending more, the Chinese people are reading more, traveling more, surfing the Internet more and demanding more choices. Along with television and print, Chinese learn of daily events through word of mouth, the Internet, travel and extensive interactions with foreigners. The Chinese government is no longer able to restrict or monitor the movements of more than a billion citizens and residents moving into, out of and throughout the country. Moreover, while China has been successful in getting some large web companies, such as Google, to agree to government restrictions, it is having a difficult time controlling the growth of the Chinese blogosphere and cyberspace (China will soon have the greatest number of Internet users in the world). Traditional print and electronic media present similar problems. Private media outlets are proliferating throughout China, and their main motivation is not to promote the official government line, but to make money. These media outlets are certainly not “free”; however, in pursuit of ratings and sales, they will push the envelope as far as possible by using sensational, inflammatory and nationalistic rhetoric, somewhat akin to the jingoistic American “yellow journalism” that helped precipitate the Spanish-American War of 1898. In fact, some of these stories focus on the most egregious instances of corruption by local CCP leaders and businessmen, such as the insufficient building standards that led to the collapse of many buildings after the 12 May 2008 Sichuan earthquake.¹⁵

In addition to experiencing a loss of control over the Chinese public, China is also experiencing a similar loss of control over some facets of its foreign policy and international image. Wealthy industrialists, competing government bureaucrats and nationalist bloggers have joined the scene as influential actors in Chinese foreign policy. Whether by accident or design, these independent Chinese actors can greatly alter both the attitudes and actions of the people and the policymakers in Beijing and Washington.

In fact, recent controversies surrounding contaminated heparin and poisoned dog food from China—the result of commercial corruption and insufficient government oversight in China—have strengthened protectionist and anti-Chinese sentiments in the United States and worldwide, causing a significant headache for Chinese businessmen and officials. Chinese officials also complain that large Chinese multinationals in energy and other extractive fields, active in such places as Sudan and Zimbabwe, are “hijacking PRC foreign policy.”¹⁶ These trends will increase as competing Chinese government officials, ambitious entrepreneurs and a more activist public intensify attempts to achieve their own objectives by taking matters into their own hands.

China’s Military—The People’s Liberation Army (PLA)

Of the PLA’s 2.3 million personnel, about 1.25 million, or 54 percent, belong to the PLA Army (PLAA).¹⁷ Between 1985 and 2003 the PLA reduced its forces by 1.7 million, reducing the proportion of ground forces by 1.5 percent and raising the proportion of PLA Navy (PLAN), PLA Air Force (PLAAF) and Second Artillery Corps (China’s strategic and tactical missile force) personnel by 3.8 percent.¹⁸ The reduction of PLA endstrength is intended to free up more resources for modernization and professionalization of the force, and is wholly consistent with China’s improved security environment and growing national interests. Once threatened by attack from the Soviet Union, India, Taiwan and other foes, China no longer has any serious fear of territorial aggression against its homeland. With regard to internal threats, China mainly relies on the 660,000-strong People’s Armed Police for such contingencies as the recent unrest in Tibet.¹⁹ In place of its older defense strategy that emphasized guerrilla warfare, protracted attrition of the enemy and homeland defense, China’s current strategy focuses on preparing for “local wars under conditions of informatization”—an acknowledgment that their next war will likely involve a territorial dispute against an enemy, such as the United States, whose greatest military asset is the integrated use of information and technology. Moreover, rather than occurring on and threatening its homeland, a future conflict will most likely take place in a disputed territory, such as Taiwan, or somewhere else on China’s periphery. Thus, the PLA has invested significantly in new technology and professionalizing the force through improved training, development of new doctrine and the building of a competent noncommissioned officer corps.²⁰

Among PLA branches, the PLAN has probably benefited most from the changed security environment and new way of thinking. The PLAN is most ideally suited to deal with China’s three greatest military threats: 1) a Taiwanese declaration of independence and any foreign military intervention that might follow; 2) a conflict with neighboring countries over disputed territories such as the Senkaku/Diaoyutai Islands (Japan) or the Spratley Islands (Vietnam and others); and 3) any disruption of the strategic sea lines of communication (SLOCs), such as the Strait of Malacca, on which China depends for the transport of most of its energy needs, raw materials and exports. The Chinese response to any one of these threats would be primarily handled by the PLAN. A Taiwan scenario, likely involving U.S. intervention and a U.S.-led shutdown of SLOCs, is seen as the greatest threat.

Currently, the PLAN lacks significant “blue water” capabilities and would not be able to defeat an attempt by a hostile force to shut down a distant SLOC such as the Strait of Malacca. Rather, the PLAN has focused on coastal “green water” defense, employing anti-access area denial (A2/AD) measures to deter and/or defeat foreign intervention in Taiwan or any other territorial dispute. Thus, the PLAN has invested significantly in submarines, anti-ship cruise missiles (ASCMs) and naval basing. China has added more than 30 new submarines in the past decade and is currently developing four indigenous classes of submarines.²¹ In addition, the PLAN is fielding formidable supersonic Sizzler and Sunburn ASCMs, mine warfare capabilities and several variants of an anti-ship ballistic missile that will likely include multiple independently targeted reentry vehicles (MIRVs) and maneuverable warheads.²² These systems will allow China coastal and sea-based A2/AD capabilities with the potential for deterring

and/or defeating U.S. naval combatants and any forces forward deployed in friendly nations. Finally, the construction of the large Sanya naval base on Hainan Island offers the PLA Navy a hardened location for protecting its forces and secretly deploying submarines into deep waters astride important SLOCs.²³

The PLA's Second Artillery Corps is mainly focused on increasing the survivability of its nuclear deterrent and deterring and/or defeating any attempt by Taiwan to declare independence or inalterably modify the status quo. Presently, China's "minimal deterrent" consists of about 20 liquid-fueled intercontinental ballistic missiles (ICBMs) and one ballistic missile submarine (SSBN).²⁴ To improve the survivability of this force in the event of an attack, the Second Artillery is introducing solid-fuel, road-mobile ICBMs, which can be launched more quickly and are easier to hide.²⁵ China will also build at least five new SSBNs,²⁶ which will give the PLA an effective ground and sea "dyad" nuclear deterrent. Moreover, the PLA plans to incorporate decoys, maneuverable warheads and other countermeasures into its nuclear warheads, thus increasing their survivability against ballistic missile defenses (BMDs).

As China views the preservation of its sovereignty over Taiwan as the PLA's primary mission, all four branches continue to base significant resources in the three military regions opposite Taiwan: Nanjing, Guangzhou and Jinan. The PLAA has stationed approximately 400,000 troops, including all of its airborne and amphibious units, in the vicinity of Taiwan.²⁷ Even more menacing is the presence of about 1,000 Second Artillery short-range ballistic missiles (SRBMs) aimed at Taiwan. Moreover, the PLAAF has 490 combat aircraft within range of Taiwan, while the PLAN's East and South Fleets, which constitute about two-thirds of China's naval power, are also positioned within striking range of Taiwan. These forces are intended to deter Taiwan from altering the status quo and, if necessary, retake the island and defeat intervention by a foreign power such as the United States.

PLA space programs, cyber warfare projects, and other information and electronic warfare operations also share the same purposes of extending A2/AD against any adversary that would challenge China over Taiwan or any other territorial dispute. PLA anti-satellite weapons (ASATs) can be used against enemy satellites, thus denying a technologically superior enemy, such as the United States, critical command, control, communications, computers and intelligence, surveillance and reconnaissance (C4ISR) capabilities. ASATs can also be used to increase the survivability of the Chinese nuclear deterrent by knocking out critical enemy instruments necessary to detect and destroy Chinese delivery vehicles and warheads. Furthermore, cyber warfare, electronic warfare (EW) and information warfare (IW) operations can be used against enemy C4ISR and to damage an enemy state's morale, economy or infrastructure.

The size of China's military and the scope of planned improvements and acquisitions are impressive; however, the end product is remarkably less so. China was badly defeated in its last major military confrontation, the 1979 war with Vietnam. This conflict exposed several major deficiencies: inability to conduct joint land-air combat operations; insufficient logistics to sustain an expeditionary force; and deficient C2 (command and control), which even led to significant friendly-fire casualties.²⁸ Following the May 2008 Sichuan earthquake, the PLA was given another chance to test its joint forces expeditionary capabilities. More than 175,000 military and paramilitary personnel flooded the region, most traveling slowly by rail and road; 11,420 were airlifted using 100 military helicopters (nearly a quarter of the PLA Army's helicopter force); and only 15 soldiers were able to parachute into the earthquake's epicenter immediately following the disaster.²⁹ Experts agreed that the PLA performance again demonstrated deficiencies in communications and conducting joint expeditionary operations, as well as a lack of heavy-lift aircraft, helicopters and other equipment.³⁰ Moreover, Chinese military officials also speak openly about the PLA's "two cannot suits": The PLA's "modernization level cannot suit the demand of winning IT-based local wars, and its military capability cannot suit the requirements for fulfilling its historical mission in the new century and the new period."³¹ DoD's 2008 *Annual Report*

to Congress on the Military Power of the People's Republic of China contains many warnings about China's future military plans, especially its increasing reliance on asymmetric warfare, or the creative use of "existing weapons to defeat high-tech enemies" such as the United States, but also offers the following caveat:

The U.S. Intelligence Community estimates China will take until the end of this decade or longer to produce a modern force capable of defeating a moderate-size adversary. China will not be able to project and sustain small military units far beyond China before 2015, and will not be able to project and sustain large forces in combat operations far from China until well into the following decade.³²

China's Foreign Policy

Chinese foreign policy has three general objectives: 1) maintaining the "One China Policy" regarding Taiwan as an integral part of China; 2) improving China's political, economic and security standing in the greater Asian area; and 3) building relationships with states around the globe to enhance China's image and influence and to ensure the supply of strategically vital raw materials and the flow of Chinese exports.

Taiwan

For the past several decades, China has used a combination of diplomatic and economic carrots and sticks to encourage states to sever official diplomatic relations with Taiwan in favor of Beijing and the One China Policy. Today, only 23 countries, most of them small Central American, African and Oceanic states, recognize Taiwan.³³

China takes any threat to its sovereignty over Taiwan extremely seriously. In the past, it has retaliated against nations and even companies and individuals that dispute its position on Taiwan. In 1997, China vetoed a universally-supported United Nations mission to send peacekeepers to Guatemala after a bloody civil war because Guatemala maintained official diplomatic relations with Taiwan.³⁴ Currently, China has threatened American defense contractors; for example, Boeing has been warned that if it continues to sell military technology to Taiwan, Beijing will not purchase its commercial airliners.³⁵

The issue of Taiwan also colors China's overall foreign policy strategy. China is extremely sensitive to any Taiwan or Tibet "precedent" and opposes separatist movements and attempts by states to intervene in the internal affairs of other states. Along these lines China has proclaimed its practice of the "Five Principles of Peaceful Coexistence"³⁶ for the noninterference in the internal affairs of states, and its opposition to the "Three Evils" of terrorism, separatism and extremism. Recent events in the Balkans illustrate these principles: China opposed NATO's bombing of Serbia because it felt that the ethnic unrest in Kosovo was an internal matter for the government in Belgrade alone to decide. It also opposes Kosovar independence because of the fear it may legitimize a precedent whereby an oppressed ethnic or religious minority may oppose its national government through violence or the ballot box and eventually achieve independence.

Asia

Since the end of the Cold War, China has invested considerable effort in cultivating productive relationships with its neighbors and other states in the region. To this end, China has positively engaged such former enemies as Japan, South Korea, Vietnam and India. In addition, China has strong relations with North Korea and Myanmar, two important border states often considered "rogue" states. Finally, China has positively engaged multilateral organizations, becoming an active member of the Association of the Southeast Asian Nations (ASEAN) and the UN, and forming the Shanghai Cooperation Organization (SCO).

Despite all the attention given to Chinese involvement in distant places such as Sudan, Zimbabwe and Latin America, China's foreign policy still rotates around Asia. Although relations with Japan and South Korea are often troubled by disputes over history and regional security, these two states are still two of China's four largest trading partners. Meanwhile, Russia, an important provider of weapons and energy resources, often cooperates with China to oppose U.S. policy in the UN and central Asia. In fact, signaling a further warming of relations, in July 2008 China and Russia finally settled a 40-year-old border dispute over which they had even fought a war in 1969.³⁷ Due to strategic considerations, China takes heavy criticism for its friendly relations with North Korea and Myanmar. China has a military listening post in Myanmar, where it is also building a port at Sittwe as part of its "String of Pearls" strategy to line the Indian Ocean coastline from the Middle East to China with friendly moorings. Ports in Pakistan, Sri Lanka, Malaysia and other countries are also part of the String of Pearls. North Korea, on the other hand, serves as an effective buffer against U.S. forces on the Korean Peninsula and is a useful bargaining chip for China in its relations with South Korea, Japan and the United States.

For most of its history China has been wary of multilateral institutions; however, this has slowly changed. In 2001, at China's behest, the leaders of Russia, Kazakhstan, Tajikistan and Kyrgyzstan met in Shanghai and formed the Shanghai Cooperation Organization (SCO). The SCO's stated goal is to promote central Asian regional cooperation and combat the "Three Evils" of terrorism, extremism and separatism. China's main goal in forming the organization is to cooperate with its central Asian neighbors to prevent Islamic and other extremists from undermining stability in energy-rich central Asia and threatening China's control of its western autonomous regions of Tibet and Xinjiang. Another purpose of the SCO is to increase Chinese influence and undermine American and Western influence in central Asia. In July 2005 the SCO issued a statement asking the United States to set a timetable for withdrawing all of its forces from Uzbekistan and Kyrgyzstan.³⁸ Nonetheless, China has balked at permitting Iran to join the SCO for fear of turning the organization into an overtly anti-American instrument.

Global Policy

In addition to maintaining the status quo on Taiwan and strengthening its position in Asia, China also engages states across the globe for a variety of reasons, chief among them trade. The European Union is China's third largest trading partner; China also has significant trade and investment with many South American and African states. Moreover, China has become more active in the UN and as a member of international agreements and ad hoc, single-issue international groupings. Previously reluctant to take on additional international responsibilities, China currently has 1,963 military or paramilitary personnel deployed in 13 UN missions, the greatest contribution of peacekeepers by any of the five permanent members of the UN Security Council (UNSC).³⁹ At the UN and on the international stage China has also walked a fine line between bowing to Western pressure to condemn its closest allies and protecting these same allies.

On 24 June 2008 China supported a UNSC resolution condemning electoral violence and calling for a free and fair election in Zimbabwe; however, on 16 July 2008 it vetoed a UNSC measure that would have enacted an arms embargo and travel and financial restrictions against Zimbabwe's ruling elite. It has acted similarly on Sudan, voting for and contributing to a UN mission in Darfur but resisting Western attempts to impose sanctions on that country.⁴⁰ With regard to disputes over nuclear weapons programs in North Korea and Iran, China has also played an important role (more notably on North Korea) in the Six-Party Talks and the 5+1 Talks, working with the United States and others to resolve these issues peacefully. Regarding arms control and non-proliferation, China is a party to many important agreements and has increased its cooperation in that sphere, most recently becoming a candidate to join the Missile Technology Control Regime (MTCR). However, China has stated its opposition to more

interventionist and restrictive mechanisms, such as the Proliferation Security Initiative (PSI), which encourages military interdiction of items intended to be used to construct weapons of mass destruction; and the Australia Group, which further restricts the export of chemical and biological weapons precursors and technologies above those already restricted by the Chemical Weapons Convention (CWC) and the Biological Weapons Convention (BWC), both of which China is a party to.

Understanding China's Relationships with Rogue States

In its relationships with such rogue states as North Korea, Sudan, Zimbabwe and Myanmar, China often cites its “Five Principles of Peaceful Coexistence,” which emphasize noninterference in the internal affairs of other states. There are several reasons for China’s reliance on the Five Principles: It is a convenient cover for selling military equipment to unsavory regimes (such as North Korea and Myanmar) that share important borders, or provide much-needed strategic resources, such as oil (in the case of Sudan). In addition, China is sensitive to its 19th and early 20th century history—in which it was carved up by imperial powers—and likens Western and American-led attempts at humanitarian intervention to that experience. Moreover, China is also sensitive to situations that may set a negative precedent for its claims of sovereignty over Taiwan, Tibet and Xinjiang. Hence, China opposes Kosovar independence and other national liberation movements. Consequently, in many proposed international interventions China sees an attempt by American hegemonism to impose “Western” ideals such as democracy, laissez faire economics, human rights and religious freedom. China does not accept these concepts as defined by the West as applicable to its own people and opposes the application of these principles. Instead, China presents its system, a combination of authoritarianism and strong economic growth, as a model just as viable as, if not better than, Western free market, liberal democracy. Finally, China tends to cast its lot with fellow authoritarian states, even when it will assuredly provoke international backlash. Authoritarian regimes are more likely to sympathize with its hard-line stance toward Taiwan, be skeptical toward U.S. policies, and not criticize China’s domestic human rights record.

U.S.-China Military Relations

Over the past several months there have been several positive developments in usually bothersome U.S.-China military/security relations. On 10 April 2008 the United States and China installed an emergency hotline between the U.S. Department of Defense (DoD) and the Chinese Ministry of National Defense (MND). This hotline was subsequently used for the first time shortly after the devastating 12 May earthquake in China’s Sichuan province, when the U.S. military offered and China accepted aid for its earthquake relief efforts. Since then, U.S. military aircraft have flown in millions of dollars worth of supplies and the U.S. military has provided Chinese authorities with imagery from military satellites of areas affected by the earthquake. In addition, in preparation for the Beijing Olympics the U.S. government has provided Chinese authorities with security training, equipment and personnel to help make the event incident-free. However, despite these positive advancements the overall picture of U.S.-China security and military cooperation is considerably bleaker. According to DoD’s *Annual Report to Congress on the Military Power of the People’s Republic of China 2008*, “[M]uch uncertainty surrounds China’s future course, in particular in the area of its expanding military power and how that power might be used.”⁴¹

The lack of transparency in the Chinese military and national security apparatus is a major hindrance to more productive U.S.-China military/security relations. Whereas the United States annually releases various reports detailing its national security strategy and military procurements, China does no such thing. Instead, China regularly denies and obscures the intentions behind its security strategy, which is consistent with historically accepted Chinese deception strategies adopted by the likes of Sun Tzu, Mao and Deng.

In addition to its lack of transparency, some of China's behavior toward the United States would give the impression that it is not interested in friendly relations. In August 2006 a powerful ground-based laser blinded a U.S. surveillance satellite. Shortly thereafter, in November 2007, China denied safe harbor in the midst of dangerous weather to two small U.S. Navy minesweepers, the USS *Patriot* and the USS *Guardian*. Later that month, in the Kitty Hawk Incident, China scuttled a long-planned port visit by an American aircraft carrier to Hong Kong, where the U.S. sailors aboard would disembark to meet their families, who had traveled halfway around the world. In January 2007 China launched an ASAT to destroy one of its obsolete weather satellites, littering space with debris that threatens all satellites and persons travelling in space. Also, according to Immigration and Customs Enforcement and DoD, China is the greatest source of both cyber attacks and espionage on U.S. military and government targets.⁴² Rather than building trust between the United States and China, the reckless actions of the Chinese government give the distinct impression that China views the United States as an enemy and is seeking every opportunity to exploit an advantage no matter the consequences. Furthermore, some Chinese actions, such as when a Chinese submarine surfaced near the USS *Kitty Hawk* in November 2006, increase not only misunderstanding between both sides, but also the likelihood of an accidental conflict.

The United States has consistently pushed China to be more open about its military capabilities and intentions, but to no avail. In another example of the problem, DoD estimates that China has deliberately understated its "official" \$45.99 billion defense for 2007 more than twofold. As noted earlier, this is another part of China's deception strategy to conceal the depth of its effort to upgrade certain military capabilities. Similarly, China is a voracious reader of U.S. military issue papers, field and technical manuals and other documents, but is hesitant to openly circulate its own military papers for fear that the United States or another power will gain insight into Chinese strategy and intentions.⁴³ Also, with regard to military exchanges and site visits China is generally anxious to visit U.S. military sites and meet American personnel but is extremely cautious when it comes to U.S. entreaties to do the same.

U.S.-China Economic Relations

In 2007 the United States imported \$312 billion in goods from China and exported \$61 billion in goods, making the United States China's largest export market (the United States also receives more imports from China than from any other country) and making China the United States' third largest export market.⁴⁴ The enormous U.S.-China economic relationship has been profitable for both sides; however, more often than not, trade disputes have taken center stage. At the forefront has been the U.S. trade deficit with China, \$262 billion in 2007. The United States argues that the trade deficit is greatly distorted by a deliberately undervalued Chinese currency, the *renminbi* (RMB), which boosts Chinese exports while punishing U.S. exports. In addition, there are significant barriers to U.S. trade and investment in China, among them government subsidies, penalties on U.S. exports, discrimination against U.S. goods, and other non-tariff barriers.

Perhaps the most significant U.S. complaint over trade with China concerns intellectual property rights (IPR) violations, including industrial espionage, which cost the U.S. economy at least \$20 billion every year.⁴⁵ Chinese counterfeiters pirate everything from cars and sneakers to DVDs, software and pharmaceuticals. China has made efforts to strengthen its law enforcement and judicial responses to IPR violations; however, Chinese corruption—and its inability and unwillingness to tackle the problem—ensure that it will not abate any time soon.

A final sticking point for U.S.-China economic relations is China's insufficient product safety regulations. Over the past year, the United States and other nations have received contaminated heparin (a blood thinner) and pet food as well as toys tainted with lead and strong traces of a date-rape drug. These defective products have resulted in a number of human and animal deaths and illnesses as well

as numerous recalls. Again, China's government lacks the ability and willingness to crack down on manufacturers using substitute materials that are often defective or hazardous. How the United States and China resolve these important issues will have serious ramifications for the U.S.-China relationship. Increasingly, American political figures (both Republican and Democrat), business groups, consumer advocates and others are calling for retaliation against Chinese businesses for these and other real and perceived slights, while similar things are being said in China. Similar to the military and diplomatic arenas, trade disputes and the resulting resentments on both sides damage prospects for a more productive and friendly U.S.-China relationship.

U.S.-China Political Relations

Chinese Domestic Human Rights Issues

To have a productive relationship with China, the United States must be realistic in determining on which vital strategic issues it wants to influence China and on which of those issues it is capable of influencing China. The issues of Tibet, human rights and democracy in China are perfect examples. Unfortunately, U.S. advocacy of human rights and democracy in China has accomplished little. Rather, it has increased Chinese hyper-nationalism and anti-Americanism, damaged U.S.-China cooperation on important issues, and done little to improve the lot of the oppressed in China. Even some successes, such as the perfunctory release of Chinese dissidents prior to the visit of a senior American official, are often immediately reversed as those same dissidents are rearrested or exiled and new restrictions are enacted. Chinese intransigence is especially apparent today as it has reneged on all of its promises to allow greater media freedom and openness in the run-up to and during the Beijing Olympics. This is not to say that the United States should quietly accept Chinese domestic human rights violations. The U.S.-European Union arms embargo after the Tiananmen Square crackdown was a strong practical and symbolic move that remains in effect today. However, the United States must recognize not only its lack of leverage and China's inflexibility on this issue, but also that there are more important security and economic matters that should be in the forefront.

Engaging China on Rogue States

China will continue to hide behind the Five Principles and oppose interference in the internal affairs of states when it is in its best interests; conversely, it will conveniently abandon the Five Principles whenever it is most practical. For example, China was once North Korea's most reliable ally, but in October 2006 it voted in the UNSC to condemn North Korea's nuclear detonation. In addition, China threatened to halt oil and other critical exports to North Korea if it did not meet international demands regarding its nuclear program. Thus, on the North Korean issue, China has taken strong steps, threatening unilateral sanctions on a client state and supporting a UNSC condemnation—two actions it has declined to take toward Sudan, Zimbabwe and Myanmar. The reasons for China's interference in North Korea's internal affairs are threefold. First, it is in China's self-interest to have a nuclear-free northeast Asia and to ensure that three of its largest trading partners—the United States, Japan and South Korea—do not become involved in a war with North Korea that will devastate China's economy and send millions of refugees scurrying throughout the region. Second, China has gained international goodwill (especially with the United States) for hosting the Six-Party Talks. Finally, by participating it will be able to leave its own imprint on the process rather than leaving it solely to the United States and its allies.

As was done in the case of North Korea, the United States can reach out to China for cooperation on a number of other difficult issues by appealing to its self-interests and encouraging it to become a “responsible stakeholder.” For example, a nuclear Iran is inimical to Chinese interests because it increases the chances of regional instability and American military intervention. This would wreak havoc on the international oil market and the strategic sea lines of communication, both of which China depends

on for its security and prosperity. Similar arguments can be made regarding Sudan and Myanmar. Not only in Darfur, but throughout all of Sudan and neighboring Chad, the situation is on the brink of a civil war—an outcome aided by China's unconditional support of the Sudanese leadership that threatens Chinese sources of oil in Sudan and Chad. Meanwhile, in Myanmar China's unconditional support of the junta there props up a failed state that spreads drugs, crime and refugees to China's western Yunnan province and neighboring states. In these and other cases China's support of authoritarian regimes is ultimately self-defeating and also increases anti-China sentiment throughout the world.

China as a Responsible Stakeholder

Making China a responsible stakeholder is not just about getting it to curb its support of rogue states, but about making it an integral part of the international order. China did not build the current international security and economic framework, but it has certainly prospered under it. Now China, as a responsible stakeholder, is being asked to help strengthen the international security and economic environment. China will have to set aside its shortsighted, zero-sum view of the world; its noninterference principle; and its tendency to shy away from taking a prominent role in international politics, in favor of an approach that accepts increased responsibility and engages the world on sensitive issues. The proliferation of weapons of mass destruction, terrorism, the energy crisis, security of the SLOCs and environmental disasters are all challenges that affect the United States and China individually and the international community as a whole. The United States and China will not always agree on the threats and solutions to them, but collective solutions to collective problems will always be more effective than individual action.

Can the New China Meet Its Own Expectations and Future Challenges?

China's national strength and international prestige are growing at all levels—military, economic, cultural, scientific and educational. It is the most populous country in the world and can boast of having the strongest economic growth on the globe for the past two decades. In 1997 China peacefully reacquired Hong Kong, which the British had controlled since 1842. In 2003 China became the third country to put a man in space. In August 2008 China hosted its first Olympic games and gave the world a first look at the new China. China looks forward to putting a man on the moon, becoming the world's largest economy, uniting with Taiwan, and achieving a number of other milestones. China will exalt in its success, but how will it deal with its many challenges and any number of likely disappointments? In formulating its policy toward China the United States must be mindful that many variables will affect China's uncertain future course.

Taiwan and Other Territorial Disputes

The gap in power and influence between China and Taiwan is growing. At the same time, Taiwanese self-identity as a unique, democratic nation, apart from China, is intensifying. The Hong Kong model of governance—"one country, two systems"—may be very appealing, while the Tibet model of cultural and nondemocratic subjugation is quite frightening. As time passes, China becomes more able to compel Taiwanese compliance while Taiwan becomes less likely to want to become a part of China. What happens when China or Taiwan decide they are no longer satisfied with the status quo? And what of China's other, lesser, territorial disputes? As China becomes militarily and economically more powerful, will it continue to allow its smaller neighbors to drag their feet on territorial disputes or will it compel them to resolve these matters to Beijing's liking? China must carefully balance the sentiments of its nationalist public—which believes that Taiwan, the Senkaku/Diaoyutai Islands and other disputed territories are Chinese property—with the need to be seen as a responsible regional actor; otherwise, its smaller neighbors will become enemies and will seek protection from outside powers such as the United States.

Over the past several years the United States has sought a delicate balance between China and Taiwan. In pursuit of regional peace and Chinese assistance in the North Korean nuclear problem, the United States has not sold a major weapons system to Taiwan since 2001 and also strongly pressured the Taiwanese government not to conduct a referendum on independence in early 2008.⁴⁶ At the same time the United States has made clear that it will not accept Chinese military intervention in Taiwan. Unfortunately, the Taiwan issue will remain contentious for both sides. The United States will maintain its arms freeze and continue to restrain Taiwan's behavior as it seeks China's assistance on North Korea, Iran and other international issues but will be pressured to fulfill its obligations under the Taiwan Relations Act and assure all of its allies that, no matter how small they are, they can always count on American support. Meanwhile, the Chinese government must not lose face in the eyes of its people—a majority of whom believe that Taiwan should rejoin China sooner rather than later—and deter Taiwan from taking any steps that modify the status quo, all while avoiding a military engagement with the United States over Taiwan, which it would almost definitely lose. All of these factors ensure that Taiwan will remain a flashpoint in U.S.-China relations.

Environmental Devastation and Demographic Pressures

The future of China's two largest rivers, the Yangtze and Yellow, upon which it relies to feed its population, is extremely alarming. Due to industrial pollution, 50 percent of the Yellow River is biologically dead.⁴⁷ In addition, the sources of both rivers are glaciers in Qinghai province that are declining at an annual rate of 7 percent.⁴⁸ Unfortunately, China's water problems extend beyond its two longest rivers—at least 70 percent of its lakes and rivers are polluted and half of its population does not have access to clean drinking water.⁴⁹ In addition, soil and air pollution are also rampant—China has 16 of the world's 20 most polluted cities⁵⁰ and the greatest number of deaths attributable to air pollution worldwide.⁵¹

According to the World Bank, environmental degradation subtracts about 5.8 percent from China's annual GDP.⁵² However, the threat to political stability and public health is possibly even greater. In 2005 there were about 51,000 protests in China relating to environmental issues.⁵³ Moreover, not only does China have the world's largest population, it has the world's largest *graying* population.⁵⁴ Continued environmental degradation, along with demographic pressures, means that China's population will become poorer, sicker, older and more unhappy with their government, which will have serious ramifications for China's military and economic strength as well as its internal stability and cohesion.

Is the Chinese Political-Economic Model Sustainable?

The American democratic system has not only survived, but has actually emerged stronger from such great national challenges as the Great Depression, World War II, the Civil Rights Movement and Watergate. How will China cope with another Tiananmen-like incident? In 2005 there were 87,000 protests or incidents of mass civil disobedience.⁵⁵ Even as the Chinese government has lifted millions of its citizens out of poverty, anger persists over widespread corruption; environmental degradation; ethnic, political and religious repression; and the millions who do not have jobs and have been dislocated by unrestrained economic development. In today's China, where news reaches every corner of the country through television, the Internet and cell phones, how would the public react to another large-scale protest and any government attempt to suppress it? Would the PLA, whose senior leaders are less represented in the senior ranks of government and the CCP than ever, and whose soldiers are poorly paid, support the government or their fellow citizen protestors? During the Tiananmen crisis 1,400 PLA soldiers deserted (including the commander of the elite 38th Group Army) and 3,500 officers were investigated for various charges of insubordination.⁵⁶ Also, how would the world react? China's image in the world would suffer greatly, as would its quest to reunite with Taiwan.

The CCP has replaced Maoism with capitalism. Will the Chinese people continue to accept the legitimacy of the CCP if the economy falters? Current Chinese economic growth is largely export-driven—everything from textiles and toys to electronics and heavy machinery. With an emphasis on increasing exports, Chinese businessmen overwork and underpay their workers, and the society as a whole greatly neglects the intellectual and creative development of its workers and their families. China has filled its factories and workshops with millions of illiterate peasants streaming in from rural areas, but rather than giving rise to a growing middle class that values education and innovation and serves as a foundation for China’s future economic dynamism, these workers add to China’s vast income inequality and stunt its global competitiveness.

Amid China’s economic boom over the past two decades, education spending as a percentage of government spending has fallen, and only 10 percent of Chinese engineers are qualified for entry-level jobs in their field.⁵⁷ In fact, China is starting to become a victim of its own success—due to an appreciating currency and rising demand for labor, raw materials, infrastructure and utilities, the price of goods produced in China is greatly increasing (4.6 percent in May 2008) and hurting global demand for these goods and China’s comparative advantage in manufacturing.⁵⁸ China has clearly turned the corner from an agricultural to an industrial economy, but will it become a 21st century information economy that supports the dreams and expectations of its people, or will it remain the world’s greatest sweatshop?

Conclusion

China is the most likely—and perhaps only—state that will be capable of becoming a peer competitor to the United States in the next 20 years; however, capabilities should not be confused with intentions. Just as important, China’s impressive economic and military growth figures should not obscure the fact that, despite the world’s highest growth rates, China is an overwhelmingly poor and unequal country; and that its military is untested and may be decades behind that of the United States. In addition, other factors, such as looming banking, environmental and demographic crises and widespread corruption and public dissatisfaction must also be considered in assessing U.S. policy toward China. Moreover, unlike during the Cold War when all political power rested in a union of state, party and the military, political power in today’s China is spread out among many different players. While the CCP leadership still exercises ultimate authority, a growing business community and a more activist and nationalist public exert significant pressure and demands upon the government. To effectively deal with China in the future, the United States must dedicate increased resources toward collecting intelligence and building a corps of Chinese language and cultural experts capable of gaining a greater understanding of an evolving China and helping policymakers see not what they think or want China to be but how it really is. Furthermore, U.S. policymakers must accept that China is constantly changing and must continuously reevaluate U.S. policies and the assumptions upon which they are based.

Recognizing China’s likely potential growth in power and global influence, the United States should engage China to promote effective coordinated policies for dealing with proliferation, terrorism, energy and environmental issues and other threats to international peace and stability. The United States government should also continue to engage its Chinese counterparts at all levels to increase transparency and predictability and minimize miscalculation in bilateral relations. Furthermore, the United States must communicate clearly the red lines regarding Taiwan and other sensitive issues. Nonetheless, pursuing friendly, cooperative relations and making China a “responsible stakeholder” does not mean the United States should ever let down its guard. Defense planners must pay careful attention to Chinese advancements in conventional and irregular methods of warfare and address any weaknesses or vulnerabilities in American defense posture. The United States must continue to maintain its alliances, but above all, maintaining the world’s most competent military in terms of personnel, technology and doctrine is not an option but a necessity.

Endnotes

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