China I

The Coming Conflict with America

Richard Bernstein and Ross H. Munro

THE RISING ASIAN HEGEMON

For a quarter-century—indeed, almost since Richard Nixon signed the Shanghai Communiqué in 1972—a comforting, even heart-warming notion has prevailed among many policymakers and experts on American policy toward the People's Republic of China. They believe that China will inevitably become more like the West—non-ideological, pragmatic, materialistic, and progressively freer in its culture and politics. According to them, China is militarily weak and unthreatening; while Beijing tends toward rhetorical excess, its actual behavior has been far more cautious, aimed at the overriding goals of economic growth and regional stability.

While this vision of China, and especially its diplomatic and economic behavior, was largely true until the middle to late 1980s, it is now obsolete, as it ignores many Chinese statements and actions that suggest the country is emerging as a great power rival of the United States in the Pacific. True, China is more open and internationally engaged than at any time since the communist revolution of 1949. Nevertheless, since the late 1980s Beijing's leaders, especially those

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who have taken over national policy in the wake of Deng Xiaoping’s enfeeblement, have set goals that are contrary to American interests. Driven by nationalist sentiment, a yearning to redeem the humiliations of the past, and the simple urge for international power, China is seeking to replace the United States as the dominant power in Asia. Since the late 1980s, Beijing has come to see the United States not as a strategic partner but as the chief obstacle to its own strategic ambitions. It has, therefore, worked to reduce American influence in Asia, to prevent Japan and the United States from creating a “contain China” front, to build up a military with force projection capability, and to expand its presence in the South China and East China Seas so that it controls the region’s essential sea-lanes. China’s sheer size and inherent strength, its conception of itself as a center of global civilization, and its eagerness to redeem centuries of humiliating weakness are propelling it toward Asian hegemony. Its goal is to ensure that no country in the region—whether Japan seeking oil exploration rights in the East China Sea, Taiwan inviting the Dalai Lama for an official visit, or
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Thailand allowing American naval vessels to dock in its ports—will act without taking China's interests into prime consideration.

TACTICALLY TACTFUL

China and the United States have, to be sure, been through phases of friendship and tension, with some of the latter unrelated to China’s hegemonic goals. At times relations have soured because of inconsistent American policies, especially on human rights and trade matters, that have irritated China’s leaders and produced a nationalistic reaction among intellectuals and ordinary Chinese alike. China's current leaders understand the value of stable relations with Washington and under the right terms will accept, as President Jiang Zemin recently did, a resumption of the ceremonies of high-level exchanges.

But China’s willingness, even eagerness, to improve the Sino-American mood represents a tactical gesture rather than a strategic one. Since its setback in the Taiwan crisis of early 1996—when China's decision to stage large-scale military exercises in the Straits of Taiwan during Taiwan’s presidential election drew harsh criticism from the international community and led the United States to deploy two aircraft carrier task forces to the region—Beijing has tempered its confrontational rhetoric and retreated from some of the actions that most annoyed Washington. China’s deference reflects its continued interest in the burgeoning trade and technology transfer relationship with the United States and its hope of quelling anti-Chinese sentiment in Congress and among the American public. When Jiang Zemin comes to Washington in the next year or two, many Americans will likely regard the visit as a sign of a restored sense of common interests. Influential Chinese planners like General Mi Zhenyu, vice-commandant of the Academy of Military Sciences in Beijing, on the other hand, will see it as the next step in bringing China's strength and influence up to par with the United States. “For a relatively long time it will be absolutely necessary that we quietly nurse our sense of vengeance,” Mi wrote last year. “We must conceal our abilities and bide our time.”

China’s goal of achieving paramount status in Asia conflicts with an established American objective: preventing any single country from gaining overwhelming power in Asia. The United States, after all, has been in major wars in Asia three times in the past half-century, always to prevent a single power from gaining ascendancy. It seems almost indisputable that over the next decade or two China will seek to become the dominant power on its side of the Pacific. Actual military conflict between the United States and China, provoked, for example, by a Chinese attempt to seize Taiwan by force or to resolve by military means its territorial claims in the South China Sea, is always possible, particularly as China’s military strength continues to grow.

Even without actual war, China and the United States will be adversaries in the major global rivalry of the first decades of the century. Competition between them will force other countries to take sides and will involve all the standard elements of international competition: military strength, economic well-being, influence among other nations and over the values and practices that are accepted as international norms. Moreover, the Chinese-American rivalry of the future could fit into a broader new global arrangement that will increasingly challenge Western, and especially American, global supremacy. China’s close military cooperation with the former Soviet Union, particularly its purchase of advanced weapons in the almost unrestricted Russian arms bazaar, its technological and political help to the Islamic countries of Central Asia and North Africa, and its looming dominance in East Asia put it at the center of an informal network of states, many of which have goals and philosophies inimical to those of the United States, and many of which share China’s sense of grievance at the long global domination of the West. Samuel Huntington of Harvard University has argued that this emerging world order will be dominated by what he calls the clash of civilizations. We see matters more in the old-fashioned terms of political alliance and the balance of power. Either way, China, rapidly becoming the globe’s second most powerful na-
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tion, will be a predominant force as the world takes shape in the new millennium. As such, it is bound to be no strategic friend of the United States, but a long-term adversary.

MIGHT LEANS RIGHT

One common view of China holds that its integration into the world economy will make it more moderate and cautious in its foreign policy and more open and democratic at home. But the alternative view sees China’s more aggressive behavior of the last five years as a consequence of its growing economic and military strength and as linked to its intensifying xenophobic impulses. China’s more modern economy and its greater economic influence are already giving it the power to enhance its authoritarianism at home, resist international dissatisfaction with its policies and practices, and expand its power and prestige abroad in ways hostile to American interests.

China’s ability to resist and ultimately beat back efforts by the Clinton administration to protest Chinese human rights abuses by withholding most-favored-nation status is a case in point. While complaining bitterly about the American use of economic pressure for political goals, the Chinese applied powerful economic and political pressure on both the United States and elsewhere—notably in Europe and the United Nations—to force President Clinton to retreat from his earlier position. The irony in Sino-American relations is that when China was in the grip of ideological Maoism and displayed such ideological ferocity that Americans believed it to be dangerous and menacing, it was actually a paper tiger, weak and virtually without global influence. Now that China has shed the trappings of Maoism and embarked on a pragmatic course of economic development and global trade, it appears less threatening but is in fact acquiring the wherewithal to back its global ambitions and interests with real power.

Many factors contribute to China’s more assertive stance, not least its sense of being Asia’s naturally dominant power—an attitude that has not been lost on some regional leaders. As former Singaporean Prime Minister Lee Kuan Yew recently put it, “Many
medium and small countries in Asia are uneasy that China may want to resume the imperial status it had in earlier centuries and have misgivings about being treated as vassal states having to send tribute to China as they used to in past centuries.” More immediate and concrete shifts in China’s strategic attitude can be traced to major events of the late 1980s and early 1990s that increased the power and prestige of China’s conservative nationalists and the military, a power shift exacerbated by the incapacitation of paramount leader Deng Xiaoping, who tended to exert a pro-American and moderating influence.

The first of those events was the Tiananmen Square demonstrations of May and June 1989. The rise of a powerful anti-party movement convinced Chinese Communist Party conservatives of the need to maintain stricter control over the country’s intellectuals and to “strike hard” (in the current anticrime campaign parlance) against dissenters. Concurrently, the collapse of the Soviet Union removed China’s main regional security threat and increased, virtually overnight, China’s comparative power in Asia. More important for the conservative-nationalist faction, Mikhail Gorbachev’s attempted reform program was taken in Beijing as a powerful negative example, an illustration of the mortal danger to party authority posed by piecemeal liberal political reforms. The third event, the Gulf War, had, as David Shambaugh of George Washington University put it, a “jarring effect” on the People’s Liberation Army, whose power and prestige had increased dramatically in the wake of Tiananmen and Deng’s enfeeblement. The war demonstrated in the most graphic terms imaginable just how far behind the country was in terms of military technology. “This was the PLA’s first exposure to a high-tech war, and they were stunned,” Shambaugh has written. Their shock led them to press for a rapid and expensive modernization of China’s armed forces, including further nuclear testing and long-range-missile development. The Chinese understood that they would have to master the techniques demonstrated by the Americans if they were to pose a credible threat of their own, whether in the disputed areas of the South China Sea or in any eventual expedition to “liberate” Taiwan.
THE NUMBERS GAME

Nothing could be more important in understanding China’s goals and self-image than its military modernization program. China’s official position, which is given credence in many Western analyses, is that its primary goal is to develop a world-class economy while maintaining a defensive military force. The official annual defense budget of $8.7 billion—compared to the $265 billion spent annually by the United States or even the $50 billion spent by Japan—seems to support that claim. In reality, almost every major study of Chinese military spending, whether conducted by the U.S. Government Information Office or the International Institute for Strategic Studies, has concluded that actual spending is at least several times Beijing’s official figure.

The official budget, for example, does not include the cost of the People’s Armed Police, even though it consists mostly of former soldiers demobilized to reduce the size of the army and serves as a reserve available for use in an international conflict. The official budget also excludes nuclear weapons development and soldiers’ pensions. When the Chinese purchased 72 Su-27 fighter jets from Russia in 1995 for about $2.8 billion, the entire amount was covered by the State Council and was not deemed a defense expenditure. The official numbers also exclude the cost of research and development. Part of the funding for the development of nuclear weapons, for example, comes from the Ministry of Energy budget, and part of the money for aircraft development comes from the Ministry of Aeronautics and Astronautics Industry. Beijing also excludes proceeds from arms sales, which totaled nearly $8 billion between 1987 and 1991 alone, as well as income from businesses and industries owned and operated by the army, which, with unknown and largely unaccounted-for resources, has quietly become a major player in the global economy.

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Realistic analyses of China's defense budget (or those of any other country's, for that matter) must also take into account purchasing power parity—the difference between what something would cost in China and what it would cost elsewhere. As much as 68 percent of Chinese expenditures, from soldiers' salaries and pensions to weapons systems and supplies, which the PLA purchases at artificially low state-set prices, cost a fraction of their equivalent American value. Taking all these factors into account, a conservative estimate of China's actual military expenditures would be at least ten times the officially announced level. In other words, China's real annual defense budget amounts to a minimum of $87 billion per year, roughly one-third that of the United States and 75 percent more than Japan's. Moreover, the figure was 11.3 percent higher in 1996 than in 1995, and 14.6 percent higher in 1995 than in 1994. Even adjusting for inflation, that is still an exceptionally high rate of growth. No other part of the Chinese government budget has increased at a rate anywhere near that, whether adjusting for inflation or not.

It is true, as the more optimistic analysts point out, that China poses little direct military threat to the United States. But comparing the two countries to highlight Chinese shortcomings is a pointless and misleading exercise, and not only because China's actual military expenditures are a moving target. Whatever the exact figures, China is now engaged in one of the most extensive and rapid military buildups in the world, one that has accelerated in recent months even as China's rhetoric has softened and Beijing has moved to improve its ties with the United States. Driven by its setback in the Taiwan crisis last year and disturbed by the awesome power of the two American aircraft carrier task forces dispatched to the waters near the Straits of Taiwan, China has stepped up its efforts to acquire two capabilities: a credible Taiwan invasion force and the capacity to sink American aircraft carriers should the United States interfere militarily in the China-Taiwan issue.

Even before the Straits of Taiwan incident, China was acquiring airborne early warning technology in Europe and Israel and developing its own in-flight refueling techniques to extend the range of its warplanes. Since the incident, it has sealed a deal with Russia to acquire two destroyers equipped with modern cruise missiles. In the past several years, China has acquired Su-27 fighter-bombers and Russian Kilo-class submarines. In the last three years, China has built
34 modern warships on its own and developed a fleet of M-9 and M-11 mobile-launched missiles of the sort fired near Taiwan during the crisis. It has also expanded its rapid reaction force from 15,000 to 200,000 men and built an airfield in the Paracel Islands and an early warning radar installation on Fiery Cross Reef in the Spratlys. China is the only Asian country to deploy nuclear weapons and the world’s third-largest nuclear power in terms of the number of delivery vehicles in service, having surpassed Britain and France by the late 1970s.4

As time passes, in other words, it will become far riskier for Washington to preempt Chinese aggression with the kind of overwhelming show of force made during the Straits of Taiwan crisis. With the largest army, navy, and air force in Asia, China spends more both relatively and absolutely than any of its neighbors, with the possible exception of Japan, whose modern forces are untested and whose operations could be severely hampered by pacifist leanings at home. In short, China’s relative strength gives it the ability to intimidate regional foes and win wars against them. If it continues its rapid military modernization, China will soon become the only country capable of challenging American power in East Asia—and only the United States will have the influence to counterbalance China’s regional ascendancy. Moreover, China’s goals go a long way toward explaining its tactical attitude toward its relations with the United States, where an annual trade imbalance approaching $40 billion has helped China finance its arms acquisitions. China’s mercantilist policies, which include large-scale technology transfers from American sources and the purchase of dual-use technologies in the American market, are likely to become a major source of Sino-American conflict as Beijing grows stronger.

A DEMOCRATIC PEACE?

Of course, if China became a democracy its military build-up would be far less threatening than if it remained a dictatorship. But while the forces pushing toward global democracy are probably too powerful for China to remain unaffected by them forever, there is no reason to believe that China will become democratic in the near

4Ibid., p. 11.
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future. In the first place, that would be contrary to Chinese political culture. In its entire 3,000-year history, China has developed no concept of limited government, no protections of individual rights, no independence for the judiciary and the media. The country has never operated on any notion of the consent of the governed or the will of the majority. Whether under the emperors or the party general secretaries, China has always been ruled by a self-selected and self-perpetuating clique that operates in secret and treats opposition as treason.

For there to be real democratic reform, the bureaucrats in and near that clique would have to relinquish some of their power, and there is no sign that they are ready to do so. Receiving personal benefits from political power is a Chinese tradition, whether the benefits involve a state-maintained harem, servants provided by the state, or a Mercedes-Benz donated by a Japanese or overseas Chinese businessman in exchange for an import license. The bureaucracy will not voluntarily relinquish such perks for the sake of democratic principles imported from the West.

Moreover, China’s leaders are probably sincere in their equation of democratic reform with social chaos. China has made great strides in creating a more prosperous life for tens of millions of its people, but it remains a potentially unstable nation where the gap between rich and poor is growing, restlessness and unemployment are rampant, and rising expectations have turned the minds of many. The population seems to be at once happy with rising standards of living and discontented with corruption, crime, petty abuses of power by local officials, and the precariousness of life without the guarantees the state once provided. China’s leaders, facing the prospect of social uprisings, are sure to stress patriotic solidarity and unquestioned leadership. They cannot be counted on to relinquish their monopolistic hold on power.

Finally, for China’s government, subjecting itself to the popular will would mean abdicating its control in areas where it feels the national interest allows no such loss. If, for example, Tibet were to be governed by democratic principles rather than diktat from Beijing, the Tibetan
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people would create an independence movement that would challenge Chinese control. Similarly, democracy in China would force China's leaders to acknowledge the right of the people of Taiwan to decide the shape of their own future. But granting any such power to the Taiwanese would sabotage China's nonnegotiable insistence on reunification. It would also provide an unwanted precedent for the people of the mainland: if the Taiwanese are consulted on the issue of their political identity, why not the rest of the people of China? China's ruling clique shows no willingness to suffer the loss of power and prestige that a move toward real democracy would entail.

The most likely form for China to assume is a kind of corporatist, militarized, nationalist state, one with some similarity to the fascist states of Mussolini or Francisco Franco. China already has a cult of the state as the highest form of human organization, the entity for whose benefit the individual is expected to sacrifice his or her own interests and welfare. The army is emerging as the single most powerful institution in the country. It has ultimate political authority and has created a large number of influential business enterprises. Unlike the Soviet Union, China is not becoming a powerful military power founded on a pitifully weak economy, but a powerful economy creating a credible military force. It promises to be a state based on the continued rule of a disciplined party that controls information and demands political obedience.

Completing this picture of China is a wounded nationalism, a sense of unredeemed historical suffering, and a powerful suspicion of foreigners. Given the decline of ideology and the passing of the country's charismatic leaders, the government encourages and exploits such sentiments in an effort to enhance its legitimacy and control. When those sentiments prove insufficient to maintain order, the army and the leaders can turn to a vast, intrusive security and police system operating in close cooperation with a compliant judiciary to maintain their undisputed power.

TAIWAN'S DIRE STRAITS

The general conditions for Sino-American conflict spring from China's desire to replace the United States as Asia's great power. But there is another, more immediate potential flashpoint: the complex and intractable problem of Taiwan. The Taiwan situation com-
prises two irreconcilable elements: the people of Taiwan do not want to be ruled by the current Beijing regime, but Beijing has made reunification too important a goal to relinquish. As China grows militarily and the regime runs out of patience, the possibility of an invasion increases. As one Chinese foreign affairs specialist in Beijing told us, “Historically, Chinese leaders have believed in force. Force worked in Tiananmen. It intimidated the intellectuals, and that paved the way for economic growth and political stability. It is realpolitik. And in the Chinese value system, sovereignty, national unification, and preserving the regime have always been higher than peace.”

If China invades Taiwan, the United States will be under enormous pressure to prevent a military takeover—or else lose forever its claim to be the great-power guarantor of stability in the Asia-Pacific region. Taiwan thus epitomizes the challenge that China’s greater assertiveness and determination to dominate Asia pose for the United States. But there are other places where China’s actions and the United States’ interests could conflict, the South China Sea being the most obvious. China’s buildup of naval, air, and amphibious forces will enable it to seize and hold control of almost the entire South China Sea, now divided between Vietnam, Malaysia, Brunei, and the Philippines. Indeed, China’s stated goal is to occupy islands and outcroppings so far to the south that Chinese forces would almost be in sight of Singapore and Indonesia. That would place China astride the only viable international sealane connecting the Pacific with the Indian Ocean. If China succeeded in extending its control over Taiwan, it would simultaneously gain control of the two southern approaches to Japan, the Taiwan and Luzon Straits. There are signs in articles and statements from Beijing that China increasingly views Taiwan as a strategic prize as well as a renegade province.

Conflict is possible even in areas where China and the United States share interests, as with preventing trouble on the Korean peninsula. When Korea is finally reunified, as it almost surely will be, China will likely press for a withdrawal of American forces from northeast Asia, save for troops in Japan to inhibit remilitarization. As long as Korea remains divided, China will accept the American mil-
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The primary objective in Asia must be to prevent China's size, power, and ambition from making it a regional hegemon. Achieving that goal requires maintaining the American military presence in Asia and keeping it vastly more powerful and effective than China's armed forces. Furthermore, preventing China from expanding its nuclear weapons arsenal should clearly be an American goal. In the worst-case scenario, Sino-American relations would witness the reappearance of a nuclear standoff reminiscent of the Cold War, with each side relying on the doctrine of mutually assured destruction to prevent an attack from the other. In fact, China has numerous incentives to avoid a nuclear arms race. The United States should play a quiet but effective role in building international pressure to persuade China to make its current moratorium on nuclear weapons testing permanent. Washington should also actively fight against nuclear proliferation in China and elsewhere. The third element in maintaining a balance of power involves Taiwan—specifically, ensuring that it maintains a credible defensive deterrent such that reunification, should it occur, would be voluntary.

The growth of Chinese power has made America's overarching attitude toward Japan obsolete. The United States can no longer operate on the assumption that a weak Japan is a good Japan. If that was once true, it was only because China was poor and weak. In the post-Cold War world, it is Japan's weakness that threatens peace and stability by creating a power vacuum that the United States alone can no longer fill. A strong Japan, in genuine partnership...
with the United States, is vital to a new balance of power in Asia. A weak Japan benefits only China, which wants no stabilizing balance of power but Chinese hegemony, under which Japan would be little more than Beijing’s most useful tributary state. The difficulties here are considerable. The United States cannot block Chinese hegemony in Asia unless Japan is an equal and willing partner in the process. But if it pushes Japan, the result could well be an anti-American reaction there. Resolving that dilemma might be the single most important task of American diplomacy in the near future. The United States must demonstrate that it is a reliable ally—as it did last spring in the waters near Taiwan—while waiting for Japan to come to grips with an increasingly threatening security environment. China’s determination to achieve hegemonic status in Asia will probably facilitate this. But the United States and Japan must realize they need each other.