

Testimony before the U.S.-China Economic and Security Review Commission

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Hearing: China's Narratives Regarding National Security Policy  
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I want to thank members of the Commission for inviting me to share my thoughts with you on this important subject. I look forward to hearing your questions and responses and those of my distinguished fellow panelists.

The United States and China must have a productive relationship if stability, broad human welfare, and reasonable global growth are to be secured and sustained. Achieving a productive relationship is entirely possible. However, it will not be easy and will require protracted, joint efforts between not only the two governments, but our two societies as well. The indispensable foundation for such ties is a clear-eyed recognition of where the difficulties and frictions lie. I further believe that there are no fewer people at the top echelons of intellectual and policy leadership in China who share these beliefs and aspirations than there are in our own government and society. As "exhibit one," I would direct the Commission's attention to the most recent issue of Foreign Affairs (March/April 2011) and an article written by the Dean of the School of International Studies at Peking University, Professor Wang Jisi.

A principal subject of current foreign policy-related debate both in the People's Republic of China (PRC) and in the rest of the world simply is this: "After arguably twenty-plus years of generally deft foreign policy in which China's comprehensive national power has grown much faster than the perceived threat posed by Beijing's growing strength, what accounts for the last two years' periodically counterproductive, less deft Chinese foreign and security policy?" This less deft, less reassuring foreign and security policy has been manifested in an unannounced and troublesome anti-satellite test in January 2007 that littered satellite orbits with debris; in China's muted response to the North Korean nuclear test of May 2009, Beijing's failure until possibly recently to visibly and helpfully react to North Korean provocations in the sinking of a South Korean warship in March 2010 or the killing of ROK civilians in a late 2010 artillery barrage, and in the feeble response to North Korea's revelation of an active and advanced uranium enrichment program in late 2010; China's more assertive postures in the Yellow, East China, and South China seas (affecting the Republic of Korea, the United States, Japan, ASEAN, and others); its overreaction at the July 2010 ASEAN meetings when China reminded its smaller southern neighbors that, well, they were smaller and should draw appropriate conclusions from that fact; and, the almost inexplicably intense overreaction to last year's awarding of the Nobel Peace Prize to Liu Xiaobo, and, for that matter, the overreaction to the low-key Obama meeting with the Dalai Lama of January 2010. All in all, this has not been reassuring to China's neighbors or bigger powers at greater distance. Incidentally, many analysts in China would say, and are saying, much the same.

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In all fairness, there also have been positive entries on the ledger, though some initiatives could usefully go much farther. Among those I would include: modest, but not trivial, upward adjustment of the exchange rate<sup>2</sup>; some apparent PRC (People's Republic of China) pressure on North Korea not to escalate the dangerous situation on the Korean Peninsula in the wake of the November 2010 shelling of Yeonpyeong Island; reluctant acquiescence in sanctions on Iran, albeit watered down; China's contributions to global economic stability and growth, stemming from its drive to keep its own economic growth rate high; Beijing's more conciliatory and constructive stance on climate and energy issues (though neither Beijing or Washington is doing enough, given the scale of the challenges); and China's contributions to anti-piracy duty in the Gulf of Aden and thus far cooperative posture in the crisis involving Libya.

Nonetheless, the question remains: "What are the considerations that account for Beijing's recently less deft foreign and security policy?" There are doubtless a number of contributing factors that are important and that will not be the focus of my Testimony. Among those are: the still palpable and important "victim," "containment," and "domestic interference" narratives coming from China's modern and contemporary history; what Beijing University's Wang Jisi refers to as a "surge in China" of "nationalist feelings;"<sup>3</sup> developments in the external world that feed elite insecurity in the PRC such as the "color revolutions" of the 2000s (e.g., Serbia, Georgia, Ukraine, and Kyrgyzstan) and the more recent Middle East and North African wave of instability in autocratic regimes; U.S. alliances and friendships that are becoming stronger on China's periphery (in part due to Beijing's behavior and policies); heightened sensitivity to internal security threats whether they stem from restive ethnic minorities in Tibet or Xinjiang, popular resentment of corruption, inequality, and environmental deterioration, inflationary pressures, or from the waves of rural-to-urban migration that are creating city dwellers at a rapid pace, people who have a volatile combination of rising aspirations and feelings of vulnerability; and, last but not least, there is the pending succession from Fourth Generation Leaders (Hu Jintao) to Fifth Generation leaders, with contestants for jobs at all levels positioning themselves not to be seen as soft on foreigners.

These considerations have been commented upon frequently by others and will not receive further elaboration here. I wish to focus on three developments that I believe to be key: 1) The pluralization of Chinese society and the policy process; 2) Chinese views of U.S. national strength and their own, against the backdrop of an unusually negative assessment by Americans of their own national circumstance; and 3), Expanding Chinese interests and capabilities into new spaces.

The pluralization of Chinese society and the policy process. Chinese government and society is becoming more complex, with new social and bureaucratic actors in the policy process.<sup>4</sup> Broadly speaking, leaders are becoming weaker and society stronger. With respect to society, we have the rise of increasingly "normal" multi-national corporations, albeit with heavy state involvement, and they have resources somewhat beyond the reach of the central state (assets abroad, for instance), they have interests that may diverge from that of the Foreign Ministry on occasion, and most of all, they have growing freedom

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<sup>2</sup> This is true particularly if one considers inflation in the PRC.

<sup>3</sup> Wang Jisi, "China's Search for a Grand Strategy," *Foreign Affairs* (March/April 2011), p. 73.

<sup>4</sup> See, David M. Lampton, "China's Foreign and National Security Policy-Making Process: Is It Changing and Does It Matter?," in David M. Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform* (Stanford, CA: Stanford University Press, 2001), pp. 1-36; See Linda Jakobson and Dean Knox, *New Foreign Policy Actors in China*, SIPRI Policy Paper, No. 26 (September 2010).

of action, meaning that the central state may not know about some of their actions until they read about it in the global press or on the Internet.

In the bureaucracy more narrowly defined, particular institutions have been relatively empowered by the open and reform policy (trade, externally related economic ministries, and the military) and others have been the loser of their monopoly status in the old system—here I would identify the Foreign Ministry—no longer do Foreign Affairs Offices control the gateways to the outside world as they once did. The domestic security and propaganda organizations have gained strength as the Party reacts to the increasing permeability of the state and nation—look at the new Public Security Headquarters along Chang An Jie (Beijing's main East-West Boulevard) if you want a physical expression of this. The Great (cyber) Fire Wall is a virtual expression of this. Quite naturally, as China's defense establishment has gained budget, if not percentage of GDP, and as China's arms industry becomes a more capable job creator, economic stakes increasingly will energize new constituencies in China's internal security policy debate. In short, within the bureaucracy, pluralization has bred stronger advocates, and stronger skeptics, of international cooperation. I believe that constituencies more cosmopolitan in impulse often will prevail, but it will not be easy or inevitable.

More foreign policy actors, with greater degrees of freedom to act and more resources at their disposal, mean that even if the Center wants to control Chinese security and foreign policy behavior in detail, it may not always be able to do so, at least until it discovers problems in the global press. At a minimum, all this suggests that foreign and security policy may become an increasingly contentious issue in China, as it indeed is today. The way the current foreign and security policy debate is being framed domestically is: Should we continue with Deng Xiaoping's "low profile policy" (*tao guang yang hui*) or should China become more vigorously involved in contentious international issues and be more assertive in pressing its interests?<sup>5</sup>

At the sub-national government level, one has more uniformly open and cooperative impulses, driven by aspirations for economic development, but the Party chiefs along China's sometime fragile periphery (e.g., Tibet, Xinjiang, and the three northeastern provinces near North Korea) often have complex interests represented by the desire for both security and stability, on the one hand, and economic advancement on the other. Coastal provinces thus far have an even bigger interest in international cooperation than many interior areas. But, the point is, localities increasingly have varied interests in the foreign and security policy realm. If one is looking for some of the sources of Beijing's resistance to pressuring North Korea, for example, some of that reluctance reflects the economic and security interests of China's three northern-most provinces—Liaoning, Jilin, and Heilongjiang. These provinces have unemployment problems, they have South Koreans coming into sensitive border areas promoting religious and humanitarian objectives, they have local Korean ethnic populations with relatives across the border in the DPRK, and they simply fear being overrun in the event of an implosion in the DPRK, as Carla Freeman notes in her work.<sup>6</sup> Similarly, with respect to Burma (Myanmar), China's Yunnan Province wants to assure a permeable border and unfettered business access (both legal and illegal) while at the same time wanting a sufficiently effective central government in the Burmese capital to prevent civil

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<sup>5</sup> Zhu Weilie, "On Diplomatic Strategy of 'Keeping a Low Profile and Taking a Proactive Role When Feasible,'" Global Review (May/June 2010), pp. 1-11.

<sup>6</sup> Carla Freeman, "Fragile Edges Between Security and Insecurity: China's Border Regions," in Rongxing Guo and Carla Freeman, eds., Managing Fragile Regions (New York: Springer, 2011), pp. 23-46; see also, Carla P. Freeman, "Neighborly Relations: the Tumen development project and China's security strategy," Journal of Contemporary China (2010), 19 (63), pp. 137-157.

conflict from spilling into China itself. These considerations do not lead either Beijing or Yunnan's provincial authorities to prioritize Burmese human rights as does Washington.

And, at the societal level, as Andrew Mertha notes,<sup>7</sup> China is developing a class of “policy entrepreneurs,” think tanks, university centers, solitary dissenting voices and more generalized public opinion, interest groups, and social organizations that are becoming increasingly adept at using mass media (formal and informal) as megaphones for their ideas and concerns, many of which have popular resonance and which the central government sometimes fears to ignore—relations with Japan and sovereignty claims are examples. As the China Institute of Contemporary International Relations' Professor Da Wei put it in a recent article, “[I]n all countries, controversial views or even extreme viewpoints are more marketable than moderate ones.”<sup>8</sup>

Therefore, the recent messiness, sometimes clumsiness, of Chinese foreign and security policy reflects the pluralization of China's government and society. China's leaders are getting weaker in relationship to society. China's leaders are becoming more overloaded with issues. Put bluntly, in today's China one hears a lot of ideas, good and bad, that are not “made in” the PRC government or Communist Party as a whole, but rather by pieces of a splintering society and fragmented bureaucracy. This creates a situation in which Americans and others must both discern “who to listen to” and realize that not all good things come with pluralization and higher degrees of social initiative. Pluralization is a requirement for a freer society, but it is not a guarantee of either responsible behavior, much less behavior the United States necessarily will find palatable. Again, as Da Wei put it in China Security,<sup>9</sup> “Looking at recent changes in Chinese foreign affairs policies through the lens of this pluralism has much greater explanatory ability than simple criticisms of China's supposedly toughened stance.”

Views of national strength. China is to a considerable extent a bargaining culture in which prior bargains are open for renegotiation whenever the underlying power positions, or broader circumstances, of the two (or more) parties shift. China, meaning its government and its people, has been chafing at some of the implicit or explicit bargains struck in the past with the United States, most notably regarding Taiwan, the U.S. military's close-in surveillance of the Mainland, visits to the White House by the Dalai Lama, vulnerability of the PRC's nuclear deterrent, and so forth. Now that China perceives itself stronger, and America and its allies on a trajectory of decreased dominance, it is no surprise Beijing is asking to “renegotiate” the prior bargains it finds most unsatisfactory.

The Chinese hardly can be blamed for seeing themselves with enhanced strength when a 2009 Gallup Poll found that 39 percent of Americans thought China was “the leading economic power in the world today,” as compared to 37 percent of polled Americans who still saw the United States in this light.<sup>10</sup> Indeed, the U.S. Intelligence Community in its Global Trends report of late 2008 said that it anticipated the United States would be less dominant in the future. One needs only to look at global shares of GDP to see China rising and U.S. allies declining, although the United States still enjoys an enormous lead.<sup>11</sup>

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<sup>7</sup> Andrew Mertha, China's Water Warriors: Citizen Action and Policy Change (Ithaca, NY: Cornell University Press, 2008).

<sup>8</sup> Da Wei, “Has China Become ‘Tough’?” China Security, Vol. 6, No. 3, p. 100.

<sup>9</sup> Da Wei, “Has China Become ‘Tough’?” China Security, Vol. 6, No. 3, p. 98.

<sup>10</sup> Lydia Saad, “U.S. Surpasses China in Forecast for Economic Powerhouse,” *Gallup Poll*, February 16, 2009, <http://www.gallup.com/poll/114658/Surpasses-China-Forecast-Economic-Powerhouse.aspx>.

<sup>11</sup> “Real Historical Gross Domestic Product (GDP) Shares and Growth Rates of GDP Shares for Baseline Countries/Regions (in percent) 1969-2009,” U.S. Department of Agriculture, Economic Research Service, November 2, 2009.

This mode of analysis is not unique to today's Chinese leadership—in an earlier age, Mao and his traditional forbearers saw history and international relations as the interplay of rising and declining powers.

As far as I can detect, different parts of the Chinese Government and Party apparatus have somewhat different assessments of both China's current power and the gradient of change in U.S. strength and will. The top of the Chinese political hierarchy seems relatively realistic in assessing China's own capabilities and in recognizing that the United States has a resilience they should not underestimate. But, in some corners of the foreign and security policy apparatus, not least the People's Liberation Army (especially among retired officers), there is a more robust interpretation of China's strengths and less deference given to American strength and will. Secretary Gates' recent (and in my view correct) statement that: "In my opinion, any future defense secretary who advises the president to again send a big American land army into Asia or into the Middle East or Africa should 'have his head examined,' as General MacArthur so delicately put it," certainly fits in with a view already prevalent in China. Indeed, one Chinese strategic analyst in 2003 said the following to me that indicates the dynamic view of power that many security analysts in China seemingly have:

China has been deterred by the U.S. military in [regarding] Taiwan. The U.S. is lucky we do [are deterred] and are not like the DPRK. Now [we, the PRC] currently acknowledge spending \$20 billion [on defense], 5 percent of the U.S., and in 20 years it will be 20 percent of the U.S. This will make the U.S. and China reassess their relative military strengths. So then, what is the U.S. option? "The U.S. would have no military option. Would not be able to honor its TRA [Taiwan Relations Act]. At the same time the PRC's soft power will also grow. So, the PRC [will be] stronger in both hard and soft power. Will the PRC flex its muscles? Can't say we would because of huge domestic problems, we have more soft power, and more confident." "We want peaceful coexistence with the Taiwan side."<sup>12</sup>

To just carry the military budget story forward to this month, China's March 2011 session of the National People's Congress is expected to, as of this writing, approve an increase of 12.7 percent in its official defense budget, which does not include a significant fraction of defense-related spending; the U.S. Defense budget, incidentally, omits significant items from this line item in the U.S. federal budget. This year's percentage increase contrasts to the last budget year's increase of 7.5 percent. To gain a broader perspective, however, in the years prior to 2010 the rate of increase averaged about 19 percent.<sup>13</sup> Translated into U.S. dollars, the anticipated 2011 PRC military budget would be in excess of US\$91 billion, and the informant cited above was talking about a world (2002-2003) of \$20 billion in Chinese military expenditures. The informant's projections have proven not too far off.

Turning to society, generally speaking, less moderate views are aired on the Internet (450 million Netizens) and in increasingly commercialized media than one hears from responsible, active officials. Nonetheless, the principal pillars of elite legitimacy are economic growth, citizen satisfaction, and standing up for national dignity. Reasonable officials, therefore, must listen to unreasonable popular and other views. The Chinese man on the street just doesn't see why a China that is regaining its historic role in the world needs to put up with ongoing indignities. The combination of perceived national strength and popular resentment that strikes anxiety in the heart of China's neighbors also is of concern to the many moderates in China's leadership.

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<sup>12</sup> David M. Lampton, Notes of Conversation with Chinese Security Analyst, January 18-22, 2003, pp. 5-6.

<sup>13</sup> Jason Dean, "China Defense Budget to Increase by 12.7%," ASIA NEWS, March 4, 2011, 12:02 AM ET.

The best thing the United States could do for these misperceptions and resulting misjudgments is to put its own national house in order, to be seen on a trajectory of growth, comprehensive national strength, and good governance. The Chinese look at power and determination, not rhetoric. If America changes in positive directions in these respects, we will see a positive response from the PRC. And by power I do not have in mind principally military power—I mean the economic and intellectual foundations of state power. Indeed, over expenditure on military capacity, while ignoring the need to educate our children adequately, is the biggest security risk we face—bar none. The United States needs to be subtle, increasing its comprehensive strength and friendship with nations throughout the region, without feeding Chinese concern that the outside world is ganging up on it.

Expanding Chinese interests and capabilities into new spaces. In the mid-1980s, China made the strategic decision to slice away the fat in its bloated land army and increase its air, naval, missile, and space capabilities. Deng Xiaoping made the strategic decision (accurate it turns out) that China had time to lower its guard to effect this shift inasmuch as the danger of big power war being imposed on China was slight for the next twenty or so years. Moreover, Deng's modernization program moved China's economic center of gravity toward the coast. Under this new circumstance, with modernized China on the vulnerable coast in big cities, unlike Mao Zedong, Deng was no longer willing to fight a war on Chinese territory. Deng and his strategic thinkers reasonably decided to move the zone of potential conflict off China's landmass—that meant into the air, sea, and space beyond Chinese shores.

In turn, this meant that the focus of China's military modernization was moving Chinese security policy away from an insular, continental focus to a more regional (eventually global) and power projection focus, albeit over decades. This necessarily meant, and means, that China is moving into zones of strategic space where the United States was, and remains, overwhelmingly dominant. Irrespective of intentions by either side, this energizes anxieties in both security establishments.

This bilateral anxiety is further compounded by China's growing dependence on, and involvement in, the world economy—the sea and air lines of communication, not to mention space-based communications, all are new strategic interests and concerns for Beijing. For example, thirty years ago, China would not have had tens of thousands of workers in Libya and North Africa and, therefore, it would not then have had the concerns Beijing now has about how to safely extract its citizens from a distant zone that is falling apart. To extract these Chinese citizens abroad requires independent air or sea lift capacity, unless the PRC is prepared to rely on others. Of course, long-range ships and planes used for humanitarian purposes can also be put to other uses.

China has for a considerable time been worried about the security of its small nuclear deterrent, as we would be if we only had a small number of vulnerable strategic weapons. Just like us, China is building diversified platforms, including nuclear subs and aircraft carriers, **in part** to make a devastating preemptive attack less possible by a hostile power. China, like the United States, depends increasingly on space-based communications, sensing, and navigation. China is not satisfied with being vulnerable to U.S. ground or space-based systems, and it will try (is trying) to protect its own assets. If the United States builds ABM systems, we need to expect a similar impulse in China, as was demonstrated in early 2010 with the PRC's ABM test. In a similar vein, China's 2007 anti-satellite test was to be expected, if not then, eventually. In the cyber world of offense and defense, we already see a worrisome competition between China and the United States.

All this points to an action-reaction cycle with a dynamic akin to that of the Cold War, a dynamic in which each side's moves, understandable in their own context, set off an expensive, and ultimately security-reducing response from the other side, producing a potentially endless upward spiral.

The key challenges, therefore, are twofold: First, we must develop rules of the road through bilateral and multilateral negotiations so that zones where we increasingly come into contact are "governed" by shared norms, rules, and procedures. Our two navies, for instance, need much more cooperation and norm building than currently is the case, though some progress has been made. Space is another area, with a significant area of opportunity being Chinese participation in the International Space Station. Second, on the strategic front, Washington needs to acknowledge that it accepts the fact that the PRC will have a strategic deterrent that is "adequate" for China's perceived needs. Our joint task is to create a stable equilibrium at the lowest possible levels and create a situation in which both sides think minimal strategic force levels are all that is required. The action-reaction-cycle is generating not only an image of a more assertive China in Washington, American actions/reactions are fueling Chinese perceptions of an increasingly assertive America.