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China's Military Modernization and its Impact on the United States and the Asia-Pacific
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The Commission is particularly interested in exploring Chinese military doctrine about:

1. Forms of economic warfare such as destroying or interrupting supply chains or manufacturing?
2. Attacking an enemy's infrastructure?
3. Mobilizing the enemy's populace in China's favor?
4. Managing public perceptions about China in a potentially hostile nation?
5. Using international law to the limit the actions of an opponent?
6. Using cyber-warfare, especially cyber-terrorism, against an opponent?
7. Employing special operations attacks against an opponent's infrastructure?

It is an honor to be invited to address the Commission to better understand the important security questions you are addressing during this hearing on China's military modernization. Before I begin my remarks, I must note that my testimony and subsequent comments are entirely my own and do not reflect the views of the Department of Defense, the Department of the Navy, or the Naval War College.

Last year when Chinese President Hu came to the United States, I was struck by two very different receptions he received. In Washington State, President Hu received a very positive reception. On the tarmac in Everett, he was greeted by smiling children and ribbon-waving dancers. Microsoft Chairman Bill Gates hosted him at his home with what could only be described as a state dinner. And Boeing rolled out the red carpet in celebration of China's recent aircraft purchases. By most accounts, the two-day visit was successful. President Hu called Washington State "a pioneer in the U.S. trading alliance with China" and noted that the state is "closer to China than any other place on [the] mainland United States."

The same cannot be said for President Hu's visit to Washington, D.C.

China called the trip a "state visit," while the United States called it just a "visit." Instead of a state dinner, President Bush hosted a "social lunch." Instead of celebrating recent billion dollar trade deals, the U.S. confronted China's currency policy and voiced concerns about the \$200 billion annual trade deficit. Instead of celebrations, there were gaffes. Before its national anthem was played on the south lawn of the White House, the announcer misspoke the official name of China referring to it as The Republic of China—Taiwan's official name. And later during the press conference, President Hu was heckled. Many in the District felt the summit was nothing to celebrate.

In spite of the less-than-spectacular U.S.-China summit, the current administration has emphasized areas of cooperation between the United States and China. For example, the 2006 National Security Strategy (NSS) notes: “China shares our exposure to the challenges of globalization and other transnational concerns. Mutual interests can guide our cooperation on issues such as terrorism, proliferation, and energy security. We will work to increase our cooperation to combat disease pandemics and reverse environmental degradation.” China emphasizes a similar message.

While, the NSS is optimistic about China, the two different receptions Hu experienced are useful for understanding China’s relationship to the United States. Depending on one’s perspective, China either appears as a giant smiling panda or a fire-breathing dragon. The chosen image is important and often frames Americans’ understanding of China. To be sure, the image China wants to project is important too; China with its strategy of “peaceful rise” pursues policies to bolster the panda image because it fears that other countries will attempt to restrain its growth. China is not unusual in this regard. States do manage perceptions and other states rely on perception to infer intentions, which will be the subject of my testimony.

Of the seven questions provided to me in advance, my remarks are focused on answering questions three and four to provide you the depth you expect. To combine them, I am essentially answering the question, “what is China doing to shape a positive image for itself?” I intend to provide evidence of the successful use of perception management, but also provide the overall context to make sense of China’s strategic communications activities.

But first, I think it is important to understand how and why countries manage their international image.

In my Newport classroom, I continue to be impressed with students’ observations that military power alone cannot guarantee national security. Instead, students understand the importance of all elements of national power framed as the acronym DIME to encompass diplomacy, information, military, and economic forms of power. From an organizational standpoint, it is easy to identify the corresponding federal departments-- State for diplomacy (though the military plays a substantial role in diplomacy through shaping), Defense for military power (though State has a significant military capability through its counternarcotics activities), and Treasury, Commerce, or USTR for economic power (though this is primarily in the private sector). When thinking about information power, there is no good correlate to the other instruments of power. The Undersecretary of State for Public Diplomacy comes close to filling this role, but Karen Hughes’ office is too small, the US government is too big, and opinion on policy is too diverse for the United States to communicate with a single voice, a single message, or a single face.

My students, who are problem-solvers by nature, get preoccupied with this anomaly and consider it when thinking about the future of America’s grand strategy. They brainstorm new organizations to provide a single voice for US policy. Or they revive and upgrade the

old US Information Agency. Or they reshape the interagency process through a “Goldwater-Nichols II” to produce a single message for the US government. Inevitably, they fail. They fail not for lack of good ideas, but delayed recognition that information cannot be monopolized in a free society like the United States where political leaders (past and present) or pundits have more access to the media than the government.

While this is becoming increasingly less so, the same is not true in China.

Beijing has long placed significant emphasis on monopolizing information, using propaganda, or manipulating information made available to the public. Since the Chinese government largely controls the media, it easily speaks with a single voice or conveys clear policy preferences through its various state-run media outlets to include Xinhua News Agency. I don’t see this as a consequence of communism; I tend to subscribe to Tom Barnett’s view that the Chinese Communist Party is 30 percent Communist and 70 percent Soprano. Rather, this is simple, pure political power politics. This is more Huey Long than Chairman Mao. There is one-party rule in China and it uses state resources to maintain its rule. Xinhua is one tool the Chinese Communist Party uses to promote Chinese nationalism and preserve its monopoly of political power.

It’s important to note that the primary target of Xinhua is the domestic Chinese audience, which accepts its stories with a grain of salt. But in the global media environment, Xinhua reporting is available to anyone with access to the worldwide web; and Xinhua feeds other news outlets like AP or Reuters.

China is also expanding its media reach. State-run China Radio International in January 2006 launched an FM station in Kenya, which will compete with BBC, VOA, and other local stations. Like all media outlets, Xinhua and China Radio International exhibit a particular bias in its coverage, but because of its control by the Chinese government it can be used to disseminate official policy or shape opinion favorable to the Chinese government.

Perception Management

My research of China’s reaction to the 2001 collision between a US Navy EP-3 and a Chinese F-8 fighter provides a ready example of how China used Xinhua to manage perceptions.

Perception management is generally used during peacetime and does not have to employ deceitful information. Its purpose is to influence the opinions of another country’s public or leadership with the goal of improving a country’s international image or deterring conflict. Considered more complex than deception (measures designed to mislead the enemy by manipulation, distortion, or falsification of evidence to induce him to react in a manner prejudicial to his interests), perception management results in the target misinterpreting data over time and being an unknowing participant in the process.

Perception management is an effective tool against perceived adversaries. As we study in US war colleges, Sun Tzu sees “all warfare is based upon deception.” Countries use such practices in order to protect strategic interests while deterring conflict. It is widely accepted by China’s military elite that it is better to subdue the enemy without engaging it in battle. As a result, heavy reliance is placed upon manipulating an adversary’s cognitive process. In conducting such efforts, the Chinese place great merit on perceptions and/or misperceptions, embracing their full potential. This concept of strategy goes beyond attempts merely to outwit the opponent by conveying false intentions; it involves the more sophisticated task of directly manipulating a perception of reality, and in particular, producing perceptions that directly benefit China.

For perception management to be successful the goal cannot be too disconnected from reality; plausibility matters. For example, during the initial phase of *Operation Iraqi Freedom* as US commanders announced the arrival of coalition forces in Baghdad, the Iraqi spokesperson dubbed “Baghdad Bob” responded with “They have started to commit suicide under the walls of Baghdad. We will encourage them to commit more suicides quickly.” Baghdad Bob’s comments were rejected by western audiences and were subjected to ridicule. Nonetheless, some audiences accepted Bob’s version of events, but this has more to say about Arab society than it does about Iraq’s credibility. The main point, however, is that Western audiences had more than Baghdad Bob’s account to judge whether his statements were accurate.

The same cannot be said for coverage of the 2001 EP-3/F-8 collision as I detailed in “China’s Use of Perception Management.” The Chinese government through Xinhua cultivated a preexisting belief in many quarters that the United States is an uncontrollable hegemon and that the South China Sea is China’s sphere of influence. China bolstered its position by characterizing the EP-3 as a spy plane and charging that the United States violated its sovereignty by landing the disabled aircraft at Hainan Island. Further, by placing the F-8 pilot’s widow on television, China hoped to elicit sympathy for the accident and clearly place blame on the United States. By holding the US aircrew in isolation for the first three days and not releasing the aircrew until 11 days (after the United States expressed regret), China monopolized the information that led to the accident. In general, “the facts” about the collision were controlled by China. Ultimately, the United States apologized for the incident, regretted the loss of the Chinese pilot, and agreed to dismantle the aircraft.

My analysis of the EP-3/F-8 collision suggests China did use perception management. However, I cannot say these findings are generalizable. It is unusual in the global media age that one side can monopolize information and the likelihood of this occurring again is rare. Outside of specific cases, though, I would like to highlight that state-controlled media outlets can be used to influence international perceptions. My remarks will conclude with *why* China seeks to manage its perception. In short, its reputation determines how other states judge its international character and interpret its intentions. China therefore seeks a reputation that is benign, if not benevolent.

Smiling Giant Panda or Fire-Breathing Dragon

At least since 1992, China has worked to avoid being labeled the new “evil empire.” But unlike the Soviet Union, China does not ideologically compete with the Western-sponsored international economic system, but has embraced it. Likewise, the United States does not economically isolate China, but actively trades with it. China does not promote revolutionary movements around the world, but provides UN peacekeepers in post-conflict zones. China is also viewed by the United States as indispensable to northeast Asian security, not destabilizing. Chinese military forces are postured for operations in north Asia, not poised on the border of western Europe like the Soviets were. Overall, China has embraced the current international system in ways the Soviets could never have imagined.

In spite of this, China is often identified as the next rival of the United States. Political scientists like John Mearsheimer, who are theoretically predisposed to identify a future balancing power, have identified China as the country to replace the Soviet Union in a bipolar world. Sam Huntington’s clash of civilization hypothesis also privileges China as a “Confucianist civilization” that would clash with the West. These hypotheses about future conflict are reflected in the Chicago Council on Global Affairs 2006 survey that identified 50 percent of Americans believing that it is very likely that the growth of China’s military power will lead to war. The view within Asia is even starker with 93 percent of Japanese, 76 percent of Russians, and 63 percent of Indians believing that China’s growing military power is bad, according to the Pew Global Attitudes Project.

However, as China scholar Yong Deng notes, China believes that certain countries like Japan, India, Taiwan, and the United States have “fabricated the idea of a China threat to bolster a hostile containment policy toward China, to justify interferences in China’s domestic affairs, including Taiwan, to maintain their hegemonic security structure in the Asia-Pacific, and to increase their own military expenditures and enhance their overall defense capabilities.” While China’s growing military power is viewed as threatening in the region, it is not seen by publics as replacing U.S. military power during the next 50 years, according to the Pew Global Attitudes Project. Tom Barnett places the China Threat Theory squarely into American distributive politics when he wrote, “the proponents of Big War (that cold-war gift that keeps on giving), found overwhelmingly in the Air Force and Navy, will go to any length to demonize China in their quest to justify high-tech weaponry (space wars for the flyboys) and super-expensive platforms (submarines and ships for the admirals, and bomber jets for both) in the budget struggles triggered by our costly wars in Afghanistan and Iraq.”

I am not here to evaluate whether or not China poses a military threat to the United States; I find the “panda” or “dragon” label too simplistic. Instead, I would simply say that I find Stephen Colbert’s “frenemy” construct helpful in this regard. Instead, I am here to say that China does actively counter the idea of a “China Threat” and works to defuse this through a combination of diplomacy and strategic communications. For example, earlier this month, Chinese Foreign Ministry spokesman Qin Gang refuted the China threat, saying anyone who can understand and recognize China’s foreign policy

would “never regard China as a threat.” Its message is reinforced when China explicitly contrasts its non-interventionist foreign policy with United States’ foreign policy activism, which has elicited negative world opinion.

China mainly wants its image to be a giant, smiling panda and not a fire-breathing dragon. It does so by cultivating its own legitimacy, downplaying its defense spending, casting itself in a positive light relative to the United States, and providing foreign assistance. China’s 2004 Defense White Paper noted that one of its five goals included “shaping the international environment favorably in China’s interest.” Through its activities, Chinese strategic communications emphasizes five inviolable national interests: one China that includes Taiwan, domestic stability, economic globalization, a manageable international security environment, and international status.

An essential part of China not appearing threatening is minimizing negative perceptions of its military. While Chinese military spending growth has been steadily increasing, China pegs its spending at just \$45 billion. Even if this amount is underestimated, high estimates of \$120 billion are contrasted by China with US defense spending exceeding \$700 billion. However, if one takes into account the differences in costs between the United States and China and used purchasing power parity (PPP) to measure defense spending, then the Chinese military budget is closer to \$450 billion or ten times what it publicly acknowledges. But by using the non-PPP values, China presents itself as a small military, which is not very accurate. It is much better to estimate military strength not by how much it costs, but by what it is capable of in combat.

In addition to downplaying its military spending, China also emphasizes its participation in international institutions. To illustrate its commitment to international peace and security (not conquest), China currently provides 1,800 peacekeepers (the largest contribution from a UNSC permanent member). China also is an active participant in international trade organizations like the WTO and ASEAN.

Stadium Diplomacy and Rogue Aid

Relative to the United States, European Union, and Japan, China’s assistance programs are modest. However, China’s programs are well-coordinated to advance its interests, and it regards commercial diplomacy as an effective tool to advance political goals. Beijing has also taken advantage of US missteps to engage with countries it might otherwise not. For example, US requests for article 98 exemptions from the International Criminal Court resulted in US aid being suspended to dozens of countries under the *American Service Member’s Protection Act* until recently. With international military education and training programs cut-off, China seized the opportunity to train foreign military officers in China and provide military assistance to fill the void. While leading US Southern Command, General Bantz Craddock testified before the House Armed Services Committee in 2006 saying, “The PRC has been making headway into the region by using economic measures, employing diplomacy, building infrastructure, negotiating trade deals, and offering resources to cash-strapped militaries and security forces with *no strings attached*.” I must emphasize the “no strings attached” point since it is an

advantage China leverages. Up until last fall, the Article 98 requirement restricted SOUTHCOM from engaging with nearly one-third of the countries in the Western Hemisphere. And while the United States funds international officers to attend programs in the United States, China also provides funding for the officers families. But having had an international officer as a student who attended programs in the U.S. and in China, I can reassure you that the Chinese cannot compete with American professional military educational institutions like the Naval War College.

Recently, the Caribbean has become a focal point for China because it contains four of the 24 states that still recognize Taiwan as an independent country. In 2004, China successfully induced the countries of Dominica and Grenada to withdraw diplomatic recognition of Taiwan. In return, Beijing provided Dominica \$117 million of aid over six years and Grenada \$100 million of aid, including a new cricket stadium. The aid was well-timed coming in the aftermath of the devastating 2004 hurricane Ivan.

China actively reaches out to foreign publics through major infrastructure projects like stadiums. For example, Cricket World Cup is currently being played in nine Caribbean countries. Of the twelve stadiums built or refurbished in the last two years, the Chinese government funded three (Antigua, Jamaica, and Grenada). Interestingly, Taiwan has also used the cricket tournament to maintain relations with Caribbean countries by funding cricket facilities in St. Kitts & Nevis and in St. Vincent & the Grenadines. Similar sovereignty battles play out in Central America and Africa. Both China and Taiwan build stadiums, parliament buildings, palaces, and transportation infrastructure with the intent to illustrate the generosity of their assistance to the targeted populations.

In addition to providing public works, Beijing also promotes Chinese culture through Confucius Institutes, Chinese language schools, and international broadcasting. The Confucius Institutes facilitate Beijing's relationship with Chinese populations living throughout the world and are centers for China to reach out to local populations.

China also influences foreign audiences about US intentions. For example, last month after the Defense Department announced its intention to create a single military command for Africa, the *PLA Daily* promoted an instrumental explanation for the decision. The *PLA Daily* saw the US move as inevitable "to step up its [US] control over Africa." This interpretation overemphasizes the importance of West African oil because the change is more about smoothing existing bureaucratic lines and focusing US assistance. The Defense Department sees that Africa Command will "integrate US interagency efforts and assist diplomacy and development efforts." Yet the Chinese explanation is more believable given the increased use of the US military during the last five years.

Moisés Naím has characterized some Chinese foreign assistance as "rogue aid." Specifically, China's \$2 billion loan to Angola undermined the International Monetary Fund's efforts to force Angola to improve oversight and reduce corruption. Or, China's investments in the Sudanese energy sector are viewed as preventing decisive action in Darfur. Or China's support of environmentally unfriendly programs in the Philippines preempted the Asian Development Bank's efforts to encourage environmental protection.

In the cases I listed above, China used its foreign assistance to ensure access to raw materials and curry favor with the local populations. These motives are consistent with a country pursuing its national interests, but this behavior can have detrimental effects on its international reputation. By going around international institutions, comprehensive efforts to facilitate development and improve governance can be undermined.

Yet, some countries have learned that it is easier to accept Chinese assistance instead of American because the Chinese have fewer demands and ask fewer questions. General Jones, former US European Commander, testified in 2005 before the Senate Foreign Relations Committee on this problem. He said, “To paraphrase a statement made to me by an African leader about the growing China relationship in Africa, he says, ‘we love the United States. You, above all else, tell us exactly what we need and then China turns around and gives it to us.’”

This, however, might be changing. Earlier this month, Angola’s state oil company, announced it would discontinue talks with China’s Sinopec on building a joint refinery. Angola was not willing to back a refinery that would only serve China’s interests. There are also emerging signs that other countries are resisting what they see as China’s exploitative policies, the dumping of Chinese goods, and the use of Chinese labor to build infrastructure projects. Sometimes, the Chinese populations in these countries become targets of violence. For example, in Zambia last year, the presidential election was marred with some violence directed at the 30,000 Chinese there. It appears that developing countries can and will resist any trade deal that is not mutually beneficial, so the honeymoon China is experiencing in the developing world may be undermined by its own behavior.

I must note that China is also learning that its commercial diplomacy comes at a political cost that sometimes does not serve its broader national interests. Its association with rogue regimes tarnishes its international image and its hard-edge business practices often undermine the goodwill its investments have generated. For example, China’s support of Robert Mugabe in Zimbabwe has been waning and several Chinese firms recently withdrew from projects because Zimbabwe could not live up to its contractual obligations. While the relationship has historical depth, it could not withstand the realities of 21st century commerce.

Conclusion

In this brief testimony, I tried to highlight that China actively promotes a positive image of itself as a reaction to the “China threat theory” and secure natural resources to promote its economic development. The war on terrorism has helped deflate the China threat as relations have improved with the United States, but China continues to actively promote a non-aggressive image of itself through a policy of non-interference, outreach to foreign publics and governments through public works projects, participation in the international system, and comparisons to the United States. Relative to its past, China has made great efforts to abate fears about China’s economic growth and military power. Through its

strategy of peaceful rise, the message is simple and exemplified by Foreign Ministry spokesman Qin Gang who said, “China adheres to peaceful development and advocates a harmonious society of lasting peace and common prosperity. That’s what has allowed China to win trust, cooperation and friends in the world.” This message is also accompanied with statements that characterize the United States as a hegemon on the offensive.

World opinion suggests its message is working. British, French, German, Spanish, Dutch, and Russian publics hold more favorable views of China than the United States, according to a 2005 Pew Center poll. The low US favorability ratings are based on *how* publics perceive US foreign policy actions. In the event of a crisis between the United States and China, how the crisis is framed will be critical. China’s control of its media outlets and good relations with developing countries give it an advantage over the United States.

With that said, China does not want to confront the United States or be perceived as a threat, peer competitor, or rival of the United States. China needs the United States to continue its economic growth to meet the needs of its population. To counteract both real and imagined dangers of itself, China refutes threat claims and builds coalitions within the developing world to support it. I expect this behavior to continue and only to be effectively countered by local reactions to China’s policies. The answer lies not in a more aggressive US foreign policy, but in allowing China’s aggressiveness to alienate those countries it hopes to court.

With that, I look forward to your questions.

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