

## America's Strategic Response to China's Military Modernization

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China's military future is not a secret it keeps from the world—it is a mystery even to those inside the country. Not even top leaders know whether China will become the United States' friend or foe in the decades ahead. China's military destiny will ultimately be determined by its next generation of leaders, other internal developments, and the future of cross-Strait relations, yet America's strategic response will also shape the future of the U.S.-China relationship.

Given this strategic uncertainty, the United States has no choice but to pursue a two-pronged policy toward China. One prong is to engage China and encourage it to become a "responsible stakeholder" in the international community. The second is to engage in "prudent hedging" against competitive or aggressive behavior by China, pursuing continued engagement rather than treating the country as an enemy.

Unsure of what the future might hold, China's leaders are also likely to engage in hedging. Unfortunately, these efforts will appear to Washington as the very indicator of the competitive behavior against which the United States is hedging.

The possibility of conflict in the Taiwan Straits has long dominated the US-China strategic relationship, yet a number of additional strategic concerns are reflected in the military postures of both countries.

The United States' global commitments require that it maintain the qualitative superiority and quantitative sufficiency its armed forces now possess. The Defense Department will receive an appropriation in excess of \$500 billion (including supplementals) in Fiscal Year 2007 for a host of current missions and future contingencies—but many are completely unrelated to East Asia.

At the same time, China is building a military capability to match its global ambitions and prevail in its regional rivalries. In China's eyes, it does not yet possess a military strong enough to fulfill the important role it envisions for the future. Moreover, China weighs its military power in relation to the neighbors it seeks to deter and overbear—India, Japan, and Russia—as well as the United States.

China's military build-up should concern the United States, but how should we respond? Between maintaining its current capabilities and engaging in an all-out drive to

be a military peer of the United States, where will China end up? Where should we, as Americans, hope that China ends up?

### CHINA'S MILITARY MODERNIZATION

Mao Zedong gave the People's Liberation Army (PLA) a strategy of People's War—the idea was to draw invading armies deep into Chinese territory, envelop them, and destroy them slowly in a protracted war of attrition. In contrast, Deng Xiaoping and his successors have advocated new theories of "Local War" (versus total war) and "Rapid War, Rapid Resolution" (as opposed to war of attrition) (1).

In the years to come, China will continue to develop its military power parallel to its growing economic and political power, and it will seek to fulfill the portfolio of missions dictated by its evolving security strategy. China's 2004 and 2006 Defense White Papers describe the modernization trajectory for the PLA as a "Revolution in Military Affairs with Chinese Characteristics."

The first step toward modernization is to deal with the Maoist legacy—downsizing the PLA and making China's defense R&D system and military industry more efficient. China's reforms aim to increase the readiness of selected PLA units, train them intensively, and perform realistic exercises (including joint exercises with Russia and other nations).

The second step is to bring China's three military services into the age of joint operations. The Chinese further stress the need for "informationization," what the United States calls "command, control, communications, intelligence, reconnaissance, and surveillance (C4ISR)". To this end, the 2004 White Paper replicates the US emphasis on satellite and airborne sensors, unmanned aerial vehicles, and information warfare.

Finally, China plans to maintain strategic nuclear deterrence and challenge American dominance wherever possible. Despite America's overwhelming military superiority, China aims to exploit vulnerabilities in key US capabilities using counter-space, counter-carrier, counter-air, and information warfare to prevent the United States from dominating a military confrontation or achieving quick and easy victory. China's recent anti-satellite missile

test demonstrated its commitment to reducing America's advantage in space.

Improved capabilities are central to China's efforts to credibly threaten Taiwan and prevent or counter a possible US intervention. China does not currently possess the airborne and amphibious forces required for an invasion of Taiwan, and such an operation would be disastrous if US air and naval forces came to Taiwan's aid. Instead, China aims to intimidate Taiwan with hundreds of short-range ballistic missiles (SRBMs), and to overwhelm Taiwan's economy by making it difficult for air and maritime commercial vehicles to serve the island.

Although countering the US is a major pre-occupation, China has other strategic concerns. Long before China could ever hope to match the United States in power, it must establish clear regional supremacy. China's adjusted defense spending of \$50-\$80 billion is already comparable to Japan's \$44 billion, Russia's \$65 billion, and India's \$24 billion. Moreover, China aims to develop the strength necessary to protect its outstanding territorial claims and energy supply lines.

Domestically, China's leaders view recent increases in public riots and disorder as a serious threat to national security. They understand the military as the key to deterring would-be troublemakers and maintaining internal stability.

At present, Beijing does not have the resources it needs to realize these varied domestic, regional, and global objectives. Military spending competes with other pressing needs, such as rising expectations among the population, a middle class as large as the population of the United States, inequality between cities and countryside and among regions, underdeveloped and bad-debt-burdened capital markets, and an aging population, to name a few. Although the Chinese defense budget has been growing at more than ten percent per annum for two decades, the government does not have a blank check to address military needs.

#### MONITORING CHINESE DEVELOPMENTS

Barring a major slowdown in the Chinese economy or some other catastrophe, China's military buildup and modernization are likely to continue. These reforms are consistent with China's growing power, but the resulting shift in the regional balance of power may profoundly alter the military landscape of East Asia. Nevertheless, it is possible for the United States to respond to China's rise in a way that does not unnecessarily strain the US-China relationship.

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But we must also anticipate potential political and military developments in China that would dramatically change the nature of the United States's hedging. For example, signs that the Chinese government was putting defense spending first in the budget would be cause for concern, as would an increase in irredentist rhetoric or claims, aggressive rhetoric about "enemies" like Japan, or the growth of hypernationalism among Chinese youth. Other alarming developments might include the emergence of

offensive biological or chemical weapons programs; an attempt to match or exceed the US strategic nuclear deterrent force in overall numbers; a change in Chinese nuclear policy from no-first-use minimum deterrent to first-use or counterforce; or any large expansion in scale and scope of weapons purchases from Russia. Finally, the creation of major new military alliances with other powers or foreign basing of Chinese forces could signal Beijing's aspiration to challenge America's global position.

These developments would reveal China's strategic intentions and lead ultimately to Chinese capabilities that both exceed what is required in the Taiwan Straits and are inconsistent with the emergence of a "responsible stakeholder."

#### FINANCING THE AMERICAN RESPONSE

Chinese efforts to undermine US operational supremacy will require specific US investments to counter them. These investments are in line with the Pentagon's budgetary plans and need to be accommodated in future budgets. They constitute the near- and medium-term hedges required by the two-pronged US strategy towards China.

There are many costs associated with hedging against China. In terms of military investment, this mission requires ultra-modern aerospace and naval capabilities. It is the main budgetary rationale for an advanced fighter aircraft, a new strategic bomber, new aircraft carriers and other surface combatants, stealthy unmanned aerial systems with long range and dwell time, nuclear attack submarines, and a host of C4ISR assets.

At the same time, the American military must also continue to fund and sustain other essential capabilities necessary to fight the "long war" against terrorism, per-

form peacekeeping and stability operations, fight “traditional” major theater wars, and maintain nuclear and non-nuclear deterrent forces and defenses against the continued threat from weapons of mass destruction. Despite the looming budget crunch, the Department of Defense must pursue all of these missions simultaneously; none can be sacrificed to fund the others.

Today, the stresses of poor management, prolonged wars in several places, and chronic cost growth are limiting the resources available to hedge against a rising China. Both future administrations and Congress must ensure that there is adequate funding to support a prudent hedge against China. The hedging must be done in a way that effectively counters China’s military developments, is consistent with the “engagement” part of US strategy towards China, and is affordable within a constrained DOD budget with a portfolio of investments—without contributing further or unnecessarily to the Chinese buildup.

#### AMERICA’S TWO-PRONGED STRATEGY

How, then, should America respond to China’s military modernization?

First, we must continue to invest in transformational US military capabilities in a portfolio approach that gives appropriate emphasis to highly advanced aerospace and maritime forces as well as the ground and special forces needed for other near-term missions. We also must continue to improve intelligence collection and analysis regarding the Chinese military.

Beyond this, Washington must maintain and expand US alliances in Asia, preserving alliances with Japan, South Korea, and Australia, and pursuing deeper military partnerships with the Philippines, Singapore, India, and possibly Vietnam. Strengthening the US-ROK alliance and maintaining the American presence in Guam are particularly important for deterring North Korea, reassuring Japan, and demonstrating commitment to the region.

The United States must also continue to ensure that its military has the capability to defend Taiwan from an unprovoked Chinese invasion or other kind of military coercion. At the same time, we must continue to conduct military-to-military activities with China, such as the planned talks between the US Commander of Strategic Command and the head of the Chinese Second Artillery.

An important instrument of both engagement and hedging, military-to-military contact creates mutual familiarity that can help avoid miscalculations in moments of crisis, tension, or competition. For example, discussion of crisis management strategies might help to avoid misunderstandings such as the 1999 Belgrade Embassy bombing and the 2001 Hainan mid-air collision. Rather than insist on absolute reciprocity in military-to-military

activities, we should instead work to achieve “value-based reciprocity,” where each side obtains equal benefits.

Finally, we should expand military-to-military activities to anticipate *joint action* that might benefit both countries. Joint action could include search-and-rescue, counter-terrorism, counter-piracy, counter-narcotics, counter-people smuggling, humanitarian relief, noncombatant evacuation, and peacekeeping.

#### POTENTIAL PITFALLS

In managing our relationship with China, what steps should the United States avoid?

First, we should not attempt to create a regional anti-Chinese alliance. Most of the potential members of such an alliance need to protect and nurture their bilateral relationships with China and would thus refuse to join a “hedge-only” US strategy. Second, we must resist the temptation to create a formal defensive alliance with Taiwan or offer an unconditional guarantee of American military assistance. Washington should also unequivocally oppose any effort by Taiwan to obtain an independent offensive deterrent, especially in the form of nuclear weapons.

Third, an attempt to neutralize China’s nuclear deterrent with counterforce or missile defense would not only fail to achieve comprehensive or assured protection from a Chinese nuclear strike, but would likely prompt China to build a larger nuclear force than it otherwise would.

Finally, the United States must not deny China access to resources (such as oil) that it needs for its economic development. Of course, Washington should also encourage Beijing to follow the same policy.

China’s reforms may aim eventually to match the United States in comprehensive military power—but China’s leaders no doubt recognize that this parity will take decades, at the least, to achieve (2). In the meantime, Washington must respond to China’s military modernization in a way that avoids stumbling into a new cold war, at the same time making that prospect unattractive to China’s future leaders.

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