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## SUMMARY

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Managing the rise of China constitutes one of the most important challenges facing the United States in the early 21st century.

—*Swaine and Tellis (2000), p. 1.*<sup>1</sup>

China's reforms since 1978 have given rise to unprecedented economic growth; if this course of development is sustained, China will be able to turn its great potential power, derived from its huge population, large territory, and significant natural resources, into actual power. The result could be, in the *very long term*, the rise of China as a rival to the United States as the world's predominant power.<sup>2</sup> However, long before that point is reached, if it ever is, China could become a significant rival in the East Asian region, one that might attempt to reduce and, ultimately, to expel U.S. forces and influence from that region.

In this context, the issue for U.S. policy is how to handle a rising power, a problem that predominant powers have faced many times throughout history. The current U.S. policy of engagement seeks to change the nature of, and, hence, the goals and objectives sought by, the Chinese regime: It seeks to make the Chinese regime more

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<sup>1</sup>See this work for a discussion of the factors that will affect China's grand strategy as it seeks to develop its "comprehensive national power."

<sup>2</sup>Thompson (1988) discusses in detail the phenomenon of the rise and fall of predominant powers and the possibility that large-scale war will accompany the process.

democratic and more willing to cooperate with existing international norms in such areas as nonproliferation, respect for human rights, and free trade. According to the Department of Defense's strategy for the East Asia–Pacific region: "Prospects for peace and prosperity in Asia depend heavily upon China's role as a responsible member of the international community." (U.S. Department of Defense [DoD], 1988, p. 30.)

Regardless of how one assesses the likelihood that the current engagement policy will achieve its ultimate objective,<sup>3</sup> the question of how to avoid conflict in the meantime remains. While the engagement policy gives China's leaders an incentive to maintain good relations with the United States, that incentive may be overpowered by other considerations, such as concerns about territorial sovereignty (including Taiwan and the South China Sea) and the maintenance of Communist Party rule. Thus, it would be a mistake to conclude that the Chinese interest in economic and technological development makes a conflict with the United States impossible. Accordingly, it is of interest to consider how the United States might be able to deter China from using force in a manner inimical to U.S. interests.

The historical record contains many occasions on which the People's Republic of China (PRC) took military action contrary to important interests of the United States and the former Soviet Union. In many cases, one or the other tried to deter China but found this task rather difficult to accomplish, despite the vast disparity in military power between itself and the PRC. This report discusses the instances in which some element of deterrence might be thought to have been operative, although it is often unclear whether there was a conscious effort to deter.<sup>4</sup>

It is the contention of this report that the future Sino-U.S. context will illustrate many of the problems of deterrence theory that have been discussed in recent decades; deterrence theory will be, in general, more difficult to apply than it was in the U.S.-Soviet Cold War

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<sup>3</sup>See Khalilzad et al. (1999), pp. 63–69, for a critique of engagement policy.

<sup>4</sup>The appendix discusses cases in which China was faced with the problem of an adversary taking, or being about to take, undesired actions; again, it is often unclear whether China was engaged in a deliberate attempt to deter.

context. A review of the deterrence literature suggests several areas of theoretical concerns that would be relevant to deterrence in a Sino-U.S context.

Since deterrence primarily relies on the *threat* of future harm, the deterrer's credibility is obviously a key factor in making deterrence work. Credibility may be determined by many factors; one of the most important is the importance to the deterrer of the stakes involved. In the Sino-U.S. context, the importance of the stakes involved in many of the potential deterrence situations may not be so clear.

In the most important case, the United States would wish to deter Chinese use of force against Taiwan. However, this would not necessarily involve any change in its "one China" policy, which implies that the U.S. interest is only in the means by which Taiwan and China might be unified. According to this policy, the United States is willing to accept the strategic consequences of Taiwan's incorporation into the PRC (e.g., that Taiwanese ports could become bases for the Chinese People's Liberation Army Navy). Thus, the United States would have to convince China that, despite its apparent unconcern with the *strategic substance* of reunification, its interest in the *process* is substantial enough to lead the United States to incur large costs. The Chinese leadership might not find such a distinction credible; thus, it might believe either that the United States would not fight or that its willingness to fight indicated a shift in U.S. policy toward actual support for Taiwanese independence. In the latter case, the Chinese might be difficult to deter because of a belief that the result of their forbearance might well be not a continuation of the status quo but rather an invigorated Taiwanese push for independence.

Closely related to the question of defining and measuring the stakes of the parties in a potential conflict is the question of assessing the strength of one side's "commitment" to achieving its goals, however understood. To a large extent, the strength of commitment reflects the importance of the stakes. However, the degree of commitment can be increased, either because of circumstances or as a result of deliberate manipulation of the value of the stake, giving the side whose commitment is thus strengthened a relative bargaining advantage.

The PRC leadership's discussion of the Taiwan issue under the rubric of protecting territorial integrity has the effect of increasing the value of the stakes; the leadership seeks to convince others that the irretrievable failure to gain control of a territory it has never ruled would constitute a humiliating defeat, which it would therefore be compelled to run great risks to avoid. However, in the past, the PRC leadership has been willing, for example, in the course of the rapprochement with the United States in 1971–1972, to shelve the Taiwan issue, seemingly indefinitely.<sup>5</sup> Thus, should the leadership decide at some time that it is necessary to achieve reunification within a specific time (perhaps because the leadership came to think that time was not on its side and that the overall trend was toward *de jure* Taiwanese independence), it might have some difficulty establishing that it no longer possessed its earlier patience with respect to this issue. Domestic political considerations could also raise the importance of the Taiwan issue to an American administration. In both cases, the differences between the American and Chinese political systems might make it hard to gauge exactly how much domestic pressure the other side's leadership was under.

It is generally believed that the side defending the status quo has a certain advantage. With respect to the potentially most serious source of Sino-U.S. conflict—Taiwan—the status quo is complex and may be understood differently by the two sides. Taiwan is currently independent *de facto* but enjoys only limited sovereignty *de jure*. It has normal diplomatic relations with only a handful of states and none of them the world's major powers. Thus, the two sides may emphasize different aspects of the current situation, the United States focusing primarily on Taiwan's *de facto* independence and China on the nearly universal recognition of the “one China” principle and on Beijing's right to represent that China. If a future Chinese threat to Taiwan arose out of some action the latter took to acquire a degree of legal or diplomatic expression of its *de facto* independence,

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<sup>5</sup>Kissinger (1979), p. 1062, quotes Mao as saying: “We can do without them [Taiwan] for the time being; and let it come after 100 years.” While the reference to “100 years” was perhaps poetic license, the main point was clear: The Taiwan issue was not to be allowed to derail the Sino-U.S. rapprochement. Although Mao may have hoped that the shock of the eventual U.S. derecognition of the government of the Republic of China would itself lead to reunification on terms favorable to Beijing, he did not have any guarantee of this and did not insist on any.

each side could see itself as essentially defending the status quo and could believe that its deterrent threats gained credibility from that circumstance.

Deterrence typically seeks to clarify the actions by the adversary that are to be deterred, i.e., to specify the actions to which the deterrer will respond by inflicting some form of punishment on the aggressor. Thus, it may be harder to make clear and credible deterrent threats that cover all possible adversary actions that one wishes to prevent. As one study of the successes and failures of U.S. deterrence attempts concluded,

*Nations interested in changing the status quo normally have more than one option for doing so. . . . A deterrence policy which discourages an opponent from employing some options but not others is incomplete and may not prevent a failure of deterrence. An opponent who is bent upon altering a given status quo may design around the viable aspects of the deterrence strategy that confronts him. (George and Smoke, 1974, pp. 520–521; emphasis in the original.)*

China has, in the past, often been adept at calibrating its actions in such a manner as to avoid a strong response from its adversary.

To deter an adversary, one must possess not only credibility but also military capability. The United States retains sufficient strategic nuclear strength that its ability to do unacceptable damage to China cannot be questioned. But assessments of relative conventional military capabilities, such as would be relevant to judge one side's ability to carry out threatened military actions, are more difficult; the actual use of military forces always carries with it the possibility of unforeseen occurrences. Although overall U.S. military power vastly exceeds that of China, and will continue to do so during the first decades of the 21st century, the Chinese might believe that a surprise attack by large numbers of missiles might be able to inflict serious damage on U.S. power-projection capabilities, thereby producing a serious psychological shock that would hamper further U.S. action. Even if this were a miscalculation on their part, the result could be that, contrary to U.S. expectations, the Chinese would not be deterred by the presence of a powerful U.S. force in their vicinity, any

more than the Japanese were deterred by the forward deployment of the U.S. Pacific Fleet at Pearl Harbor.

Politically, the deterrent value of U.S. military superiority might be diminished by a Chinese belief that various political constraints will inhibit the ability of the United States to use it. For example, the Chinese may believe that U.S. sensitivity to casualties will limit U.S. military actions. Hence, the Chinese perception of usable U.S. military strength may be very different from what the United States might believe.

In any case, deterrence rests not so much on the deterrer's will and ability to use military force as on its adversary's perceptions of them. These perceptions are determined not only by the objective realities as a neutral, dispassionate observer might determine them but also by a whole host of cultural factors. For example, the United States often believes that a crisis deployment sends a strong signal of its willingness to use force and thus expects it to have a strong deterrent effect. However, to a country, such as China, whose strategic tradition emphasizes the importance of surprise attacks, the deliberate parading of forces might seem more like an alternative to their use; after all, if the adversary had intended to attack, it would have been more discreet about its preparations to do so. Similarly, the United States might see the absence of visible preparations for the use of force (which were displayed precisely to exercise a deterrent effect) as a sign that its adversary lacks the will or the capability; instead, it might reflect the adversary's desire to achieve surprise when it did in fact attack.

Successful deterrence of China has often required the threat of very high levels of violence or a serious threat to the regime's internal stability or control of the country. In the future, given the probable nature of the stakes in a likely Sino-U.S. conflict, it is unclear whether the United States will be willing or able to make these types of threats, especially nuclear threats. Thus, the main problem to be addressed is that of deterring the Chinese from using force in cases in which threats of massive retaliation may not be credible.

The Chinese have often shown a willingness to resort to force precisely because they see the resulting tension as being in their interest. The purpose of the tension may be domestic mobilization or may be

intended to exert a psychological impact on a foreign power and hence bring about a change in its policies. This type of behavior may be difficult to deter. Threats to use (limited amounts of) force in reply may indeed play into a Chinese strategy of increasing tension. The key element here seems to be China's confidence that it can control the level of tension and the risk of escalation, rather than avoid them altogether. Hence, a strategy of carefully controlled escalatory threats and actions may be an inappropriate means of achieving a deterrent effect, since it does nothing to shake that confidence.

Deterrence theory assumes a certain transparency of intent and capability. In principle, the party to be deterred should be able to calculate the deterrer's willingness to use force and capability to do so with some degree of accuracy, to determine whether or not the deteree should proceed with its desired course of action. In fact, in many historical cases, the reality was quite different; the motives of the parties were opaque, and the strength of their military capabilities was misestimated, often wildly so.

Unless Sino-U.S. relations deteriorate to Cold War-like levels, it would seem that nuclear deterrence will have little role to play in handling the types of conflict scenarios that might arise. This poses a difficult but not insurmountable challenge to U.S. policymakers. The key may be to seek nonmilitary means of deterrence, i.e., diplomatic ways to manipulate the tension to China's disadvantage. For example, in future crises, China will have to be concerned that its threat or use of force will encourage neighboring states to see her as an emerging strategic threat against which they must band together. This type of regional reaction, encouraged and supported by the United States, may be the best deterrent to Chinese use of force in the region.