

# Issue Paper

RAND

*Project AIR FORCE*

## Congage China

*Zalmay Khalilzad*

China's rise as a great power is beyond dispute. Its economic growth and potential, its current and future military capacity, the size of its territory and population, and its geopolitical location, all make it likely that China will be a key player in the international scene during the coming century. What is less certain is the role Beijing will choose to play in the world and how U.S.-China relations will evolve. Will China become a partner or will it aggressively seek regional dominance?

Given this uncertainty, the challenge to U.S. policy is to find a posture that can encourage positive evolution in China's relations with the world and appropriately respond to negative behavior in the short term, while also protecting the United States against the possibility that in the longer term, China may embark on a hostile course. The last two administrations have both described their strategy toward China as one of engagement. However, in reality there is a fundamental lack of consensus on what strategy can best achieve our purposes. Routinely every four years, and additionally whenever there is a crisis, our debate on China policy begins anew.

In 1992, then-candidate Clinton accused President Bush of being the "puppet of Peking." Now the shoe is on the other foot, and the same types of charges are being made against President Clinton. This time, the debate is taking place at a time of deterioration in U.S.-China relations. Allegations of interference in the U.S. election process, charges in the Cox report<sup>1</sup> that the Chinese have stolen American military secrets, and Beijing's hostile interpretations of the mistaken U.S. military strike in May 1999 against the Chinese embassy in Belgrade have all contributed to the decline in bilateral ties.

The central question in the current debate, as with some of the previous ones, is whether the United States should abandon or modify the strategy of engagement. Congressional leaders have argued that Chinese efforts to

acquire sensitive U.S. military technology, the absence of satisfactory progress in opening China's markets to American products and in Beijing's human rights record, the continued Chinese sale of missiles and nuclear-weapons-related technology to other states, and the increased number of Chinese missiles deployed across the Taiwan Strait demonstrate that the engagement strategy, especially as practiced by the current administration, has failed. Some on Capitol Hill and some strategic analysts believe that China is destined to become a major threat to the United States and that constraining the growth of Chinese power, both economic and military, and opposing Chinese regional policies should become the focus of U.S. strategy in Asia. In effect, they imply that we must move from engagement to a mix of prevention and containment.

The Clinton Administration remains committed to engagement. It believes that engagement has produced many benefits by moderating Chinese behavior on international security issues, increasing opportunities for trade and investment, and improving the situation in China itself.

The policymaking and analytic communities are polarized because they approach U.S.-China relations through the competing prisms of containment and engagement. However, both strategies—engagement and a combination of prevention plus containment—have serious limitations. Neither is adequate for dealing with China, an authoritarian country whose power is growing but which at times pursues policies hostile to the United States and whose future orientation remains highly uncertain. Neither serves the key U.S. objective, which should be to encourage China to become more democratic and cooperative while at the same time protecting U.S. interests in case China becomes more hostile.

Engagement rests on the hope that continued economic, political, and military contacts and cooperation will either

---

RAND issue papers explore topics of interest to the policymaking community. Although issue papers are formally reviewed, authors have substantial latitude to express provocative views without doing full justice to other perspectives. The views and conclusions expressed in issue papers are those of the authors and do not necessarily represent those of RAND or its research sponsors. © Copyright RAND 1999.

transform China into being democratic and cooperative or, at a minimum, bring convergence on some key interests. This is a supposition. In the meantime, it is a fact that U.S. engagement is helping China develop economically and militarily. Thus, should China become hostile, our current approach of engagement will merely have made China into a potentially more threatening adversary.

Shifting to a prevention plus containment strategy now is equally troublesome. Such a strategy assumes that China will ultimately become hostile, giving short shrift to the possibility that Sino-U.S. relations could evolve in a more cooperative direction. This can become a self-fulfilling prophecy, setting the stage for a confrontation where none existed.

The next administration should transcend both containment and engagement. It should embrace neither. Instead, it should accept a new paradigm and adopt a new strategy. It is the objective of this issue paper to propose such a strategy. The paper will discuss China's probable futures; assess Chinese power, both current and potential; and then discuss the existing strategy of engagement in detail, followed by a similar discussion of the alternative strategy of prevention and containment. The paper will conclude by proposing a new strategy, "conengagement."

## WHERE IS CHINA HEADING?

Advocates of containment have decided that the "Chinese are coming," whereas adherents of engagement are betting that the Chinese will become our friends and partners. The reality is that we do not know where China is heading. China is on a path that can lead in several directions, and we cannot say with confidence which one is the most likely.

For the past two decades the central objective of the Chinese leadership has been to strengthen "comprehensive national power" and make China a "modern" country. To achieve this goal, China has been energetically pursuing reform and modernization, an effort that has produced a level of economic development unprecedented in modern history and has increased Chinese GDP and the standard of living of most of the Chinese people.<sup>2</sup>

The Chinese have been quite pragmatic in pursuing their goals. To facilitate development and modernization, the ruling Chinese Communist Party has made major adjustments in the ways it runs the country. By earlier Chinese communist standards, it has relaxed its control over the population and has opened the country to foreign influences. It has reduced the government's role in the economy by allowing the growth of the private sector—though it must be noted that much of this involves government officials or members of their families as owners or extralegal beneficiaries. Still, the state is no longer the sole employer. Tens of thousands of Chinese have been allowed to enroll in foreign

universities—there becoming exposed to ideologies other than communism. Economic modernization has also necessitated and produced a much greater availability of telecommunications—telephones, faxes, and e-mail.

Nevertheless, the Chinese Communist Party continues to insist on a monopoly of power and has not yet allowed the formation of opposition parties. Economic development has created new centers of influence such as economic entrepreneurs, intellectual leaders, and labor groups. However, these have not been integrated into the political process. The growing gap between economic freedom (as reflected in the new power centers) and Communist Party rule can lead to one of two results: Either to greater political freedom and democratization or to more dangerous developments. One possible outcome is an unstable, even fragmented China. Such a China could be inward-looking or it could pose a direct threat to the stability of Asia if the regime used external aggressiveness to increase its legitimacy. It is also possible that as China's power grows it might remain authoritarian.

As China pursues comprehensive power, its leadership has recognized that good relations with the United States are strongly advisable, if not mandatory, in the face of U.S. technological leadership, huge markets for Chinese exports, military power, and political influence with other advanced nations. Even so, the imperative for good relations with the United States is not without limitations and countervailing pressures. Some Chinese officials believe that Washington wants to slow China's rise. Others believe that the United States' insistence on human rights and democratic changes is aimed at undermining and transforming China's system of government. There is broad agreement in Beijing that the United States is an impediment to the resolution of Taiwan-related issues on Chinese terms. The Chinese would like to see a reduction in the U.S. military presence in Asia and the weakening of our alliances with Japan and South Korea. These considerations limit the extent to which maintaining good relations with the United States can be the overriding objective of Chinese foreign policy.

Unifying Taiwan with China is a vital issue for Beijing. However, China has been unsuccessful in achieving unification and may fear that time is not on its side because of increased support for independence in Taiwan. This consideration may lead to a coercive move on the part of China—for example, by missile and air attacks combined with operations by Chinese special forces—even before it has achieved comprehensive national power. Given the United States' insistence that any unification must be peaceful, one can imagine a scenario in which China's use of force against Taiwan leads to a conflict with the United States. Of course, given our overall military superiority, it would be in the Chinese interest to ensure that the United States stays out of a conflict between China and Taiwan. However, against a

superior force, the Chinese approach to war emphasizes pre-emptive strikes as both necessary and justifiable. Therefore, as part of an effort to coerce Taiwan, China may attack U.S. facilities in the region to delay and disrupt any possible U.S. assistance to Taiwan. The Chinese could believe that delaying a U.S. response might preclude any response from taking place at all. The Chinese have attacked superior military powers in the past without risking an overall war.

Beyond the Taiwan issue, the history of the rise of other major powers suggests that a “modernized” China could become a major rival for regional and ultimately world power. Beijing might well seek “regional hegemony” or a “sphere of influence.” It could become more hostile to the forward-basing of U.S. forces in East Asia and U.S. naval deployments to the Western Pacific. China might also seek to enhance its status on the global stage, both as a matter of prestige and to play a larger role in the settlement of major issues. Ultimately, it could seek to revise the international “rules of the game.”

In addition to the precedent of other rising powers there is also the history of China to consider. That history is not encouraging. The combination of China’s long-standing geopolitical centrality in Asia, its high level of economic self-sufficiency, and its past economic, cultural, and political influence over the many smaller states, tribes, and kingdoms along its periphery, has produced a deep-seated belief in the naturalness of China’s political, social, and cultural preeminence in Asia. Within the cosmology of imperial interstate relations, China has stood at the top of the pecking order, providing an intellectual and bureaucratic model of proper governance for Chinese and non-Chinese alike. Other states or kingdoms were expected to acknowledge the superior position of the Chinese emperor.

While both realist theory and an analysis of Chinese history suggest that a strong China can be expected to behave in an assertive manner, especially with respect to its territorial claims and its desire for deference from neighboring countries, at least three factors argue for a more optimistic view. First, even as their country successfully modernizes, the Chinese leadership could retain its current emphasis on the importance of good relations with the United States. Also, it should be noted that the modernization process will not have a clear-cut end point; even after several decades of successful economic and technological development, China is likely to lag behind the United States in many respects, and its leadership as well as the populace may still feel the need to “catch up.” More fundamentally, the dynamism of technology and the global economy is such that even the most advanced countries must remain open to each other if they wish to keep pace in the long term.

Second, the Chinese leadership could undergo an acculturation process, by which it becomes more willing to abide

by general norms of the international system. Thus, although China’s current acquiescence in these norms may be tentative and “opportunistic,” driven solely by the need for foreign contributions to China’s modernization, the leadership might gradually come to understand that these norms genuinely serve China’s interests. And the Chinese people may decide that they like them. In other words, by the time China becomes strong enough to challenge the international order it could already have become reconciled to it, and have learned to define its interests in terms of economic prosperity and international stability rather than achieving geopolitical dominance and territorial expansion.

Third, the opening of China to the world, the relaxation of restrictions on travel and communications, and the rapid growth of an educated middle class raise the possibility of a transformation of the polity in the direction of democracy. The best idea may win out. Although the process of modernization could still produce aggressive external behavior, the attainment of democracy could lead China to pursue peaceful and cooperative relations with other democracies.

## CHINA’S MILITARY POWER

Any effective American approach has to be informed by Chinese military strategy, current capabilities, and modernization. While those advocating prevention plus containment argue that the Chinese are building up their military power rapidly, advocates of engagement judge that there is no or little increase in Chinese military capability. The reality is that China’s military power is growing and that modernizing its armed forces is an important Chinese goal. But it is also true that Beijing is pursuing this objective as a long-term program rather than an urgent requirement. China wants to avoid repeating the Soviet Union’s mistake—placing an unbearable burden on its economy by spending too much on its military forces. The Chinese defense burden remains light by any measure—even though defense spending has been accelerating in recent years. However, neither does China intend to follow Japan in limiting its military capability to a level far below that which its economy could support. It seems probable that if China acquires an economy approaching that of the United States, it will also want a comparable military capability.

In general, the current Chinese military is technological-ly much weaker than our armed forces. Although there are some important niche areas such as optics, lasers, missiles, and nuclear weapons in which the Chinese have world-class capabilities, in many other key areas—whether one compares best to best or averages—they are at least 20 years behind the United States. The People’s Liberation Army (PLA) is ponderous, poorly trained, and inadequately equipped. Many of the Chinese air, army, and navy systems are based on a Soviet technology that is several decades old. R&D spending is

inadequate when compared to that of the United States or other developed countries—a scant 0.5% of GDP as compared with 2.7% for the United States. The military R&D system is not optimized for innovation because it is highly stovepiped and has a poor incentive structure. The country's logistics and supply system is uncoordinated and could not support sustained power-projection operations. China is likely to have difficulty in carrying out its current military strategy—the ability to simultaneously fight two limited wars (Taiwan and one other).

However, China recognizes its problems. To overcome its military weaknesses, it has embarked on an ambitious two-tracked approach—combining purchases from abroad with indigenous development. Indigenous development is facilitated by espionage—the theft of technology and plans for weapons—and covert acquisition of export-controlled components.

In the coming 15 to 20 years, Beijing hopes to acquire the capability to project power to areas contiguous with or close to China—especially Taiwan and the Spratly Islands. It also wants to be able to contest the position of other powers, including the United States, in adjacent regions and to increase its capability both for surviving a nuclear attack and for dealing a devastating blow to potential rivals—the United States, India, Russia, and Japan.

Already the Chinese have invested heavily to acquire a family of short-, medium-, and intermediate-range ballistic missiles. They are developing advanced warheads for their missiles and are seeking to improve the accuracy of their systems by integrating the Global Positioning System (GPS). They have had antiship cruise missiles for some time. Now they are developing two new long-range ground-attack cruise missiles. Because of their heavy reliance on missiles, the Chinese are adamantly opposed to the deployment or sale of American theater missile defenses in Asia—especially to Taiwan or Japan.

Besides missiles, China is developing at least two new fighter aircraft. Its plans include the deployment of an F-15-class multirole fighter by 2015. China's nuclear modernization includes the development of a new mobile ICBM, the solid-fuel DF-31, which has been flight-tested, and another advanced ICBM, the DF-41. China appears to be seeking to develop MIRVed ICBMs (with multiple independently targeted reentry vehicles). The capability to launch multiple satellites into low-earth orbit from a single rocket, as recently demonstrated by the delivery of the Iridium satellites from Chinese launch vehicles, is applicable to MIRVs. China, however, will need to further miniaturize its nuclear warheads. The reported theft of the W-88 warhead design was probably intended to help with this problem. Beijing is also building two new nuclear submarines that are expected to enter service at the turn of the century.

Although at present China has a limited space capability (only five Chinese satellites are operational on orbit today), it has an ambitious future program—which it may not be able to afford. Already the program is falling behind schedule. China had wanted to place an astronaut in space this year to coincide with the 50th anniversary of the Chinese revolution. Now it hopes that this will happen within the next couple of years. Its longer-term plans include seeking to develop a “space jet” or Chinese space shuttle—and ultimately even a space station. China is developing a new generation of photoreconnaissance satellites that will provide one-meter resolution. It is participating in a number of international space ventures and is well positioned to exploit widespread commercial investment in space. As indicated in Chinese writing, Beijing appears interested in developing an antisatellite capability, perhaps to compensate for its own limited dependence on space compared with the heavy reliance on space of its potential adversaries such as the United States. Like other great powers, China is devoting considerable attention to directed-energy weapons and to information warfare. China views the latter as a credible tool for power projection, including use against the U.S. homeland to disrupt U.S. ability to project power in support of Taiwan in case of a conflict.

In short, if current trends hold, by 2020 China is likely to emerge as a formidable multidimensional regional power as it continues to trade quantity for quality, increase defense spending, pursue innovation, and mature its industrial base. Such a capability is likely to put China in a much stronger position to pursue its interests and perhaps to threaten East Asia. But it is unlikely to be able to catch up with the United States across the board and on a global basis before 2050.

## THE ENGAGEMENT STRATEGY

Given the uncertainties about China's future policies and its growing military capabilities, what is the right U.S. strategy? How should the United States deal with China? What U.S. policies can both encourage China to follow an increasingly cooperative policy and prepare us for the possibility that it might not? To the extent that these two objectives come into conflict, how should the United States strike a balance between them?

The fundamental policy of the Bush Administration and now the Clinton Administration has been one of engagement. Both administrations have also tried to hedge their bets in certain ways, but hedging has been subordinate to engagement.

Engagement has had three elements. With respect to economics and trade—which in recent years have been the most important elements of the strategy—engagement has

meant seeking an expansion of relations and an opening of Chinese markets to U.S. products. It has also meant granting China “most favored nation” (MFN) trade status and reducing the number of sensitive goods and technologies covered by export controls. It has allowed Chinese companies to operate relatively freely in the United States.

Politically, engagement has meant seeking to maximize bilateral ties while keeping any disputes at as low a level as possible. Under this approach, Washington has tried to bring China into the various multilateral arms control regimes dealing with weapons of mass destruction, proliferation, and arms trade, and into other international regimes dealing with issues such as human rights. The approach attempts to include China in the solution of regional issues, such as Korea and the proliferation of nuclear weapons in South Asia. Militarily, the United States has sought enhanced military-to-military relations to increase mutual confidence and reach agreements on rules of the game to facilitate cooperation and avoid misunderstandings.

Enmeshing China in the international system can socialize Chinese leaders into international norms of behavior and increase their stake in the current system. China’s cessation of the sale of long-range antiship cruise missiles to Iran is a good example. Initially this may have been a mere concession to the United States, but over time, as Chinese dependence on Persian Gulf oil grows, China may well become convinced that a global nonproliferation norm is actually in its best interest. Similarly, as China develops economically, it may see a global free-trade regime as useful and beneficial to itself, and embrace the World Trade Organization (WTO) whole-heartedly, instead of attempting to join the WTO while still protecting its state-owned enterprises from foreign competition.

Engagement could have even more positive effects. Increased Chinese interaction with the outside world can facilitate democratization in China. A democratic China is not only likely to better govern its people, it will also be less likely to come into conflict with the United States and other democracies. As House Majority Leader Richard Armey noted: “In my heart, I would like to oppose most-favored-nation status for China as a way of expressing the deep repugnance I feel toward the tyranny of Beijing, but intellectually I believe that continued normal trade relations are best for the people of China today and offer the best prospect for liberating them in years to come.”

However, so far the results of our engagement policy have been less than advertised. It is true that China acceded to the Non-Proliferation Treaty (NPT) in 1992 and has played a helpful role in dealing with the North Korean nuclear problem. It supported the extension of the NPT, ratified the Chemical Weapons Convention, and agreed to observe limitations imposed by the Missile Technology

Control Regime (MTCR). It also agreed to stop assisting Iran’s nuclear program and to cease the sale of antiship cruise missiles to Iran.

On the negative side, though, China has aided Pakistan with its nuclear weapons program and provided it with M-11 missiles. Despite publicly taking a position close to that of the United States on South Asian nuclearization after the Indian nuclear explosions, privately it encouraged Islamabad to explode a nuclear device. Although China ratified the Chemical Weapons Convention and claims that it does not produce or possess chemical weapons, it in fact has an advanced chemical weapons program. Similarly, China is a party to the Biological Weapons Convention, but pursues an offensive biological weapons program. And China continues to provide shorter-range missiles and other military assistance to Iran.

The problem with the engagement strategy is that it does not have any positive suggestions on what should be done when Chinese actions come into conflict with U.S. interests or when China behaves badly. Thus, when China sells sensitive nuclear-related materials to Pakistan, no parallel responses are available. Engagement merely counsels that economic or diplomatic sanctions *not* be applied in retaliation. A trade ban imposed on the specific companies involved in selling sensitive materials *would* be consistent with engagement. However, such sanctions would be hard to impose and enforce, and easy to circumvent, given the ability of the guilty parties in China to use front companies or other types of cutouts.

More fundamentally, engagement rests on a bold assumption: that continued contact will eventually affect Chinese behavior in a positive direction. In the meantime, it helps China develop economically and technologically, thus creating the base for future military strength. Thus, if the assumption is incorrect, engagement will merely help China become a more threatening adversary in the future.

Even if the Chinese leadership is temporarily willing to abide by U.S.-supported norms of international behavior—in order to secure the advantages of engagement—there is no guarantee that its acquiescence will continue once China’s comprehensive national power has been enhanced. At that point, China may feel confident of its ability to make its way in the world without economic or other relations with the United States, or it may believe its importance in world affairs to be so great that the United States will have no choice but to seek good relations with it.

Thus, the key weakness of the strategy is that it does not outline what must be done to protect American interests should China become both more powerful and more hostile. Also, engagement rules out the typical low-level actions that the United States takes to express its displeasure with the

behavior of a foreign state. As a result, in some cases—for example, the Bush Administration’s suspension of most diplomatic exchanges with Beijing in the aftermath of Tiananmen—it has proved impossible to follow the precepts of engagement. Similarly, the Clinton Administration has been unwilling to allow China to join the WTO under the favorable terms demanded by the Chinese, and the United States has threatened economic sanctions over issues such as the Chinese government’s failure to protect the intellectual property rights of U.S. corporations. In addition, the post-Tiananmen sanctions, which prohibit the sale of weapons systems and other military equipment (such as spare parts) to China, remain in effect. In early 1999, the Clinton Administration prohibited the sale of a communications satellite to a Singapore-based company because of its ties to the PLA.

## **PREVENTION AND CONTAINMENT**

Those who advocate prevention plus containment accept the claims of realist international relations theory—that rising powers in general are likely to assert themselves on the world scene and to challenge the predominant power. Second, they read Chinese history to assert that China, given its historical tradition of regional dominance and its view of itself as having been victimized by the “West” during a century and a half of “national humiliation,” will seek to become at least a regional hegemon in East Asia and to challenge the current system of international norms, which China sees as biased in favor of those who created it.

The goal of a prevention plus containment policy would be to avoid an increase in China’s power relative to that of the United States. The policy would attempt to slow the growth of China’s power, both economic and military, and limit the expansion of Chinese influence beyond its borders. All elements of the U.S.-China relationship would be subordinate to this goal. Thus, the United States would work to limit foreign trade and investment in China and to prevent the transfer of any technology that might aid China’s military. It would end China’s MFN status and oppose the unification of Taiwan’s capital and technology with mainland China’s manpower. The United States would commit itself to the defense of the island.

The United States would focus its existing regional alliances toward the emerging Chinese threat. It would also need to forge new, anti-China alliances and build up the militaries of Vietnam, Indonesia, India, and other potential Chinese rivals. Besides maintaining its military bases in Korea and Japan, the United States would establish one or more new military bases further south to be in a better position to respond to Chinese use of force against Taiwan, disputed areas in the South China Sea, or members of the Association of Southeast Asian Nations (ASEAN).

At present, prevention plus containment is an inappropriate strategy for dealing with China. China is not seeking to dominate East Asia and is not in a position to do so. A Chinese threat to dominate the region is as yet, to say the least, far from manifest. Adopting prevention and containment as a U.S. strategy would be costly, because U.S. trade and investment with China would suffer while others would gain at our expense. Such a policy would also negatively affect the operation of the United Nations Security Council, where China has veto power as a permanent member.

In addition, prevention plus containment is also unrealistic. First, it would be hard to obtain a domestic consensus to subordinate other policy goals (including trade), and it would be difficult to mobilize national energies on the basis of predictions that are not only extremely pessimistic but uncertain as well. Second, to be effective containment would require the whole-hearted cooperation of regional allies and most of the other advanced industrial countries of the world; again, such cooperation would be difficult to obtain. Our allies in Western Europe may not believe that even a more aggressive China would pose a threat to them. The countries in the region, some of whom are less concerned than others about growing Chinese power and long-term Chinese intentions, by and large are not convinced that such a hard policy toward China is necessary. In addition, whatever leverage over Chinese policies the United States attains by means of the engagement policy [with respect to such issues as, for example, sales of missiles or weapons of mass destruction (WMD)-related technology] would be lost.

In general, containment fatalistically projects an outcome that is far from inevitable. It unnecessarily resigns itself to unfavorable developments, while overlooking the possibility that Sino-U.S. relations could evolve in a much more acceptable fashion.

## **“CONGAGEMENT”**

Since neither prevention-containment nor engagement serves U.S. interests, a different strategy is appropriate. The best strategic option must accomplish three things: preserve the hope inherent in engagement policy while deterring China from becoming hostile and hedging against the possibility that a strong China might challenge U.S. interests. Such a strategy could be called “congagement.” It would continue to try to bring China into the current international system while giving equal attention to deterrence and preparing for a possible Chinese challenge to this system while seeking to convince the Chinese leadership that a challenge would be difficult to prepare and extremely risky to pursue.

Under “congagement,” we would enhance economic, political, military-to-military relations and cultural ties with China at all levels. Recently, contacts between the U.S. military and the PLA have become controversial. However,

under “conengagement,” military-to-military relations should be maintained and expanded. These contacts can provide the Chinese military with the opportunity to get to know the U.S. military—our capabilities and intentions. This may help curb any tendencies toward military adventurism that might crop up from time to time. Such contacts could also increase U.S. knowledge of the PLA. Finally, military-to-military contacts can lead to personal relations that are useful on a day-to-day basis and prove vital in time of crisis. MFN would continue and we would encourage Chinese membership in the World Trade Organization. However, we would be less solicitous of Chinese sensitivities. For example, U.S. spokesmen would be more vigorous in criticizing Chinese practices on human rights, without, however, suggesting that sanctions might be applied to change them. On military-to-military and economic relations, the United States would insist on reciprocity. When China behaves badly or threatens our interests, we must be prepared to respond.

Since there is potential for conflict with China over issues such as Taiwan and since Beijing might seek regional hegemony, as a hedge the United States should move on three fronts. First, we should avoid doing anything that directly helps the growth of Chinese military power—especially their acquisition and development of such systems that would prove difficult for the United States to deal with.

Second, we should encourage U.S. friends and allies not to contribute directly to the growth of Chinese military capabilities. Existing U.S. and allied export controls restrict access to Western technology. They need to be strengthened by an agreement among U.S. allies, including Israel, to focus on a limited set of technologies that have relevance for most dangerous systems such as advanced ballistic and cruise missiles, the acquisition of fourth-generation fighters and advanced air-to-air missiles, advanced surface-to-air missiles, counter-space capabilities, and increased capability for system integration.

Third, the United States should seek to strengthen its own relative capabilities and those of its friends in East Asia to deter possible Chinese aggression and deal effectively with a more powerful, potentially hostile China. China’s military leaders are considering the possibility of a conflict with the United States. They recognize the overall superiority of the U.S. military but believe there are weaknesses that could be exploited while preventing the United States from bringing its full power to bear in case of a conflict over Taiwan. According to the Chinese, U.S. weaknesses include vulnerability of U.S. bases to missile attacks, heavy U.S. reliance on space, America’s need to rapidly reinforce the region in times of conflict, susceptibility of U.S. cities to being held hostage, and America’s sensitivity to casualties. According to the emerging Chinese doctrine, the local balance of power in the region will be decisive because in this new era wars are short and intense. In a possible Taiwan conflict China would seek

to create a *fait accompli*, forcing the United States to risk major escalation and high levels of violence to reinstate the *status quo ante*. China might gamble that these risks would constrain the U.S. response. Such an approach by China would be extremely risky and could lead to a major war.

Dealing with such possible challenges from China both in the near and long term requires many steps. Burden-sharing and enhanced ties with states in East and Southeast Asia will be important. New formal alliance relationships—which would be the central element of a containment strategy—are neither necessary nor practical at this time, but it would be prudent to take some preparatory steps to facilitate the formation of a new alliance or the establishment of new military bases should that become necessary. They would signal to China that any attempt on their part to seek regional hegemony would be costly. The steps we should take now in the region must include enhancing military-to-military relations between Japan and South Korea, encouraging increased political-military cooperation among the ASEAN states and resolving overlapping claims to the Spratly Islands and the South China Sea; fostering a Japanese-Russian rapprochement, including a settlement of the dispute over the “northern territories;” and enhancing military-to-military cooperation between the United States and the ASEAN states. These steps are important in themselves for deterrence and regional stability but they can also assist in shifting to a much tougher policy toward China should that become necessary.

Because of the potential for conflict between the United States and China over issues such as Taiwan, the U.S. military posture in general should take this possibility into account. Measures should be taken to correct the Chinese belief that they can confront the world with a *fait accompli* in Taiwan. The United States needs expanded joint exercises with states in the region. Ensuring access to key facilities in countries such as the Philippines, pre-positioning stocks in the region, and increasing Taiwan’s ability to defend itself would also be prudent. The large distances of the East Asian region also suggest that a future U.S. force-mix must emphasize longer-range systems and stand-off weapons. The United States must develop increased capabilities to protect friendly countries and U.S. forces in the region against possible missile attacks.

As long as there is a potential for China to become a hostile power, it is not in the interest of the United States for Taiwan to unite with China. This means that the United States should not encourage and should certainly not pressure Taiwan toward unification with the PRC. Whereas containment may require the United States to encourage Taiwan to declare independence, under “conengagement” we would not do so. Given growth of democracy, and assuming Taiwan completes its democratic transition successfully, its people will not want to join an authoritarian China. On the

other hand, the growing economic interdependence between China and Taiwan should discourage Taiwan from unilaterally declaring independence, a move that could produce a crisis that would scare large sectors of the Taiwanese business community. If China were to become a friendly, democratic power, U.S. policy could become more favorable to reunification. The same is likely to be the case among most Taiwanese.

A “congruence” strategy is agnostic on some of the key judgments about China’s future—for example, whether China’s enmeshing in the international system will modify its long-term objectives and behavior, produce a democratic China, or inevitably challenge U.S. global leadership. Instead, this strategy sharpens the fundamental choice faced by China’s leadership—cooperating with the current international system versus challenging the U.S. world role and pursuing regional hegemony. It points out to China the costs of turning hostile, by indicating that we are prepared to protect our interests.

The United States likes to decide up front whether a country is friend or foe. However, China cannot and should not yet be categorized as a strategic partner or as an adversary. Therefore, “congruence” is the right policy at this time. It embodies a flexible approach during this period of great Chinese transition. If China chooses to cooperate with the current international system and becomes increasingly democratic, this policy could evolve into mutual accommodation and partnership. If China becomes a hostile power bent on regional domination, our posture can turn into containment.

## ENDNOTES

Author’s note: This issue paper draws on Zalmay Khalilzad et al., *The United States and a Rising China: Strategic and Military Implications*, MR-1082-AF, 1999. I would like to thank my co-authors Abe Shulsky, Dan Byman, Roger Cliff, David Orletsky, David Schlapak, and Ashley Tellis for their many contributions.

<sup>1</sup>*U.S. National Security and Military/Commercial Concerns with the People’s Republic of China*, Select Committee, U.S. House of Representatives, Rep. Christopher Cox, Chairman, U.S. Government Printing Office, Washington, DC, 1999.

<sup>2</sup>Between 1978 and 1997, Chinese Gross Domestic Product (GDP) grew at a rate of 9.3% per year and is expected to average 6.6% a year until 2020. Per capita incomes have more than quadrupled, and more than 200 million people have been lifted out of poverty during the 20 years since China launched its economic reforms. (World Bank, *China 2020: Development Challenges in the New Century*, Washington DC, 1997, pp. 17–22.)

---

RAND is a nonprofit institution that helps improve policy and decisionmaking through research and analysis. Results of specific studies are documented in other RAND publications and in professional journal articles and books. To obtain information about RAND studies or to order documents, contact Distribution Services (Telephone: toll free 877-584-8642; FAX: 310-451-6915; or Internet: [order@rand.org](mailto:order@rand.org)). Abstracts of all RAND documents may be viewed on the World Wide Web (<http://www.rand.org>). RAND® is a registered trademark.

---

## RAND

1700 Main Street, P.O. Box 2138, Santa Monica, California 90407-2138 • Telephone 310-393-0411 • FAX 310-393-4818  
1333 H St., N.W., Washington, D.C. 20005-4707 • Telephone 202-296-5000 • FAX 202-296-7960

IP-187 (1999)