

## SECURITY ISSUES: STRATEGIC PERCEPTIONS

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FRIDAY, AUGUST 3, 2001

U.S.-CHINA SECURITY REVIEW COMMISSION  
*Washington, DC.*

The Commission met in Room 124, Dirksen Senate Office Building, Washington, D.C., at 9:07 a.m., Kenneth Lewis (Hearing Co-Chairman), presiding.

### OPENING REMARKS OF CO-CHAIRMAN KENNETH LEWIS

Co-Chairman LEWIS. The Commission will come to order, please. Today, the Commission's focus is on national security matters. It is an important hearing as it will assist us to better understand multilevel and significant national security issues inherent in the U.S.-China relationship.

We have assembled today two extremely competent panels and we hope to learn what these experts believe are the critical national security issues associated with the very complex U.S.-China relationship. The two panels are, in the morning, Dr. Michael Pillsbury and Timothy Thomas, and in the afternoon, Larry Wortzel, Bates Gill, and Richard Fisher. We will hear what these experts believe are Chinese perceptions of the United States and how these perceptions color the broad-based U.S.-China relationship.

We know that China's military, like the military of nearly every major power, paid close attention to the U.S. state-of-the-art weapons systems in the Gulf War and particularly their role in defeating the Iraqi forces with their largely Russian and Chinese equipment. That probably also occurred in the Kosovo War. It has been widely reported that China has made important breakthroughs in some areas of the so-called revolution in military affairs, e.g. missile program. We hope to further understand the Chinese views of asymmetric warfare and what the Chinese military and defense establishments are doing to implement the 21st century programs, policies, and procedures.

We thank Dr. Pillsbury and Mr. Thomas for being here, for taking time to share with us their thoughts about Chinese views of future warfare, particularly in the area of information warfare, which poses not only a military but an economic threat.

As I said earlier, this afternoon, we have invited three additional experts, Larry Wortzel, who is Director of the Heritage Foundation's Asia Studies Center; Bates Gill, who is Director of Brookings Institute's Center for Northeast Asian Policy; and Richard Fisher, Senior Fellow at the Jamestown Foundation. We have asked these gentlemen to share with us their views on Chinese perceptions of

the United States, China's relationship with various rogue states, and China's very important relationship with Russia.

By the end of the day, we should have a better understanding of what measures the U.S. and China should undertake in the future to manage its relationship and to build confidence in each other for a future peaceful relationship.

I will chair the morning session of this hearing today and Michael Ledeen, who's the Vice Chairman of this Commission, will chair the afternoon session of today's proceedings.

The procedure we will use is Commissioners will be given seven minutes for each round of questions, which includes the time taken by the answers given by the witnesses. A timed light system will be administered, which will go from green to yellow when there are two minutes left and flash red at the end of the allotted seven minutes. When the light flashes red, the person answering the question will be allowed to finish his sentence and that will be the end of it. Then the next person will ask a question. You'll each have ten minutes for your opening statements.

[The statement follows:]

PREPARED STATEMENT OF CO-CHAIRMAN KENNETH LEWIS

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- Dr. Larry Wortzel, Director of the Heritage Foundation's Asia Studies Center;
- Dr. Bates Gill, Director, Brookings Institute's Center for Northeast Asian Policy Studies; and
- Dr. Richard Fisher, Senior Fellow at the Jamestown Foundation.

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Welcome Gentlemen.

Commissioner LEWIS. Thank you very much. Let us proceed. Who would like to go first, Dr. Pillsbury?

**STATEMENT OF DR. MICHAEL PILLSBURY, RESEARCH ASSOCIATE, NATIONAL DEFENSE UNIVERSITY**

Dr. PILLSBURY. I've been elected to go first. May I ask the Commission's help. I'm somewhat of a professor, so I get long-winded

and go over time. If you'd be so kind as to warn me, I'd be very grateful.

Vice Chairman LEDEEN. Take all the time you want.

Dr. PILLSBURY. I get sort of wrapped up in these materials—  
Vice Chairman LEDEEN. You can take an hour and a half.

Dr. PILLSBURY. —and sometimes emotionally involved, as well.

Commissioner BECKER. I'm warning you right now with the yellow light.

[Laughter.]

Dr. PILLSBURY. And that concludes my statement, members of the Commission.

Co-Chairman LEWIS. The time constraints won't be as important today as they were yesterday when we had more people, so you'll be given leeway.

Dr. PILLSBURY. Thank you. Why don't I begin by describing the two books I've written in terms of their origins, why they were sponsored by the Defense Department, what the Defense Department office wanted to have done as my first subject. Then, number two, why don't I get into the substance of what the books say.

And finally, I'd like to suggest how these materials I have translated or assembled and translated might affect our own national debate on China, and as part of that, I want to commend the Commission and thank them, of course, for inviting me, but also point out that part of your mandate in this report due next March seems to be to specifically write about what Chinese views are from these open source materials. So I hope to, by covering these topics, specifically help the Commission with its report for March, because it's not an easy job.

The reason the Defense Department's Office of Net Assessment commissioned these two books, the main reason, I believe, is that our national debate on China suffers from a lack of specificity about which Chinese are saying what about which issues. As Exhibit A, and I mean that, I suppose, as a kind of praise, I want to show you a couple books. One is called *Red Dragon Rising* by Bill Triplett, a Senate staffer today, and coauthor Ed Timperlake. I'm going to get into this book in a second. The second is *The China Threat* by Bill Gertz.

These two books and others don't do what open source research on Chinese articles can do. That is, they don't drag the reader through hundreds and hundreds of boring quotations from Chinese sources. They reach their conclusions pretty much on the first page and the book jacket and the press attention the books draw lead with the conclusions, and those conclusions are, in the case of these two books, that China has decided upon both subversion in the United States, theft of technology, as well as a program of conquest in Asia. And the authors' tone, I would say—now, this is my personal view—the authors' tone is that these findings are pretty obvious. One person joked, if you just look out the window, you'll see the storm troopers marching across the Rhine, to mix metaphors.

There's nothing wrong with taking this point of view, except there are another set of books, which are too many to bring today, but there are probably 20 or more, that say pretty much the opposite. They're professors, they're think tank researchers who say that China only wants peace, that China is focused almost com-

pletely on internal development. They imply that China will do almost anything to avoid conflict or conquest. They essentially say China has suffered grievously at the hands of the West the last 150 years and, therefore, China is to be, in some sense, forgiven or understood for being especially touchy about various foreign policy issues, but there's no need to go into the details of that because it's sort of a psychological reaction that the poor Chinese have had to this tragic history of 150 years.

These books also tend to suggest that the problem of China for the United States has an automatic solution. If we don't treat China as an enemy, the forces of prosperity are going to automatically bring democracy to China and, in some sense, friendship—eternal friendship, I might say, with the United States.

So, therefore, the prescription of these two books is quite different. One set of books is saying, get ready for military conflict. Prepare yourself for domestic subversion. Watch out for illegal campaign contributions. Protect your highest level of technology from theft. In some sense, increase your internal security measures as well as strengthen your armed forces and your alliances in Asia, not just East Asia but the other side of China, and also sort of, in some sense, be aware of the Chinese forming coalitions against the United States.

The larger set of books really has the opposite prescription. Do not antagonize China. Do not, in some sense, overreact to Chinese, what might be called adolescent behavior. They're going to grow up automatically and become adults and our friends and all we have to do is trade with them and invest and not antagonize them.

So the Defense Department, as you can imagine, faced with this kind of split in responsible public opinion and elite writing, sought to go deeper into the nature of Chinese world views. There are obviously two ways to do that. One, this Commission can talk about some other place. The part I was involved in has to do with seeking authors in China who are members of the Communist Party, who are authoritative, who have access to Westerners, and who write.

So the first task was to decide which authors are important, and in this book, *China Debates the Future Security Environment*, there is a section at the very end which discusses the seven main government associated, Communist Party associated, think tanks in China, all of whom welcome foreign visitors—with some difficulty, I might say, but they do welcome foreign visitors, all of whom have publications. Most of them actually have their own printing press, so they can publish a journal, they can publish an annual review, and they publish books.

It's quite surprising how few of these materials are translated into English. As I'm sure you all know, we have very few people who can read Chinese who work on Chinese security matters, close to none who can actually read a newspaper or an article published by the Chinese military or a Chinese government think tank, actually pick it up and right in front of you read it. We have almost no one in our government. We have almost no one in the university sector who can do that. We have various levels of Chinese fluency, quote-unquote, "fluency," but not to that degree.

Therefore, as a country, we rely heavily on our translation service, the main one being run by the U.S. Government, and it has

a rule that no books are translated unless by special request. So no books can become available to U.S. readers about Chinese security matters.

Number two, very few of the journals of these seven think tanks I mentioned to you are translated.

Number three, the main newspapers, only a teeny selection, I would say, personally, one or two percent of the Chinese military newspapers every day are ever translated into English by our government or private translation services.

Now, this, over time, if you belong to the school with the 20 books I mentioned to you, it makes no difference because these powerful forces are underway to solve the China problem for us. Also for the Red Dragon Rising China threat school, this makes no difference, because as I told you, if you look out the window, you can see the storm troopers moving across the Rhine.

So only a small group in between these two schools really cares about translating this material. I would suggest to the Commission that your being asked to write this report and cover this material is really a first in our national debate on China. You are being asked to take a look at this material. But this witness is telling you, you'll have one hell of a hard time obtaining it in English.

The second part of the research was to actually go to the seven think tanks, explain to them very up front the Defense Department has sent me, I'd like to have your materials. Now, you might laugh at this as a rather naive approach. I, myself, had my doubts. But, actually, the People's Liberation Army authors cooperated. They provided large numbers of books and magazine articles to me for the two books.

And as an extra surprise, I just received a few days ago the second book which has been translated into Chinese by the New China News Agency. They changed the title a little bit. Instead of calling it China Debates the Future Security Environment, it's changed to An American Scholar Interprets Chinese Security. But word for word, the book has been translated with all the footnotes, adding to the puzzles.

Commissioner LILLEY. Is it Neibu, Mike?

Dr. PILLSBURY. No, sir, it's for sale, three dollars.

One member of the Commission raises an interesting question, which is the use of internal Chinese documents for which some people have been arrested and put in jail for several months without charges. Why didn't this happen to me? I avoided such documents. Obviously, I have them, but I permitted the Chinese military leadership for both these books to go through the books in draft and help me to remove any materials that had accidentally slipped in that were not for public consumption.

So this means you are not getting in these two books or from me today, you're not getting the unvarnished inside truth about Chinese Communist Party views of America or the world. You're getting what they publish for their own people. But it's important to understand, this is not directed at the foreign consumption market. There's a rather large effort by the Chinese government, as many governments, including our own, to translate materials that put a good face on what we do and then mail them out.

So if anybody wants to, you can now subscribe to the English language versions of several of these think tanks' journals. There's a set of propaganda literature China puts out in English. I believe this material is quite different from the material that the Chinese publish for their own party members.

Now, that said, one has to understand when visiting these seven think tanks that these scholars don't just read the New York Times and the American press in translation, which they do. They also have classified reading rooms. The scholars, generally speaking, are not scholars in our sense of the word. They are government employees. They are party officials, in some cases with vice minister rank.

And they have security clearances, so they can read cable traffic from their embassy in Washington, not to mention Moscow and Tokyo and so forth. In some cases, they have what we could call SCI clearances, so they can read what China calls its third department intercept material. Some of them have access to whatever Chinese imagery may exist.

These are not the equivalent of Brookings or a Harvard University professor. These are quite a different kind of author who are subject to security review. They know that there's quite a few topics they cannot discuss. This comes up often in my interviews because they will simply say, "I'm sorry, that's too sensitive a topic." I say, because I'm doing a DOD book? And the answer is, "No, because you're a foreigner." So there are various levels of classification within their own system. You do not get that kind of material in either one of these two books or from what I have to say today.

So that's the process. That's why DOD started the two studies. Personally, I hope this continues. This is meant to be simply a snapshot of materials available at a certain time and certain place. It provides a baseline to try to study changes, and so much effort has gone into these two books to identify the names of the authors. It's quite important.

Everybody uses the shorthand of America wants this or China wants that. Professor Graham Allison taught us 30 years ago to not do this. It's only a shorthand. It's actually individuals who make up government policy and individuals have differences.

So both of these books, to move into my second subject of the substance, both of these books highlight debates or differences among specific Chinese authors by name and by institution about some of the main topics the Commission is interested in.

I found eight different debates in the book on their views of the security environment around China. I found basically three debates about the future warfare, where the world is going in terms of what kinds of wars will happen in the future. So let me spend a few minutes on the debates and then we'll go to some of the implications.

The view of the strategic environment as debated in China, I divided for my own purposes into two schools of thought, the revisionist school and the orthodox school.

Orthodox sounds a lot better in Chinese than it does in English. Orthodox in Chinese sounds more like straightforward, upright. Zhengtong is the Chinese term. It sounds like the good guys in terms of the valence of the meaning. And the good guys' view is,

in my interpretation, held mainly by the People's Liberation Army, authors, and by some of the more conservative members of the Communist Party, as opposed to the revisionist view.

Now, revisionist in Chinese has somewhat of a negative connotation of someone who's trying to distort or revise things in a way that's not regular, or not natural. And the revisionists identified mainly with some of the think tanks whose people go overseas the most and also with the Xinhua New China News Agency. Some of the debates are over the United States decline. It's a fundamental theme of Chinese writing over the past 20 years.

The orthodox school says basically as follows. In my first chapter here, I give you one of my favorite PLA generals. I give you a long set of comments by this general on America's fate. He and his colleagues say America is the most technologically strong country in the world. It's got the biggest GNP. It's got the most advanced infrastructure. But just like Laozi and the Daoist original texts, a board that is stiff is a board that will break.

Now, Americans don't really respond, don't really reverberate to that kind of a metaphor, but Chinese do. It means—there's also a Chinese expression which Ambassador James Lilley once taught me, [phrase said in Chinese], red turning purple, and it creates the concept in the reader's mind that when a power has gotten close to its peak of power, certain automatic philosophic factors go to work to cause this power to deteriorate.

Co-Chairman LEWIS. Dr. Pillsbury, excuse me. Fifteen minutes. How much more do you need for your major presentation?

Dr. PILLSBURY. Three or four minutes.

Co-Chairman LEWIS. Okay.

Dr. PILLSBURY. So many books and articles then list the factors at work bringing about the deterioration and the decline of the United States, and the debate consists of the rate at which this is going to happen. But no one in China who I've discovered—it would be news if a Chinese party member were to write an article in an authoritative journal with his or her name on it and say, America is going to continue to rise, or America is going to have a permanent status as a hyperpower or superpower. This cannot be written.

There are various ways to suggest, well, in absolute terms, it will. But the general picture that's provided by the revisionists is just that the rate of decline is not going to be as rapid as what the orthodox people claim. They were claiming in the beginning, mid-'90s, that the decline rate would be five years. The U.S. would be a normal power, that is, the same as Japan, Europe, Russia, and China, within five years. Now, that's been modified now by the debate, and as I say, the factors in play vary.

So this has quite an implication for China. It means if we, the Chinese, can continue to develop at a growth rate of four or five times the United States, sort of automatic changes in the relative balance of power in the world are going to happen, and I provide the debate about this in one whole chapter. It's quite fascinating.

They've had five different teams, military and civilian and also mixed, making studies of where the world will be in 2020. If you're a Communist Party member in China, you have to know the science about how to forecast. This is part of being a good Com-

munist, is to know—their own papers suggest—is to know where the world is going in 20 years. So there are a lot of tables I put in here from these various publications to give readers a feel for just how specific this debate is. They also describe certain rising powers and what that is going to mean for the world.

Co-Chairman LEWIS. That book is *The China Threat*?

Dr. PILLSBURY. No, no, this is *China Debates the Future Security Environment*.

Co-Chairman LEWIS. Right.

Dr. PILLSBURY. So *Red Dragon Rising and China Threat* written by Mr. Triplett and Mr. Gertz do not get into these materials.

Co-Chairman LEWIS. Right. This was the year 2000? That was done last year?

Dr. PILLSBURY. Published January 2000.

Co-Chairman LEWIS. Correct.

Dr. PILLSBURY. Yes, sir. So as a strategic view, this—I'm focusing on this one issue because it's really the most important for the Chinese, that certain self-protective factors are at play in the world. Europe, Japan, and Russia and China are all rising. America is declining on a relative basis. So just to get through 20 years with these trends in place is going to have a certain colossal effect on China's world position.

And you find in many of these writings references back to ancient Chinese proverbs. One is about the revenge of the King of Ye and the need for patience for ten years, in this particular case, to destroy the other kingdom.

You find slogans that are basically calling for patience and putting up with no matter what the American government does to China, the most important thing is not to get alarmed, to think coolly, and to get through to this period and some sense of nirvana 20 years from now when the Americans are going to be, at best—at best—equal to China, and obviously if two or three other powers combine with China, they will be able to dominate and check the United States.

The other debates, I think we can go into if there are any questions. Let me turn to the warfare book.

The PLA divides itself, I believe, into three schools of thought about the kind of weapons China should buy, the kind of training China should engage in, and the kind of enemies China may face and how those enemies may fight. The school of greatest concern to me is I call the revolution of military affairs school. This group believes that China has within its power to obtain the most sophisticated, what they call assassin's mace weapons.

An assassin's mace weapon is something that is designed based on American vulnerabilities. That is, you go through an intellectual process or intelligence collection process. You study what would bring the Americans to their knees in a specific conflict, such as the American effort to, perhaps to defend Taiwan, and you make a list of the American strengths and weaknesses and you focus on the weaknesses in an attempt to develop so-called assassin's mace weapons that will penalize the Americans at a key moment, and you, by the way, conceal these weapons. That's the heart of the assassin's mace idea. It's not exposed until it's needed at a key moment on the battlefield. These weapons can be concepts, they can

be devices, there's a variety of candidates. I've found about 15 of these assassin's mace weapons.

The other two schools are dominant. One of them is to continue the 1985 desire of China to have very limited rapid reaction forces that would go to the border, sort of like tanks and fighter aircraft that would stop a small border war with a neighbor.

And the third school is the old sort of Mao Zedong people's war school that says, we may be invaded by an enemy who will come in to occupy us, so we must never lose our ability to have tunnels where we put our production facilities, where we hide our leadership. We must not let our factories lose the ability to make small weapons, AK-47s. This school is not interested in assassin's mace weapons. It's not interested in the revolution of military affairs. It's, in some sense, fighting the last war of the Japanese invasion of China in the 1930s, just as the local war school is, in some sense, refighting the '70s and '80s.

So that's that debate. The Chinese publications since these two books came out, I personally believe have not changed. I do not see any shift in the debates. I still can find examples of both orthodox and revisionist schools. I do not see—there's a slight increase in the number of writings about the assassins's mace weapons and the revolution of military affairs, but I would not say enough to say that this school is in charge or dominates the Chinese literature.

There was a debate after the American bombing of Kosovo in which one of the most dramatic—this is my final point, Mr. Chairman or Vice Chairman—this is a debate that was one of the most dramatic examples of the differences. A front-page article in the Communist Party central committee paper, which is called People's Daily appeared, signed by "Observer," which usually means very high-level leaders were involved in its preparation and approval, and it gave the eight ways the United States is like Nazi Germany. It went over this in quite great detail, how the Nazis killed Jews with gas and this was a horrible atrocity, and then it said the Americans do worse. The Americans are worse than this.

Co-Chairman LEWIS. That was in one of the papers that—

Dr. PILLSBURY. Yes. That was a headline on the front page of the party paper. And this, of course, produced no reaction in our media, and I believe the reason is that the other side of the debate, the side that says, well, it doesn't really matter how evil the Americans are toward China, all we have to do is get through, because in ten or 20 years, our time will come and this period will no longer matter.

What you find in this particular debate is that other Chinese authors point out that China's economic growth rate for the last 22 years or so has depended on two factors. They got this from the World Bank. The World Bank's largest mission in the world is in Beijing, in a very elegant skyscraper. The World Bank is very proud that it has taken members of the Politburo on boat rides down the Yangtze River in the early '80s and sort of tutored the Chinese leadership, the political leadership of China, in what I would call the World Bank model of economic growth, and as you all know, that growth consists of two things.

Number one, attract foreign direct investment for science and technology. China today attracts 20 times more each year than a

certain English speaking democracy called India. That's significant. Twenty times more investment per year from the West goes into China than India.

Number two, find export markets in advanced countries that pay in hard currency. We take roughly 40 percent, 50 percent of China's exports.

So the Chinese Communist Party in this debate is caught between its desire—I'm quoting now from Chinese materials—we are caught between our desire to grow for 20 more years so we can take our place in the world, on the one hand. On the other hand, we face this malevolent power that is out to dismember China. There's quite a long list of charges of what American policy—by the way, this is policy—

Co-Chairman LEWIS. I'm going to have to stop you in about another minute.

Dr. PILLSBURY. This is my last sentence. The policies they're criticizing are the policies of President Bill Clinton. They're saying that President Clinton is trying to dismember China. President Clinton tried to subvert China, that he enlarged NATO mainly to create a threat to China from one flank. He revised the Japan security treaty guidelines to create a threat to China from another flank. Pretty much everything that President Clinton would do in foreign policy, one or more Chinese authors in party control publications would take as another action against China's even survival into the next 20 years or so.

So that concludes my remarks. I hope I've given you some ideas about what you can learn from these open sources to help the debate. Thank you.

Co-Chairman LEWIS. Thank you very much.

Mr. Thomas?

**STATEMENT OF TIMOTHY THOMAS (LT. COL., RETIRED), FOREIGN MILITARY STUDIES OFFICE, U.S. ARMY**

Mr. THOMAS. Good morning, Mr. Chairman, members of the Commission. I would like to start by first of all thanking your staff for providing me with everything I needed to get myself out here from Kansas. They really did an excellent job.

Secondly, I'd like to say that the opinions and thoughts that I'm offering are mine, even though I'm a Department of Defense employee. I work for an office called Foreign Military Studies out at Fort Leavenworth. I also wanted to mention, in no way do I represent the opinion of the people of Kansas, either.

First of all, let me say that I sit here today with a great deal of humility and, believe me, an awareness of my responsibility. I in no way, shape, or form pretend to be a China specialist. The interesting comments by Dr. Pillsbury certainly highlight for me the lack of knowledge that I have in this area.

However, I focused on one area, an area that I'm really interested in, and that was information operations, information warfare, and also psychological operations. I was able through the good graces of the Foreign Broadcast Information Service to read an inordinate amount of material about Chinese information operations. I've had the opportunity to discuss this issue personally with a few, and I do say a few, Chinese subject matter experts in Beijing. But

I think I've gotten a general picture of what this whole information operations, information warfare idea is all about and it's those issues that I hope to share with you today.

One of the things that Dr. Pillsbury brought up, though, that I think we should illuminate as we go through this process of trying to make a decision about China and how they look at us and how we look at them is that we are involved in a clash of paradigms, the United States in the way they look at the world, the way we understand terminology, and the way that China looks at the world through their prism and their filter and how they understand the world.

In general, I'm a Russian foreign area officer. That was my time in the Army that I spent. And during that time, we used the work of the late Robert Bathhurst quite often to try to understand this cultural paradigm problem. Bathhurst noted that it's the dilemma of an analyst in any culture that he or she cannot reliably see beyond his or her own cultural walls. One's own culture defines what is real or not real. That is why so many military analysts make such mistaken predictions. They assume the enemy sees what they do.

On one of the visits I had to China, this problem was brought home to me. Out at National Defense University, speaking before a panel of Chinese generals and colonels, I was discussing the concept of virtual peacemaking, how you can use information technologies in a peacekeeping mode. One of the ways, just to give you an example, is to use radars to uncover mines that someone may have laid around a defensive position. By demonstrating to that person, that organization their impotency, you can use virtual processes to prevent conflict.

At the end of the discussion, my discussion, my briefing, I expected a general discussion. There was a long pause and the Chinese general in charge said, "You know, Mr. Thomas, that was an interesting discussion, but what really concerns us today is not virtual peacemaking, it's virtual deception, deception of the type that took place with the use of CNN in Tiananmen Square." So immediately, there was this clash of paradigms. It is clear that what is being heard from one side to the other makes little sense, it seems.

Luckily, the Chinese, especially the Chinese military, have used the framework of Marxism/Leninism to do a lot of the analysis that they've done over time, and as a Russian foreign area officer, obviously I studied that process pretty closely. This kind of enabled me to have an insight into some of these Chinese military affairs, especially as it related to information warfare, that assisted me in understanding what they were trying to say.

For example, Russian military science looks at any new development in the military world through the prism of categories, laws, principles, forms, and methods. We don't do that in this country. We use an entirely different paradigm.

The Chinese, when they—one Chinese IW strategist, as he looked at IW, divided IW into distinctions, features, principles, forms, and methods. So, basically, he was using the same paradigm that the Russians had used. So, like I said, this assisted me, I think, and it gave me a chance to look at some things that maybe—maybe—some Chinese analysts might even have missed.

As I looked at the IO area, the areas that I thought were worth bringing to your attention today were the fact that a reinterpretation of people's war easily can fit into the information age. There are electronic strategies, a way of looking at the use of electrons that the Chinese are using that we really haven't addressed in the same way. The Chinese are looking at information sovereignty and information space in a very similar way to the way that the Russians have done.

They are looking at the so-called correlation of forces in a very different way. In the past, this idea of correlation of forces referred to something along the lines of, especially from a Russian point of view, that I could not attack someone unless I had a certain advantage in weaponry and equipment and people. It might be a five-to-three advantage.

The way that those correlation of forces have changed is that weaponry is now informationalized. It has computer chips in it. For example, during the Gulf War, one Abrams tank could stand off and destroy five or six T-72 tanks, simply because the T-72 could not get inside the Abrams cone of vulnerability. It could acquire faster, it could shoot quicker, it could move faster. This information component of the weapon changed the parameters, the correlation of forces.

The Chinese have recognized that and now they're trying to measure correlation in forces not in terms of numbers, but in terms of coms reliability, in terms of capabilities, capacity. There's a whole different view. The informationalization of that weaponry is what's important today.

Also at this crucial time, I think, in world affairs, as we see the Chinese and the Russians drawing closer together to try to handle some of their domestic problems, especially the fact that Russia has three things that China desperately needs—living space, oil, and gas. This perhaps is one of those opportunities we should not miss to say that Chinese and Russian analysts really should work a lot closer together over the coming years to try to understand what's going on in that area and how this partnership is working or not working between Russia and China.

So I think I will stop there, and I promise that I will stay, as we say in the military, within my lane, meaning that I will not try to address those questions I don't feel competent to address. Those that I do, I certainly will tell you everything I know about.

Co-Chairman LEWIS. I would just like to ask each of you, if you were to—in order to help us focus on the knowledge that you have, if you were to give us your thesis, what would be the main thesis, like in a very short period of time. Could you tell us what your main thesis that you would like us to take from your presentations, both of you.

Dr. PILLSBURY. My main thesis is that the United States Government and academic community does not translate or analyze enough Chinese materials about their strategic views, especially of the United States, but of the world in general.

Co-Chairman LEWIS. Okay.

Mr. THOMAS. I think that my main thesis really gets back to this idea that we really need to understand paradigms better. I can tell you, from having done some research on terminology such as asym-

metry, that Americans use terminology loosely. If someone in the Pentagon in a public proclamation would use the term “asymmetry,” it would be interpreted widely around the world. Nations around the world don’t have the same definitions that we do or the Europeans do, and I don’t think that’s a well-known fact. I think everybody assumes that when someone says “democracy” or “asymmetry,” we all work off the same sheet of music. That simply is not true.

If I asked anyone on this Commission what the primary definition of asymmetry is, none of you would know because it’s incommensurability, according to Webster’s. As soon as I found that out, I had to look up incommensurability. That was my next step.

I looked it up in a Russian dictionary and the main definition of asymmetry was the absence or destruction of symmetry. It’s a creative process. And in Chinese, it’s not facing off or not coming together—not even close.

So this idea of paradigms that we look through, the framework we use to view one another, the terminology we use, that’s my thesis.

[The statement follows:]

PREPARED STATEMENT OF TIMOTHY THOMAS

Good Morning. I am honored by the opportunity to address this esteemed Commission. I do so with humility and an awareness of my responsibility. I am not a China specialist. I retired from the Armed Forces in 1993, where I spent the bulk of my career as a Russian foreign area officer or FAO, and have continued to work in this field as a Defense Department analyst after my retirement. I am a military analyst with a deep interest in foreign concepts and capabilities. Lately, I have focused on the area of information operations (IO), and to a lesser degree on psychological operations (PSYOP). While I studied Russian IO and PSYOP, I decided to take a comparative look at China’s capability in this area. I found articles on this subject by Chinese writers, but little analysis. For that reason I decided to take a look at IO and PSYOP myself. I was pleased to find lots of material available, especially from FBIS translations. Some of the Chinese material is produced, as you know, by “propaganda” centers and newspapers for the masses, and thus separating truth from fiction became a problem. However, some authoritative journals and books offered key insights. I recognize my limitations, both culturally and linguistically, with regard to the People’s Republic of China. I appreciate the depth of knowledge that each of you and the other China panelists here today possess. Nevertheless, I will do my best to bring those Chinese issues to your attention where I feel competent. I promise to stay in my lane.

Russian area specialists tried to handle many of the same questions during the years of the Cold War that your commission is asking today. How Russia viewed the U.S.—as an enemy or in some other fashion—was a frequently asked question. To answer such questions we tried to understand Russia’s “threat assessment methodology”, thought patterns (the dialectic), the impact of military science on policy, and other issues affecting decision-makers (demographics, geopolitics, economics, etc.) as well as the decision-making process itself. I believe that China’s Comprehensive National Power Index Framework (CNP) offers an insight into this process, although I am unaware of other tools that China analysts are using to “think Chinese.” The paradigm one uses shapes the product.

A critical issue is to find an analytical process that will help prevent us from merely “mirror imaging” our object of analysis. A text that illuminated this problem like none other for Russia, yet possesses a methodology that will work for China, was the late Robert Bathurst’s *Intelligence and the Mirror*. As the jacket of the book notes:

It is the dilemma of an analyst in any culture that he or she cannot reliably see beyond his or her own cultural walls. One’s own culture defines what is ‘real’ or ‘not real.’ That is why so many military analysts make such mistaken predictions. They assume that the enemy sees what they do.

The book provided a checklist of anthropological, cultural and behavioral factors that filter military and political predictions. Perhaps a checklist based on all those factors that represent China's particular method of viewing the world exists, and I just don't know about it. If not, it would be worth pursuing because the process greatly helped Russian analysts to understand the differences between high context cultures (China and Russia) and low context cultures (the U.S.). This difference is most evident in the area of terminology. For example, why do U.S. policy makers talk about asymmetric threats when they have practically no idea what they mean? Joint Publication 1-02, the core document for defining military terms, does not define asymmetry. And, without a doubt, the most asymmetric force on the face of the earth is the United States yet we don't even talk about that. Adding to the ambiguity, Joint Publication 1-02 does not define war or warfare. How can we discuss China's asymmetric and IW capabilities when we don't know what we mean by the terms? When we first discussed IO terms in this country we sent confusing and unintelligible signals to nations around the world. We should try to minimize misunderstandings in terminology in the future whenever possible.

This methodology took me into my look at Chinese IO and PSYOP in 1999. I asked why the Chinese talk in terms of "three represents," "four looks," and other such phraseology. All of you understand this, but I had to find out. Then I asked myself how those historic stratagems and sayings imbedded in Chinese culture, and the Chinese understanding of military science, affect Chinese thinking in the information age. And I was surprised to find that few had given this area as much thought as I assumed they would have. Analysts appeared more consumed with what China was doing today than how China would use its past or its tradition of military science to shape the present. Undoubtedly, a few historic Chinese phrases are thrown around when attempting to "get close" to the Chinese mentality in official speeches and even during an analysis of strategy and tactics, but I found precious few analysts had applied those strategies and concepts to electrons. Maybe that is because it is more difficult to measure the intent of an electron than it is to measure the intent of a tank.

Studying the military in Russia over the past ten years impressed upon me their interest in the subject of IO. The rationale was compelling: we are deep into the information age, and we must pay attention to how it is affecting militaries worldwide. IO is a product of the revolution in military affairs (RMA) and its emphasis on automated control systems, precision strike, and weapons based on new physical principles. Much of the early thinking on this subject was by Marshal Nikolai Ogarkov of the USSR, and the Chinese often cite him as the main motivator behind the RMA. The Russians, working through their own paradigm, interpreted IO much differently than did the United States. For example, one Russian officer asked why IO theorists focused on information war and not on information peace? He believed that the very lexicon we had developed was predetermining nations to view the subject incorrectly. Russia's military history and understanding of military science strongly affected their understanding of IO. For example, military science in Russia is divided into principles, categories, laws, forms, and methods. This framework is also used to develop and expand on a topic such as information war, but we lack this methodology in our armed forces. One should use this paradigm to study Russian IO.

Luckily for me, China's National Defense University is still teaching Marxism-Leninism, and thus an analytical framework prevails in China that is similar to Russia's, to include an acute interest in military science. One Chinese IO strategist divided IW into distinctions, features, principles, forms and methods, not much unlike the Russian framework. China's approach to IO is unique, different than that found in the U.S., and different than that found in Russia. Chinese analysts have taken the best from both, and applied these lessons to China's own unique case. Whereas the U.S. looks at information superiority as a main goal, and so do the Russians and Chinese, the latter two also focus on disorganization and control, respectively, as well.

What can I offer the Commission? I feel I can make worthwhile contributions to questions five, six, and seven in particular regarding Chinese views of asymmetric war and information war, and China's relations with Russia. My answers to questions one through four will be less useful. I hope to offer an interpretation of some issues on which the other panelists have not focused, narrow as my interpretation may be. This would include such issues as:

- A reinterpretation of People's War to fit the Information Age.
- A look at acupuncture war, information weapons, and electronic strategies, with associated economic and commercial consequences.
- An examination of Chinese views of "information sovereignty" and other issues which surely will be presented at the United Nations in the near future.

- A look at the three Internet battles in which China has participated to date.
- A look at the new correlation of forces from a Chinese viewpoint, that is systems reliability, comms capacity, etc.
- Russia's rationale for establishing strong relations with the Chinese.

There are some real threats and some not so real threats that comprise the operating environment in which we make decisions with regard to China in the IO area. An overall assessment of Chinese intentions must take these factors, and much, much more, into account.

As a Russian FAO I have written on a variety of issues; the Caspian Sea region, civil-military relations, the ongoing war in Chechnya, psychological operations, peacekeeping, and, for the past two years, information operations. Certainly, the Caspian Sea region is now of interest to China, as the recent Shanghai Six meetings indicated. China is now a recognized player in the security of Central Asia and, after the Sino-Russian Friendship Treaty, an interested party in the region's oil and gas. At the same time, the Russian elite appears to be very worried about the potential movement of Chinese into Siberia and the Far East. They often say that "nature abhors a vacuum" and that is what those vast regions represent to China's population. Tied up in the Caucasus and too weak to confront China, Russia sells arms to the PLA, which could in the future be used against Russian interests and justifies such sales as a tool to counter U.S. global hegemony and as an insurance against a U.S.-PRC condominium in the Far East at Russia's expense. In spite of the risks of their own policy towards China, Russia fears a renewal of the Sino-American strategic partnership of the 1980s. Moreover, Russia is well aware of the impact of China's economic development upon the strategic balance between Moscow and Beijing over the next two decades, as Russia's population declines and its economic growth remains slow. The Sino-Russian partnership, while based upon shared interests in Central Asia in the short term, is fragile in its global context. Russia may be a Eurasian power, but it sees its primary destiny in a Europe that will accept it. Driving Russia out of Europe strengthens the appeal of a China-based Eurasian policy.

At this crucial time in world affairs, I see my presence here as an opportunity to underscore something quite obvious, yet often overlooked: namely, that U.S. analysts studying Russia and China should embark on some joint studies of the processes underway. If we do not, we are missing a chance to cooperate on an area vital to our nation's security. We cannot perform our analysis in isolation if we are to properly evaluate what the "friendship forever" pact means.

China is emerging from its "years of humiliation" and we must be sensitive to that mood, respect it, and study it deeply but not to the point of shunning our own interests. The Chinese equate intimidation with power, and they will have to understand this doesn't always produce results or eliminate room for compromise. I appreciate your invitation to participate in this forum and look forward to your questions.

#### PANEL DISCUSSION AND QUESTIONS AND ANSWERS

Co-Chairman LEWIS. Thank you very much. Dick D'Amato has the first question.

Chairman D'AMATO. Thank you, Mr. Chairman. I want to commend the panelists. This is a very important part of the mandate this Commission was given, to evaluate the perceptions of the Chinese government, party, regime, or the various perceptions or the dominant perceptions, because I think, rightly so, how we can develop an effective set of approaches to the Chinese will depend in large part on whether we understand what their approach is and their perception is. You can't deal with somebody unless you walked in their shoes. I don't think we really, any of us understand what the Chinese shoes feel like. So it seems to me that this is a very important hearing.

I would like to say one thing. Mr. Thomas, just in defense of Kansas, it's not a bad thing to represent Kansas, actually. We have members of this Commission staff that worked for the distinguished former Senator Nancy Kassebaum, who is in Japan as the first lady of the American embassy there. We have Senator Dole

and others we all think very highly of. Anyway, it's good to come from Kansas. I just wanted to make that comment.

[Laughter.]

I have two questions I want to ask Mr. Pillsbury. The first, on this World Bank, I hope this is not the same group that advised the Russians how to build their economy, the same World Bank group. I hope it's another World Bank group. But in the assessment of the extent to which venture capital from the United States is increasing, and dramatically, to help support Chinese development efforts, A), and secondly, the extent of their dependence on the American market for their exports.

Those two twin things seem to me, if I were in China, I would look upon as a growing dependency on the American economy, which I would think would give me some trouble in terms of making the evaluation that the American civilization is in a period of rapid decline. Is there any kind of discussion along those lines about worrying about dependency on the American economy, which seems to me the numbers are compelling, in their writing?

Dr. PILLSBURY. The short answer is yes. In this *China Debates the Future* book, I have a chapter on their solutions. They would accept your diagnosis. We don't want to be dependent on the American economy and American investment.

And their solution has almost a sacred, holy quality to it. These are sacred words handed down by Deng Xiaoping, that China must take advantage of the inevitable trend toward multipolarity. Multipolarity is a kind of a code word, or a different paradigm, to use Colonel Thomas's phrase, that encapsulates both the decline of the U.S. and the rise of these other four major powers.

So you find in China a tremendous effort to go to Europe and Japan, in particular, for technology, for investment, for markets. Unfortunately, as we all know, both Europe and Japan don't have the faith in free trade that the United States does.

So yes, there are writings about this, and it's used as an explanation for why we Chinese must really swallow our bitterness about the Americans' treatment of us. We need them too much for the time being, for the next ten or 20 years.

Chairman D'AMATO. There's sort of a hesitancy, but we've got to do this for a while until these processes end this dependency.

I want to ask you, also, I think your point on our ability to understand the Chinese is crippled by the lack of ready availability of writings, books, publications, to policy makers, to members of Congress. I would like it if you could provide the Commission with your—if you were to take a clean piece of paper and say, how would I create a new division of the Library of Congress which would look exactly at this issue, how many people would be needed? What resources ought we have minimally to start understanding the dynamics of this debate and what's going on in China, translation of books, analysis, and so on.

It seems to me that you're right. Our resources are not just thin, they're nonexistent in this area. So how would you start? That would be something I would—I think this would be very useful for us.

Dr. PILLSBURY. Okay.

Chairman D'AMATO. It would be useful for us in terms of our recommendations to the Congress on this perceptions question.

And then one just quick last question.

Dr. PILLSBURY. May I just add one sentence. I've been over to the Library of Congress several times at the beginning of the research of both these books. The collection at the Library of Congress of Chinese materials is really quite scandalous. There's almost nothing there. The main journals, the main periodicals, the newspapers are not subscribed to. The main books are not purchased.

There was a study commissioned by Mr. Billington about the situation, which is—I think it even uses words like “scandalous.” This study was done two years ago. It was briefed to Prosser Gifford. Nothing was done. There seem to be internal frictions on the staff. Some are from Taiwan, affiliated with one political party in Taiwan. Some are busy reading Red Dragon Rising. Some are busy reading the other books I mentioned to you.

So it's a very serious problem. It's not a trivial matter of just drawing up a list of things you should subscribe to, and that's just obtaining the Chinese materials, let alone translating the important stuff. Obviously, you can't translate it all, but this is a massive task, Mr. Chairman, you're levying on this poor witness.

Co-Chairman LEWIS. What you're saying really is that there's no section of the United States Government whose job it is to gather and translate and to learn what the Chinese are saying?

Dr. PILLSBURY. No. There is a division of the Central Intelligence Agency called the Foreign Broadcast Information Service. It produces for all regions of the world massive translations every day, for sale on the Internet for \$50 a month.

What I'm saying is, that service provided by the Central Intelligence Agency to the public does not translate books and only about one percent of the strategic writings that would be of interest to this Commission and, I think, to our national debate, only one percent.

Co-Chairman LEWIS. That's what I meant. There's no agency of government that's involved in doing that, right. And your last question?

Chairman D'AMATO. Just to follow up. There is that two-year-old study. We ought to dust it off and see how good it is and update it. If we could work on that, that would be a very useful benchmark.

The last question I have is, in this analysis or this assumption on the part of the bulk, I guess, of Chinese analysts that the United States is in decline, what is the actual reason, in your opinion, for this analysis, which, of course, I don't think anyone on this Commission would share? Is it a Marxist analysis or is it some hodgepodge or is it based on anger as a result of nationalism? What is the reason for this analysis?

Dr. PILLSBURY. The short answer is, I don't know for sure. A longer answer is that my third book is going to try to deal with that. It's almost done. It's called *The Ancient Origins of Chinese Strategy*, and I believe they use not only Marx and Lenin but some uniquely Chinese traditional concepts about how powers rise and fall.

In fact, there are several books published by PLA authors about the rise and fall of powers and there's a certain ancient logic to how this all works, and they believe they see the decline of the United States in those terms, so it is a mystery to me. Many different books give many different reasons—promiscuity, sex is a big reason the U.S. is in decline, poor policies around the world—

Chairman D'AMATO. Too little or too much?

[Laughter.]

Dr. PILLSBURY. Too much. We're dissipating ourselves with our foreign policy. This is frequently put forward. They also have a lot of studies of why the Soviet Union collapsed that have similar theses put forward. The Soviets spent too much on defense. China should not do this. This is quite a topic in China, why major powers decline. It's also used by the Chinese as lessons for the road we Chinese must not take for our own future.

Co-Chairman LEWIS. Thank you very much.

Commissioner Dreyer?

Commissioner DREYER. Dr. Pillsbury, that was actually the second study of the Library of Congress you're referring to. I did one five years ago which was also briefed to Prosser Gifford and I noted the absence of complete sequences of periodicals and I asked the staff about that and they said, "Oh, well, we get the ones the CIA doesn't want anymore and we get them eight months later." So this gives you some idea. They weren't being filed. They were heaped in bunches. And I said, well, why aren't these being filed, and they said, "Well, we don't have the staff, we don't have the manpower to do that."

So if you saw a study, which I think was done by David Shambaugh, two years ago, that meant that zilch was done with the study five years ago and I bet nothing two years ago.

I would suggest that—I would insist, not suggest—that the deterioration of the FBIS, the Foreign Broadcast Information Service, began in 1996. I think the deterioration of the Library of Congress happened a long time before that. Not only are they not translating military journals, but they are also not translating basic useful periodicals like Xinhua and so forth, which often contain articles peripheral to defense, but useful to defense.

I wonder if one of the recommendations this Commission should not consider is either a thorough revamping of FBIS or a unit set up perhaps in National Defense University for translation of those periodicals, because it's a great thrill when you finally figure out that that eight-character expression means "radar," but nonetheless, it's a pain in the neck to have to do, to go through that.

But if the situation is not just confined to military periodicals, and I think it's larger, then perhaps the duty lies with a revamped FBIS rather than an NDU unit, and I hope we could count on your help deciding where that needs to be and—

Co-Chairman LEWIS. Are you asking him to make a recommendation to us?

Commissioner DREYER. Yes.

Dr. PILLSBURY. May I just dispute you for a second, though. It seems to me that it bears repeating that one school of thought—and I keep holding these two books up, I'm sorry I don't have the

others—one school of thought has got the answer for China and does not need any more translations to be made.

The other school of thought, and I hope you'll pay careful attention to Bates Gill this afternoon. He did the courtesy of providing his testimony in advance to me. I think if you ask Bates Gill, do you feel that your views would be changed or could be changed about China's essential benign intent and backward armed forces by additional translations, I'm afraid Bates Gill would say no. I wouldn't—I mean, I'm not against more translations, but they wouldn't change my mind.

So you have both schools of thought that dominate our debate on China not wanting more translations. If you were Jim Billington, what would you do with your money?

Co-Chairman LEWIS. Thank you. Would you respond to Commissioner Dreyer and make recommendations to us as to what you think we should be getting in addition?

Dr. PILLSBURY. Yes.

Co-Chairman LEWIS. Thank you. Commissioner Bryen?

Commissioner BRYEN. Thank you, Mr. Chairman. First, I'd like to ask about assassin's mace, since it's a provocative, it's an interesting area, but you didn't tell us very much. You said there were 15 concepts, devices, at least that many that are associated with this program. Is it a program? Is there such a program? Is it real? Both of you can answer this, if you'd like. What exactly is it? How does it affect us? Can we understand it? Can we prepare to deal with it? I think we have to get a little more depth here on that subject. Mr. Pillsbury?

Dr. PILLSBURY. Maybe Colonel Thomas could go first. He's being discriminated against by the questions so far.

Mr. THOMAS. No, hardly discriminated against. First, I'd like to set the record straight on Kansas. Before I began speaking today, I met with Ms. Murray and expressed to her my admiration for Ms. Kassebaum. I voted for Senator Dole. The gist of my comment was, my testimony would be a little less erudite than the people of Kansas, so that's why I was not representing them.

This is an interesting thought, assassin mace, because in the translation, and this is the whole gist of the issue, I guess, there are problems with translations, also. Dr. Pillsbury probably has it correct, because he speaks China. I see "killing mace" all the time.

Dr. PILLSBURY. Yeah, killer mace.

Mr. THOMAS. Are they the same?

Dr. PILLSBURY. Yes.

Mr. THOMAS. Okay. So there you have two different things, killer mace, assassin mace—

Dr. PILLSBURY. Trump card, also.

Mr. THOMAS.—trump card, magic weapon. At this point in time, I see it mostly referred to, the ability to take out satellites. That seems to be the idea of killer mace from an information operations point of view, that they want to target GPS systems in order to take out the ability to use precision-guided weapons. But my understanding, really, of killer mace stops there.

Commissioner BRYEN. Let me stop you there. They're also using GPS systems in their weapons.

Mr. THOMAS. Surely.

Commissioner BRYEN. They are depending on American satellites to guide their missiles, so it seems like there's a contradiction.

Mr. THOMAS. Yeah, could be.

Dr. PILLSBURY. I first dealt with assassin's mace in the red book entitled "Chinese Views of Future Warfare". An article appeared in 1995 by the leading Chinese navy think tank describing naval warfare in the future as consisting in part of submarines having new roles and new weapons, and then killer mace or assassin's mace as being a concept that would dominate and determine the winner in future naval warfare.

In the yellow book, in my second book, I showed how assassin's mace or trump card—the Chinese term, as Ambassador Lilley knows very well, I think must have taught me this, is a sha sho jian, and the Chinese debate themselves what sha sho jian is. It's found in martial arts novels. It goes back at least 2,000 years.

It is, one Chinese general told me just last fall at a conference, "You know, this is like James Bond." I said, really? What are you talking about. I don't understand. He said, "You know, in the James Bond movies, just when James Bond is almost dead, he pulls something out of his pocket and it kills "Odd Job" or someone. That's assassin's mace," he said. "That's a sha sho jian." I'm translating. He was speaking Chinese with me. I didn't quite know what James Bond was when he first said it in Chinese.

So it's a concept that goes back 2,000 years. It's not necessarily a weapons system as such. It is a concept, as I mentioned, that is based on studying and prioritizing your enemy's greatest vulnerabilities.

Commissioner BRYEN. But do we know enough about it? I mean, other than the broad concept, do we know enough about it to say that there is some sort of program that's associated with this or is it just a debate?

Dr. PILLSBURY. The two main comments about assassin's mace as a program come from Chinese newspapers in Hong Kong, which are not the most reliable source. These two articles appeared this year. They both claim that the president of China met with all his generals, or his top 100 generals on Chinese New Year's and made a long speech, and part of the speech is allegedly leaked to these two Chinese newspapers. He's calling upon his generals to develop some assassin's mace weapons and concepts to specifically be used to liberate Taiwan and to deal with any foreign help that Taiwan might receive. So that's the closest open source references to an actual program, and that's just the president of China asking for this to be done.

The references I found and the example—I mentioned the 15 examples for you—these are scattered throughout a variety of Chinese articles and books, the most recent of which is by China's most famous military commentator. He's on TV a great deal. I put his picture in both books. He's a colonel who's written about seven books now, Zhang Zhao Zhong, for the Chinese in the audience, and Colonel Zhang has in his latest book a discussion of the debate about assassin's mace weapons, and he's the one who describes how these weapons could be concepts, and even old-fashioned weapons could be employed in an assassin's mace way to bring the enemy

to his knees because your intelligence has taught you in advance what his vulnerabilities are.

Commissioner BRYEN. Is information warfare—Colonel Thomas can come in on this—against Taiwan—there's been a number of examples of info attacks against U.S. computers, Pentagon computers, things of that sort—is that part of assassin's mace, in your opinion, and is it extensive?

Mr. THOMAS. You know, I think assassin's mace and killer mace get right back to the question of paradigms in a way. If someone said to you, the Americans are looking for centers of gravity, that might be an operational concept they're looking for. Or if they said, they're looking for effects-based weaponry or if they're looking for lasers or some type of weaponry to take out a network. We may not call it that. We may not call it assassin's mace. We may not use that terminology. We may mean the same thing.

So, interestingly enough, as we look at this, I think sometimes we have to step back as analysts and say, how does this compare? How does an attack on a center of gravity, or an attack with a laser weapon against a satellite, compare to assassin's mace, killer mace, and all of this?

Commissioner BRYEN. I was asking you to get more specific. We see the attacks on what we call here the critical infrastructure, computer networks that the government uses, that power companies, telecommunications, air transport, things of that sort. A lot of this is being attributed to attacks from China. Is that correct?

Mr. THOMAS. Well, I think the question you should be asking yourself there is, are these—the people who trace the electrons, they know where they're coming from. The question would be, is it coming from individual citizens or is it state-sponsored, and here is where the real difficulty comes in the information age. How do you measure the intent of an electron? I mean, you can't. You know, you understood if a tank came at you that it was state-sponsored. But if an electron comes at you, you do not know if it's an individual hacker or if it's someone working under the auspices of the state.

Commissioner BRYEN. Are there independent hackers in China that are operating outside of the government?

Mr. THOMAS. I would assume.

Commissioner BRYEN. I find that a little hard to believe.

Mr. THOMAS. I would assume so.

Co-Chairman LEWIS. The next questioner would be Commissioner Ledeen.

Vice Chairman LEDEEN. Thanks. I think it's a terrific panel and I'd like to thank both of you very much for coming.

Could each of you speak a little bit more about the vulnerabilities that the Chinese hope to exploit in American military strategies?

And just a comment. I mean, I'm thrilled to hear that a Western concept such as James Bond is playing such an important role in Chinese thinking, but I had thought that Q had died recently, but perhaps that was a deception and he's now doing for the PLA what he used to do for James Bond.

Dr. PILLSBURY. The American military vulnerabilities, I describe at great length in pages 76 to about 90 of my book on China De-

bates the Future. I don't mention James Bond or Q. As I say, that was a rather unusual Chinese general's effort to educate me what they meant by—that we had this, too. They perceive we have this, too.

To some degree, when the Chinese write about American exercises or experiments, if you're familiar with the new approach that some say came out of the Office of Net Assessment to have radical experiments with U.S. forces, when the Chinese write about these experiments, they sometimes refer to these as American assassin's mace weapons. So it's not something that they believe is unique to China.

There are about seven or eight main ways to defeat U.S. forces. The Chinese military writes a great deal about this. In answer to Mr. Bryen's question about specifics about assassin's mace, they focus a great deal on aircraft carriers. It's a big topic in China. There's even an Internet website where people put up suggestions about good ways to attack American aircraft carriers. But it's also in the main journals and newspapers of the People's Liberation Army. There are often long articles about why carriers are vulnerable, what's the best way to hit them.

One specific assassin's mace weapon that's described as potentially available to China in the future would be to take a medium-range ballistic missile and to put on its front end, if you will, the equivalent of a mosquito, what we call the sunburn, as the homing and the—both the guidance system and the propulsion system. So it would be taken out 400 or 500 miles from China to where carriers allegedly would be in a box operating and then the homing process as the carrier tried to escape, the second part of the sunburn warhead would then take it home.

There are also quite a few examples of the use of electromagnetic pulse weapons, that is, nuclear weapons that are at a long distance, 50 to 100 miles from the target when they go off, so that the electromagnetic pulse effect is what you're trying to achieve. And my Chinese is pretty good, but I did not know, Ambassador Lilley, electromagnetic pulse when I first saw it. I had to go to the dictionary. It wasn't there. I finally had to ask a scientist.

But they write a lot about EMP effects that could be achieved as an assassin's mace weapon on U.S. forces because the U.S. depends so heavily on, not on vacuum tubes, which tend to be less affected, but on circuit boards.

In the area of the Air Force and airpower, there's been a list of assassin's mace weapons, but I think the thrust of U.S. vulnerabilities, to answer Mr. Ledeen's question, is to focus on logistics. There have been quite a few books and articles about the American way of war, as shown in the Gulf War and Kosovo, that we Americans need to get our bases up close and then train and practice bringing our munitions, obtaining intelligence superiority, and only then will we strike, and this may take up to six months.

So the Chinese authors say that during this period, the American bases must be attacked in various ways. This is a kind of nodal weakness, to use the Chinese term, of American forces. They don't just show up in one day. They require an extensive period—

Vice Chairman LEDEEN. The Gulf War?

Dr. PILLSBURY. Both. Aviano—one specific article talked about why it was foolish for Milosevich not to attack Aviano in northern Italy, not to mention several other targets that they suggested to him.

So you get a sense of the American communications, infrastructure, also homeland. I was going to quote to you from a friend of mine in China who heads a very important unit at the Academy of Military Science, their general staff academy, Major General Pan Junfeng is Director of the Foreign Military Studies Department there. He wrote, I quote on page 201, “We could make the enemy’s command centers not work by changing their data system. We can cause the enemy’s headquarters to make incorrect judgments by sending disinformation. We can dominate the enemy’s banking system and even its entire social order or social infrastructure.” These are very common writings.

There is also a set of writings that America depends on its allies for bases and supplies, and, therefore, a kind of conceptual assassin’s mace is to somehow compel the ally not to assist the United States forces in the event of a war.

As I said, there are 15 of these. I’m not sure you want me to go into all of them, but—

Vice Chairman LEDEEN. No, that’s a great start.

Chairman D’AMATO. It’s very helpful.

Vice Chairman LEDEEN. Mr. Thomas? And just to give you something to think about, the next question is, do we have vulnerability specifically regarding the possibility of Chinese military annexation of Taiwan and is there anything in the open literature on that one.

Dr. PILLSBURY. That’s a big topic.

Mr. THOMAS. The vulnerability side, basically from an IO or IW point of view, first of all, it’s our reliance on information systems. The vulnerability is our reliance. They really look at what happens when a power grid goes down and how many different places it affects.

And the Chinese have a concept known as acupuncture war, which basically means that if you have a network—I forget the exact law that this follows, but if you have a network with four points, the value of the network is the exponential degree of those points. So four points, the worth of that net is 16. And acupuncture war looks to take out crucial nodes. If you take out one node, you’ve reduced the value of that net from 16 to nine. If you take out two, you reduce it down to a value of four, and that has to do obviously with the interconnections.

But those are the types of vulnerabilities they’re looking for. Where are the key nodes that could be attacked? And this doesn’t necessarily apply to America, this applies in general. This is just a way of looking at networks. But those are two issues straight from the IO/IW world.

If you look at another so-called vulnerability, they’ve looked at why we may have gone away now from our two-war strategy, and the vulnerability they see is that we have tried to become the world policemen by spreading our forces very thing all around the world and the vulnerability we have recognized is that we no longer can fight two world wars, or regional wars, even, and so we need TMD to supplement that gap. You know, the TMD will help us in case

there is a regional war. Again, the opinion of one or two people over there, but a little more focused on America than the network-centric acupuncture idea.

Vice Chairman LEDEEN. One quick preliminary question. In your research in terms of Chinese perceptions of the United States and the relationship with the United States, you've talked about, Mr. Pillsbury, their view of the United States as a declining power so that all they really have to do is wait. It's a maturation process. They have to get through a period.

Are there any major Chinese leaders who have a cheery view of the relationship with the United States, because implicit in the one you've described is that we're not going to get along. Since we're not going to get along, we just have to get through this unpleasant period until either we are even or we can dominate.

But are there Chinese leaders who say, hey, the United States, we can be great friends with the United States? We can have a great relationship with the United States. There's a historic friendship between our peoples. Deng Xiaoping was a great bridge player. Bridge was invented by Americans. Any of that?

Dr. PILLSBURY. Well, I know your deep interest in bridge, so I will not address that topic.

Vice Chairman LEDEEN. Well, Deng Xiaoping is one of my favorite thinkers. Swimming for the body, bridge for the mind.

Dr. PILLSBURY. I would say that the president of China has adopted a Chinese poetic form of using, at least three times now, to my knowledge, 16 characters, 16 Chinese characters in a sort of a poem to provide guidance to the nation and to the Communist party about how to get along with America. And each time these 16-character poems reflect the year prior to his release of these expressions. All of them, I would say, could be called cheery, to use your word.

The president of China, Jiang Zemin, his successor, who is known through his work at the Central Party School, as well, are very upbeat about Chinese-U.S. relations. They believe they're doing quite well with direct investment and exports. They don't seem to sense an immediate military threat from the United States. The writings about Taiwan, the need to liberate Taiwan by force, if necessary, tend to focus on five years from now, five or ten years from now. The American vulnerabilities they want to deal with, if necessary, tend to be future vulnerabilities.

So I would say it's a quite upbeat—if you're reading the mainstream Chinese press, you get quite an upbeat picture that our Chinese leadership is handling the Americans very well. We're getting what we want from them and their capacity to harm us, although the intent is there, the Americans would like to harm us, they'd like to overthrow our Communist Party, they'd like to provide their sexual practices to our whole country, this came out quite recently.

There's a wonderful article called "The Ten Attempts of the CIA Over the Last 50 Years to Subvert China," and this one, FBIS did translate. I don't quite know why. The CIA is accused of trying to bring sexual promiscuity to China's youth as part of a larger plot to undermine the Chinese Communist Party. Now, I couldn't follow the logic of that, but the CIA is alleged to have been attempting

this for 50 years, but has recently revised these guidelines and pushed even harder on some of these ten points.

But I would say cheery does describe their optimistic interpretation of U.S.-China relations because of their wise policies toward us.

Vice Chairman LEDEEN. Right.

Co-Chairman LEWIS. Thank you. Commissioner Robinson?

Commissioner ROBINSON. Thank you, Mr. Chairman. I want to extend my thanks to both of you for appearing today.

Picking up on the themes that have already been enunciated, I was wondering if you could both comment on the following. Basically, do you believe that it's easy or difficult to differentiate between, say, Chinese state-owned enterprises that are engaged in what I think we would all view as benign commercial activities versus those engaged in militarily relevant and intelligence-related activities.

I seem to recall a 16-character official Chinese slogan or mantra that I believe you know very well, if I'm getting it right, that basically states that, in essence, commercial activities are to serve the military. It's longer than that, but how do you view the degree of difficulty involved in differentiating between the activities of state-owned firms?

Dr. PILLSBURY. Mr. Robinson, your question you raise is part of your Commission's mandate. It's a very delicate question, to try to separate civil from military inside China and also with respect to Chinese activities in America.

I can give you an anecdote that perhaps illustrates the larger point. I had the opportunity on more than one occasion to go into Chinese military factories, what we would call military factories. One of my favorites is where they assemble ICBMs for attacking countries 5,000 miles or more from China. And as we walked around the factory, I saw a rather large section assembling refrigerators. And then a little bit beyond that, not the distance of this hearing room, was another section assembling surface-to-air missiles for ships.

And I noticed that the various clocks and time boards and the means of managing the factory were quite integrated. And I said, you know, this is very different from America. We build our ICBMs really in special facilities, special factories. We build our refrigerators in quite different places. I asked this because on the wall was a very large piece of sophisticated equipment. I read the plate. It said, Racine, Wisconsin. And this device—I don't want to really mention what it was, but this device was being used for both.

And the Chinese factory manager, who I must say was a wonderful host, said, "Well, you Americans are different, but we like to minimize our waste. We like to be more efficient, and we find that the mechanisms of refrigerators, air conditioners, and so forth that you see here in this big factory, we find it's more efficient to deal with these all at once."

Now, if you're an American embassy inspector and you want to see if this piece of equipment from Racine, Wisconsin, is being used for military end uses, what kind of report would you file? It is and it isn't. It's being used for both.

In my experience, this cuts across the Chinese economy. They believe it's rather bizarre that the U.S. separates legally, separates by law, these two functions, although we do have a so-called dual-use category. But Chinese have actually come to school here at our Foreign Military Sales School at Wright-Patterson Air Force Base in Ohio to take a one-year course in our foreign military sales program and how we divide all these categories up and they are quite perplexed at the American obsession, which is in some sense behind your question, of whether a unit of production or money is one or the other.

I hope that anecdote is helpful to you to understand the Chinese view of this.

Commissioner ROBINSON. Indeed, it is.

Commissioner DREYER. Michael, excuse me. Was that refrigerator viewed in the missile factory before or after the divestiture order?

Dr. PILLSBURY. This story is a 1996 story.

Commissioner DREYER. Thank you.

Commissioner ROBINSON. Well, in that connection, you have looked at many of the security dimensions, both of you have, of our bilateral relationship. I know, Dr. Pillsbury, that you have taken an interest in the economic, financial, technology transfer sides of that equation, as well. You know my background is more in the economic and particularly the financial field.

Do you believe in your long study that China has succumbed, if you will, to the temptation to raise funds for its military and strategic programs, including intelligence operations and technology theft and the like, in the U.S. stock and bond markets among its funding venues, where they presently have an estimated exposure of some \$25 to \$36 billion in the portfolios of American investors?

Dr. PILLSBURY. I think the Chinese foreign ministry is trying very hard to comply with a distinction between civilian and military. What I'm trying to describe to you is that on the ground, in the factories, it's very difficult for China to accept this kind of a distinction.

So to my knowledge, the mixing of these two Western categories, of civil and military, is automatic and quite natural in China and they would have to spend a lot of money and go to a lot of trouble to try to follow our practices. To some degree, the foreign ministry in China has been trying to insist that the military do that.

But, frankly, on the other side of the ledger, if you visit—I've had the honor and pleasure of visiting the PLA units and you're often taken to the officers' pig raising farm and you see people in uniform raising pigs and you say, well, now, what is this used for? Well, these pigs can be—you know, some of them, we use for Hwei Guorou for the men. Some of them, we sell on the open market.

Now, that couldn't happen under American law. I think Colonel Thomas would correct me if I'm wrong, and I hope he does, but I don't believe American military officers can go out and raise pigs and use some of them for the base mess and then sell some of them and keep the money themselves. I think this would violate at least rules, if now law. You simply don't have that in China.

Commissioner ROBINSON. And related to this, you've both also seen—I don't know if you can comment on this, Mr. Thomas, as

well—the Chinese mindset about how they’ve done business with the West and particularly the United States. For example, you know that many of the largest state-owned Chinese companies, headquartered on the mainland, have created companies in Hong Kong. There is nothing novel in this. They’ve often listed, for example, on the Hong Kong exchange, and my experience in looking at these capital flows, which is part of the Commission’s mandate, indicates that the Chinese are interested in using those listed vehicles in Hong Kong to sell into the U.S. capital markets. It’s more difficult, for example, to get a New York Stock Exchange listing than to get on the Hong Kong Exchange.

Some of these enterprises are familiar to you—China International Trust and Investment Corporation, China Aerospace, China Ocean Shipping Company—that you might want to comment on. I’m just trying to get to the issue of whether or not the U.S. might be, in effect, seeing some of these types of firms surface in the U.S. capital markets through this vehicle, which is a kind of bankshot via Hong Kong into our markets. Does that sound to you like something that might be characteristic of that mindset?

Dr. PILLSBURY. One way to address your question, to get back to our topic of open sources, is the issue of where the Chinese defense budget comes from. In other words, you can ask the question the way you have, about are companies in Hong Kong doing this. But you can also ask from the other end. Where does China’s defense funding come from?

And this turns out to be a very difficult issue on which there has not been very good research, and I believe inside our government there’s quite a debate about whether China’s defense budget is \$15 billion, their official figure. The high figure, given by a very distinguished economist at the RAND Corporation, Charles Wolf, in the range of \$200 billion. Other figures are in the \$20, \$30 billion. I believe a government figure one time was \$50 billion.

So if you’re interested in the issue of the so-called China threat, it seems to me the size of their defense budget and where it’s coming from is a rather elementary fact to try to pin down. But look at the range of estimates.

So the contribution of private companies in Hong Kong or elsewhere to the Chinese military effort, in my mind, cannot be answered until there’s a better feel for the size of the budget and where it’s coming from. When I say “where,” I mean their own funds they can keep themselves from their profits. They clearly talk about this in their writings. How big that is is not clear to me.

Secondly, different state agencies, in addition to the general treasury, can provide money, federal government money, to the military and to the defense industrial complex. But where these agencies get their money is another rather obscure topic.

So to look thoroughly at your question, it would require a great deal more knowledge than I’m afraid anybody in the United States has.

Commissioner ROBINSON. So taking off from that, and this is my final comment, do you think that we should be dedicating more of our resources and attention, and arguably the attention of this Commission, to the issue of, if you will, following the money, that is to say, trying to get a better sense of how China, particularly on

the military and security-related side, is funding itself and its wide array of global activities, some of which are harmful to U.S. security and other interests?

Do you think that that's a worthy endeavor and something we should be putting more resources into in a studied way, because again, you know my own research on this has indicated that we may even unwittingly make very sizeable U.S. investor contributions to China's military build-up.

Dr. PILLSBURY. I think the short answer is yes, and one model for this, I'm afraid, is the study of the Soviet Union's budget, military budget, and where it got its money, how that all worked. To my knowledge, that's not been done for China, and it would not be easy. It would be a significant undertaking.

The Chinese military, incidentally, may be willing to help on this. They sometimes express puzzlement themselves about the system. One PLA officer last year when I was in China gave me a set of books about this issue. I've not gotten around to them yet. But, he said, even with all these books, he himself couldn't quite grasp all the input streams of funding into the defense industrial complex.

Commissioner ROBINSON. Thank you.

Co-Chairman LEWIS. Thank you very much.

The following questions will be by Commissioners Wessel, Mulloy, Becker, and Lilley. Mike Wessel next.

Commissioner WESSEL. Thank you for being here today. Your experience and expertise is evident from your comments and I look forward to having your advice longer-term, as well.

We, and as others have said here, believe that your idea of enhancing our analytical infrastructure is a very good one, whether at the Library of Congress or in any other entity, or probably several other entities so that we can not only ourselves, this Commission, but others gain the knowledge that they need.

But we are faced with the task next March of reporting to Congress and building the analytical infrastructure. I'm fearful it will take quite some time, so I'd like to avail myself and have us benefit from the knowledge that you've both looked at a lot of these sources and help us solve what was a problem with the predecessor commission to this, which was an enjoyable experience but I'm not sure provided tremendous guidance to Congress because it was sort of on the one hand and the other. There were two reports within one report where we outlined the debate for Congress. I think the members of Congress know what the debate is from the competing piles of books on your desk. They've heard from Mr. Timberlake, Mr. Triplett, and others on both sides of the issue.

Our guidance is being sought by Congress on the broad issue of what is the assessment of the current security relationship and interest of the United States vis-a-vis China on economic and military terms. If you were sitting on this side of the table right now and had to sit down and write a report, what would your guidance be? Rather than, on the one hand, on the other hand, or as I heard from the three competing schools of thought, maybe we'll inject one more limb into the equation, what would you advise us to tell Congress in our report in March?

Commissioner DREYER. In three minutes or less.

Dr. PILLSBURY. I think I would encourage Ambassador James Lilley, a member of your Commission, to work very hard on the report.

[Laughter.]

He knows more about—he's forgotten more about China than I ever knew and he's also my tutor, and any mistakes I make are because I failed to interpret his guidance. So you're quite fortunate to have not only Ambassador Lilley, but some famous scholars of China on your Commission. I think they're going to have to do the bulk of this work.

But also, secondly, you should point out the areas of uncertainty. In the Office of Net Assessment, one of the things Andy Marshall has taught everyone is don't try to make your best guess. Don't try to say, this is what's going to happen, I'm pretty sure, and then suppress dissent, suppress other scenarios that might unfold, or imply that you sort of have a know-it-all attitude.

It's very important in any conclusion, especially concerning China, to say, it looks this way but there's two or three other possibilities. That's not quite as bad as, on the one hand, on the other hand. It's saying, this is what we think, but we can see, we know so little, that these are also possible alternatives.

I think that would be the way—then rely on your Commission's own experts, with Ambassador Lilley in the lead, number one. And number two, to underline areas of uncertainty, because as I read the legislation, you're permanently chartered. You're not just going to dissolve when this report is done.

Commissioner WESSEL. Well, as you know, Congress, at least in the House since they have two-year terms, tends to look at things in shorter bites.

Mr. Thomas, other—

Mr. THOMAS. No. I really think that what Dr. Pillsbury said would be basically the way I would also look at it. Leave yourself open to a lot of interpretations. You know, it's so hard to say, this is the way it's going to be. If someone asked you today to predict what Secretary of Defense Rumsfeld is going to do with our military, I think you'd be faced with the same problem. You're not really sure what the commissioners are going to tell him.

They may be asking you to do something that's just not possible at this point in time. You can certainly give them those scenarios and you can say, here's a general picture, but as of today, no, it's not totally clear. Maybe by next March you'll have some better outline.

However, I think you can say that there—looking at it from my narrow point of view, I really do see the impact of Chinese culture and history on what's happening today, and I'm really interested in Dr. Pillsbury's next book, to be quite honest with you, because he's exactly correct that Marxism/Leninism is one element of it, but these ancient stratagems play such a key role today in anything that you look at.

The hotel I stay in in Beijing has a book in the library that talks about the 36 stratagems of war and how to conduct business. If you read the last book by Dr. Shen [ph.] on total information war, he says there are 36 ways to attack the Internet. Why 36? Probably 36 stratagems again. And if you look at those 36 stratagems, they

can all be used in fighting with electrons, as well. I mean, it's a very interesting combination, it seems, of the information age and Chinese culture, how it's all coming together and how they're using the past in the present, and I really think it's even changing the focus of what they called people's war, to be quite honest with you.

Mr. Bryen, you may be correct in what you said about perhaps there are no independent Chinese hackers, simply because they now have a reserve force of information warriors. These reserve forces are pulled from financial institutes, power companies, you know, those who have their hands on information technologies, and when you see hacker attacks, you're not really sure if they're coming from independent citizens or perhaps one of these reserve elements.

But what that's done is it's put in the hands of the people again a, if you want to call it this, a war-fighting instrument, that is, a computer, and people's war takes on a whole new meaning. Instead of the people of China standing up against an aggressor, those with computers in their hands now become combatants, and the heroes, according to one scholar, the heroes of the information age will be those computer scientists and engineers and people who know how to use information technology. So people's war could translate into what they sometimes call take-home battle. People sit at home with their laptops and send out these electronic messages.

So again, you go back, though, to history, people's war, the culture side, and how it impacts on the present. They had a big exercise about a year ago exercising these reserve forces and Beijing took over all cable TV, radio, everything in this one province and they taught the reserve force how to mobilize, how to get ready. That was about the first two hours of the exercise. And the second hour was devoted to recruiting people with information capabilities. And you can understand that if you're one of the 1.3 billion lost in the crowd, that that opportunity, you know, to participate in the information age, I think, is a great enticement these days.

So all of this seems to be coming together in a very interesting and unusual way, and maybe perhaps ways we can't think about because it's not our system. Yet, if somebody said to you, what about people's war in America, it would take only a second to realize we have lots of computer-capable people in this country that, if you thought about the concept and applied it, we have a lot of people who could participate if there was such an Internet battle or something to that effect.

So sorry for the long-winded answer.

Commissioner WESSEL. No, I appreciate it. Unfortunately, our political system has become somewhat of a winner-take-all system, that one side's right and one side's wrong and whoever has the most votes is right that day. So we'd appreciate your continuing guidance of it as we move forward on this report and future reports.

We can say that there are gradations to our analysis, that we do have to come down in terms of some recommendations, but also with the lack of certainty that other precautionary steps may have to be taken, as well, to address the relationship. Thank you.

Co-Chairman LEWIS. Commissioner Mulloy?

Commissioner MULLOY. Well, I want to kind of pursue the same line of questioning that Commissioner Wessel just got into. As you both know, this Commission came out of the debate on PNTR and China's entry into the WTO that took place in Congress last year. In November, legislation was passed setting up this Commission and giving us a charter of things that the Congress wanted us to study, and among them are the trade, investment flows, tech transfer, in terms of are these in the national security interests of the United States, but in the context of what are the Chinese saying about the relationship, and that's really what you're helping us look through today.

Now, in our first hearing on June 14, we brought in Ambassador Barshefsky, who was our chief trade negotiator, and Admiral Prueher, who was our former ambassador to Beijing. We brought in the representatives of the U.S. business community, Bob Kapp from the U.S.-China Business Council, and others to lay out why they felt that the current trade and investment policies that we're now following toward China in economic engagement are in the national security interests of the United States.

Just to summarize, I think their view is the economic engagement will encourage the rule of law, help raise the standard of living of the Chinese people, and integrate them into the global economy and the global community, and that that is in the ultimate national security interest of the United States.

There would be another view that our current economic and investment policies are contributing to the strength of the Chinese economy and making them be able to project economic and political power to a much greater extent than they would if we weren't following these policies. So that's the issue that I think we're asked to kind of reflect and get at.

Now, if you were, and this is really where Mike was, if you were advising us on the issue that I just kind of laid out, do you think that the current policies, WTO, economic engagement, investment flows, all of that, are the right ones for us, or do you think they should be moderated or do you worry about where they're all headed?

And let me just ask, I ask this question in the context of one of our later witnesses, Dr. Wortzel from the Heritage Foundation, he talks about the Chinese concept of what he calls comprehensive national power, and he said, Chinese strategists mean economic power, political diplomatic power, propaganda, informational power, and military power, all tied together with the idea of comprehensive national power.

So are we contributing to that comprehensive national power in a way that may be adverse to our own interest, or do you think the engagement is the right way to go?

Dr. PILLSBURY. I have to reject the idea of either/or on engagement versus contributing to Chinese comprehensive national power. I respect Dr. Wortzel very much. It's not his concept. He's quoting from a Chinese concept of comprehensive national power, which they, in turn, borrowed from the Japanese. I have a whole chapter of 50 pages with charts and graphs and so forth about that concept and how they use it to measure where the world's going to be in 2020 in this book.

It seems to me, of the three choices you gave me, I'm in the "I'm worried" category. I don't oppose engagement. I don't oppose trade and investment with China. I belong, I think, to the consensus that essentially has its fingers crossed. This is our only hope. It's our best hope to transform the Chinese political system. I can't think of any better tools or instruments we would have at our disposal than trade and aid. I can think of supplementary steps that we could take that I would advocate because I'm worried about China's future.

As you know from Secretary Rumsfeld's comments in Canberra and on several interviews, he's used the phrase, which I very much agree with, "China's history is yet to be written." We do not know the outcome, and I'm very much opposed to those who have what I would call a blind faith that American trade and investment and exchange programs is going to automatically make China turn out right in our national interest. I oppose that view. I believe that is silly. It is wrong. It is ultimately against our national security to have our fingers crossed and hope that happens.

Co-Chairman LEWIS. That it's inevitable, you mean?

Dr. PILLSBURY. That it's inevitable.

Co-Chairman LEWIS. Right.

Dr. PILLSBURY. That that's enough by itself, trade and investment is enough by itself. And the most constructive thing that could be done in this area would be to challenge those who believe this to come up with a set of quantitative indicators about Chinese political reform.

You mentioned the rule of law quite specifically. Others mentioned the village elections are going to sort of spread to higher and higher levels, that the Communist Party is going to introduce some more debate. Perhaps even a multi-party system will be allowed. There are some new ideas from the central party's school that the eight minority parties can be given more of a voice in the future, that Hu Jintao is going to support this kind of reform.

It seems to me that those who have this blind faith need to do quantitative indicators or indexes of the last 20 years and show us the improvement rate has been going up over 20 years in some sort of steady way because of all the trade and investment, that, therefore, when we project this forward 20 more years, we're going to have nirvana, a great China for U.S. national interests.

I doubt they can do it, but I think the exercise is going to be very important to do it. No one's done this yet. No one's done this.

Vice Chairman LEDEEN. Well, on the face of it, it looks worse over the last ten years.

Dr. PILLSBURY. I'm afraid many Chinese believe that. Many Chinese who were the heads of the party institutes—I'm thinking of the Yan Jiagi. When Ambassador Lilley took over in China as ambassador, it may have been the peak, the peak of political reform at that point, and it may have been going downhill for the last ten to 12 years, even as trade and investment has been going astronomically up.

Co-Chairman LEWIS. What would be causing that?

Dr. PILLSBURY. I'm just putting that forward as a possibility. If it's true—

Co-Chairman LEWIS. If it's true, what's causing it?

Dr. PILLSBURY. It means the blind faith is misplaced.

Co-Chairman LEWIS. But if it's true, what's causing it?

Dr. PILLSBURY. It means possibly that there are different points of view at the top leadership of the Chinese Communist Party and that one point of view is very confident that the forces of technology and trade and the marketplace can be very carefully and subtly controlled in a way unique in human history, that the blind faith advocates, in a way, are right, that unless the Chinese Communist Party very, very cleverly controls these trends, they will be overturned. They will turn into another kind of political system.

But because they have that warning, and I have a chapter on this in the yellow book, they've learned a lot from Gorbachev. To call someone a Gorbachev now in China is like a death sentence for the Communist Party members. They want to avoid going down that trap.

So you see things like Internet control. There's a couple articles just yesterday, Jonathan Mirsky and one in the Wall Street Journal, about some very subtle ways to control Internet content in China. There's a lot of writings the last two or three years of this blind faith school. Oh, my God, when the Internet is read by 100 million Chinese, of course it'll be massive reform and democracy and everything will be fine in China. Well, now it turns out that Internet usage can go way up but you can still have very subtle control systems that prevent political debate from appearing on the Internet unless the person's willing to be put in jail.

Co-Chairman LEWIS. You said a few minutes ago that some of the Chinese leaders that you talked to were also worried and concerned about this. What were their worries and concerns?

Dr. PILLSBURY. Well, the biggest one is that the United States is behind this in a kind of covert action to overthrow the Communist Party. In other words, we tend to see on the outside, or I tend to see these anonymous forces are at work, the Internet, prosperity, openness to the world outside.

The Chinese government view in their articles—and I have a chapter on this, you'll be happy to know—tends to blame Ambassador Lilley, sometimes by name, other times the Central Intelligence Agency, other times President Clinton, sometimes a sort of anonymous black committee that's supposed to be a secret committee that's supposed to be behind the U.S. Government, has the goal of conducting this overthrow of the Chinese Communist Party—

Co-Chairman LEWIS. By engagement?

Dr. PILLSBURY. Yes, exactly. They say engagement almost sarcastically. The term they use is "peaceful evolution." It's a verb in China. I want to peacefully evolve you, you can say in Chinese. And this is seen as basically an American intelligence plot at work 15 or 20 years now, and certainly enhanced by Ambassador Lilley's arrival. I mean, the press on him is—he's really greatly respected in China. He's seen as probably America's best China expert, born in China, the highest ranking person in our government ever to rise as high as he did or may still. And so you often find articles—if you just run his name through the index, you'll often get a lot of articles about this peaceful evolution plot.

Co-Chairman LEWIS. Potentially, then, holding out a hand towards engagement is a plot on our part towards changing them?

Dr. PILLSBURY. They believe that, yes, because they believe we would not be so stupid as to just trade and invest for profit reasons only.

Co-Chairman LEWIS. Particularly when we're running such big deficits.

Dr. PILLSBURY. Exactly.

Co-Chairman LEWIS. George?

Commissioner MULLOY. Mr. Chairman, let me ask one follow up question.

Dr. PILLSBURY. So I'm in the worried school.

Commissioner MULLOY. Summarizing, you think it's a gamble. There's no guarantee how it's going to turn out. You're worried. Are there some things that you could give us that we could put in the report on some of the indicators you're talking about to help us measure, get some idea on whether those who think it will be good are right or wrong. Those kind of suggestions would be helpful for us to consider.

Dr. PILLSBURY. Yes.

Commissioner MULLOY. So if you can help us with that, that would be enormously appreciated.

Dr. PILLSBURY. I can, and also point you in two other directions. Number one, I strongly recommend the Commission travel to China. You're well known in China already. I've run across the Commission in Chinese articles. They're quite concerned about the outcome of your deliberations, and so I think they'd be worth listening to. I think you should go to China.

Secondly, I would point you toward the ex-communists, those Communist Party scholars and officials who come out of China.

Co-Chairman LEWIS. Who are here in America now?

Dr. PILLSBURY. Who are here in the United States or in France.

Co-Chairman LEWIS. We welcome your suggestions of the people we should talk to.

Dr. PILLSBURY. They're very much worth talking to about how things were back in the '80s and what their hopes were in the '80s compared to how things have turned out.

Co-Chairman LEWIS. Would you communicate with us and give us a list of the people you think we should talk to?

Dr. PILLSBURY. Yes.

Co-Chairman LEWIS. Thank you very much.

Commissioner MULLOY. Mr. Thomas, I did not press you on that because I thought it would be beyond your lines.

Mr. THOMAS. It is. It's definitely beyond my lines. But the one thing I would like to say is that here again is where it's important for this Russia-China analytic exchange in that those of us on the other side, on the Russia side, have been through this once now. We tried to go through a business operation with the Russians and there is an awful lot of experience about the mistakes we made right here in Washington, the people who funneled the money there to do the business.

The lessons learned included exactly what you said, the rule of law and how it's interpreted over there and how business practices are interpreted, and I think that it would really be worth the Com-

mission's time to talk to someone who was involved with that monetary exchange, because he may have the exact type of indices that Dr. Pillsbury is talking about that would have helped him measure whether this is really working or not, this investment flow.

The second thing that really backs up, again, what I've heard is that this idea of peaceful evolution strategy is dominant in their information operations literature, as well. In fact, this will sound strange to you, but the number one, probably, information warfare protagonist from the Chinese point of view is Richard Nixon and the reason is because of his books *The Real War* and *Victory Without War*. How do you manipulate the gray area from a Chinese point of view to attain a goal?

And I think that they look at business now in perhaps the same way. So there is a carry-over there and it certainly is supported throughout the literature, it seems.

Commissioner MULLOY. Thank you.

Co-Chairman LEWIS. Commissioner Becker?

Commissioner BECKER. Thank you, Mr. Chairman.

I was quite concerned, as I'm sure everybody else is, in your feeling, particularly from the military end, that we do not examine very closely or far afield enough of documents that come out of China in order to have a much better feel as to what's going on, but I'm wondering, from what you've been able to discern, both you and the colonel, do they believe—is it your perception that they believe America has lost the will to fight a ground war? Does this surface at all?

I sort of picked this up myself, and certainly I don't have the expansive knowledge that the military would have. I'm wondering about your feelings on that.

Dr. PILLSBURY. As I say, there's a debate in China about this topic, between the orthodox and the revisionists. There's also a debate here among our experts on China about the degree to which we should take seriously Chinese books and articles that demean American military power and American will to use force.

There's no doubt that there are hundreds of such articles and books. They usually begin with the same sentence. America is the highest technology military power in the world, but here are 25 ways you can defeat the United States militarily.

Our own experts, especially in that group of 20 books I mentioned to you that are sometimes derisively referred to as the "panda huggers" by the Cold Warriors or the McCarthyites in the other group, the panda huggers' claim is that, well, these articles are just whistling past the graveyard. This is to boost the morale of Chinese troops. That's why they write that America is weak and can be defeated, number one.

Number two, a good communist, which all officers in the PLA must be Communist Party members, has committed to certain beliefs and one of them is the superiority of the communist system, so we can't have articles saying the Americans could easily defeat us, is a second reason.

A third reason is our so-called panda huggers, who call themselves the realists, by the way—I should say realists is what they call themselves—they would say, well, yes, maybe the Chinese military, even maybe the top believes America won't fight or can

be defeated. But their defense industrial system is so backward, their equipment is so outdated, the choke hold the Russians maintain on maintenance and spare parts for their new equipment in the past ten years, all of these real world factors mean that the Chinese really will lose and they secretly know that.

This is one reason why this work is not translated so much, because people—too many people believe that they already know the answer, so why do the translation?

Commissioner BECKER. The reason I ask in this form, I mean, I'm of a generation of our involvement in Korea and then certainly in 'Nam that followed, and there's been enough touches, brushes with the Chinese military in both of those land wars, and then there are been several, a gunboat that was commandeered, and there's articles that I've read, a lot of articles, that we haven't fared that well militarily within Asia.

But the real thrust of my question is: In your debates and your analysis, has there been any consideration given to an isolation of America, just bypassing America and challenging us in areas where we have influence but would not likely commit troops, say, like in some of our lesser allies that surround the South China Sea, and test us and slowly but surely build power and prestige and down-play America? Does this play in there at all, or is this completely out of the question?

Dr. PILLSBURY. It tends to be out of the question. The general thrust of Chinese writings is the economy first.

Commissioner BECKER. The economy.

Dr. PILLSBURY. We've got to get the comprehensive national power up to, at least equal to the Japanese, ideally equal to the Americans. We've got to build coalitions with the other poles in the world, especially the Europeans and the Russians. We've got to have organizations like the Shanghai Six, which essentially is a defense cooperation organization. And we must not prematurely confront the Americans in a way that would arouse them or turn them against China.

One of the 16-character expressions that the president of China gives, the poems in poetic style is, [phrase said in Chinese], reduce friction, don't cause confrontation with the Americans.

Therefore, any effort to take over some other country, any effort to sort of occupy with deliberate force the Philippines' claims in the Spratley Island area, sending troops even on peacekeeping missions—the Chinese will not send troops for U.N. Security Council-approved peacekeeping missions—all of these things are ruled out in China in their writings as being provocative.

And, frankly, I didn't get a chance to get into this, but their writings about America focus very carefully on what they call the red team/blue team debate. They've pretty much got everybody in the United States who writes about China divided into red team or blue team, red team being good—friend of China would be their expression, and I, by the way, am a friend of China, according to the Chinese. Now, there may be some debate about that.

But the other side, the blue team, is the dangerous group and there are at least 20 articles in the last couple years alone about this bad group, and this group—I have some quotations in here for you. This group is largely located in the United States Congress,

they say. The Congress is in league with some elements in the Pentagon. In other words, part of the Pentagon is good, a friend of China, but part of it's bad. The intelligence community also, I believe, is split. Scholars, professors are split.

But some of this work is quite interesting, because the Chinese are essentially analyzing our own debate in terms of their interests. If the blue team gets out of control, gets too much power, they might begin to choke off the direct investment, the technology transfer, taking Chinese exports, more pressure on human rights. And, therefore, the sense I get is they're monitoring the American China debate to see how far they can go.

The blue team can't be wiped out. I mean, the blue team is always going to be there. But as long as it's 10, 20, 30 percent, in some measure, that's okay, the Chinese seem to be saying. But if the blue team begins to get stronger, 50 percent or more, this is China's survival really is being called into question.

So this may seem like a roundabout answer to your question, but you see this also in the writings about the Korean War. This is the 50th anniversary. In the bookstores now, there are big tables of books you can buy on the Korean War, and they all say pretty much the same thing. We defeated the Americans in Korea. We gave the American armed forces their first defeat in their history and we can do it again. And the books then describe how this was done.

Now, this is very different from American interpretations of the Korean War, which at a minimum was fought to a draw, but Chinese losses were up to a million people compared to ours in the 60,000 range. So American authors don't see this as some great victory by China, an American defeat. Other words will be used by stalemate.

Co-Chairman LEWIS. Is that where they think the decline began, as a result of the Korean War?

Dr. PILLSBURY. Where the what began?

Co-Chairman LEWIS. The decline, the American decline.

Dr. PILLSBURY. You know, I don't know when they think the American decline began. There are some books on the American rise and how we rose to be a superpower, through a lot of trickery, by the way. They claim we deceived the British, we did a lot of pretty clever things to become a superpower. It's not because of our smiles and our good character and our natural resources endowment.

But the lesson from the Korean War, and they use this with Vietnam, too, is that we Chinese can defeat American forces, but it's not through superior equipment or technology or force-on-force attrition warfare. It's mainly through a stratagem—they've even told a new story, I haven't heard this before, that McArthur at Halloween had some skirmishes with the Chinese.

Some prisoners were captured, American prisoners were captured. They were deliberately allowed to believe that China was withdrawing. They'd been beaten so harshly in mid-October 1950 by artillery and airpower of McArthur that they were sort of fleeing, or they made a decision to withdraw back into China, and that this was part of a deliberate deception—these prisoners come back and tell headquarters. It reaches McArthur's intelligence people,

who write memos saying, we can now continue north, which they proceeded to do over the coming months. And only at Thanksgiving are these massive ambushes unfolded, with 250,000 Chinese in white suits standing up, in one officer's account, in the snow and the massive losses inflicted on both the American wings, the Marines and the Eighth Army.

This idea that either assassin's mace weapons or stratagem and deception of an arrogant enemy can be used to lure him closer turns out to be the heart of ancient Chinese doctrines about how you win wars against superior powers. And so that's what I'm afraid of, is that their belief in these concepts could lead us into a very unnecessary and tragic situation.

Commissioner BECKER. I have one last question. In the beginning, you said that you did not come under undue pressure with the book because you shared it with the PLA for editing. Did they, in fact, take parts out?

Dr. PILLSBURY. Yes. As I say, I'm a friend of China.

Commissioner BECKER. Obviously, you can't identify those parts, then. Okay. Thank you very much.

Co-Chairman LEWIS. Commissioner Lilley?

Commissioner LILLEY. Okay. I'm going to follow on questions raised by Commissioners Robinson and Mulloy, and I think one of the intelligence steps that we have, and I think it's very important for us in developing policy options for the United States, is to get a much better handle on the guns and butter debate in China.

I think there is an impressive debate in the Chinese between the imperatives of economic development and military ambitions, and the swallow bitterness school is, yes, they're saying, let's go slow. But I think the interesting thing I got out of the Tiananmen papers, which I think is probably mostly legitimate, is that the remarkable persistence of a more liberal political school in China, despite what we say is the Chinese concept in the 21st century, we will prevail because we will have a free market system in a socialist bird cage and we will have authoritative political government which will eliminate all of the messiness of an uncontrolled democracy.

This isn't unique to China. This is Lee Kwan Yew talking, this is the Chinese fascination with Park Chung Hee in Korea during its most successful development phase, Jiang Jinguo Wu in Taiwan, and the return of socialist communists to Eastern Europe, that you're going to see it's not as whacko as Kim Jong Il's concept of scientific socialism that he thinks will prevail with the North Korean model. I don't think the Chinese buy into that for one minute.

But they do see, and I think they convinced themselves that there's a better way of dealing with the 21st century than we have and it is political authoritarianism and controlled economic growth with free market forces at work. And I think this underlies much of what they say.

But what I don't think they can really control is when this group begins to get into this insidious bourgeois liberalization, spiritual pollution kind of political thought that keeps coming up. You see, at least reading the open press, the echoes of this in the Hong Kong press from Willie Lamm and others who are supposed to have

some kind of a feel for what's happening in China, that this debate is very active as you go into Sixth Party Congress next March, as you're going through the Beidaihe conference right now. This is an ongoing thing.

What I feel, and I'd like to ask you, is what do we know about a guns and butter debate? Are there real debates in the Chinese budget about where you put your money? I can't believe there isn't, and do we have a handle on the debate? Are the people who are actually making a very strong argument that you cannot have this fascination with military toys and continuous exercises and firing missiles over Taiwan, that's bad for business. And I can't imagine there aren't people in China that don't make this case forcefully. If they go too far, they'll end up cracking rock in the Laogai, but I think most of them know when to stop. They know when to stop.

One of the names that has come up recently, at least in terms of what you might call the conservative reaction, is the name of this guy Li Shen Zhai, who apparently has just written another paper about the future of the party which refutes, again—he's a sort of a Dun Le Chuen clone—he writes this stuff about—not about opposing parties but about the dominance of the party and that you can absorb people into your party.

But this is my question, though. What do you know about this economic versus military development debate? I think it's absolutely crucial in devising our policy because you've got to find friends in China.

If we want to play the dynastic game, Mike, we can do this, and we can go back to the Sui dynasty, which I like, preceding the greatest time in Chinese history, which was the Tang dynasty. But it was the Sui people that came up with the grand canal. Three Gorges, do I hear a message?

Dr. PILLSBURY. Yes.

Commissioner LILLEY. Ever ready granaries, do I hear things from agricultural people yesterday about China having grain and storing it? Where it fell was on their ambitions towards the tough, resilient Koreans. Military adventurism in Korea, despite what they did economically, ended up in their fall. But the people that come in after them, and this is the optimistic school of thought, is the greatest period in Chinese history, a culture where Buddhism is accepted, Christianity is tolerated—these people had enormous self-confidence.

Dr. PILLSBURY. So as I understand Ambassador Lilley's question, first of all, it confirms that the Chinese are correct that he's America's greatest China expert, because—

Commissioner LILLEY. No, no, I'm not playing that game, Mike.

Dr. PILLSBURY.—which I happen to endorse, because the question itself is loaded with Chinese metaphors and examples. It would be almost incomprehensible, I'm afraid, to a non-China specialist, except for one sentence about knowing who our friends are in China and trying to follow the debate.

Commissioner LILLEY. Yes, but—

Dr. PILLSBURY. I think that is crucial. And the guns and butter debate, how are we doing on that? Do we have a handle on it?

Commissioner LILLEY. Yes.

Dr. PILLSBURY. Those two questions. It seems to me that this is our Achilles heel, as those who want to understand China.

Co-Chairman LEWIS. That we don't know?

Dr. PILLSBURY. We do not know. We are not—we—I, I personally, speaking only for myself—as Colonel Thomas said, we don't represent anybody today. But my personal fear is that we do not know who our friends are in China, that even if we did, we could get them in a lot of trouble by saying or doing the wrong thing.

But I do agree with the thrust of one of your questions, Ambassador Lilley, that the debate going on in China today now has a lot of promise in it for us and we ought to be paying much more attention. We ought to know these individuals by name and be following the debate. And one way to do that, as we all know, is the Chinese dissidents in America—not the ones who are in prison for demonstrations, but the ones who are senior party figures, the players from the party and from the military who have come out, this is the way it was done with the Soviet Union.

There's nothing like a high-level Soviet Communist Party expert to tell you how to read the newspapers and the magazines in Moscow. And we can't do it ourselves. I can't. I don't think any sort of native-born American can do that. You've got to have players in the system who are now essentially defectors—

Commissioner LILLEY. How about that senior colonel sitting over in Maryland right now?

Dr. PILLSBURY. There are also party civilians who have come out, who it's tragic how they're ignored. They're ignored by our media. They're ignored by the Congress. They're ignored by the American China experts community.

Co-Chairman LEWIS. We won't ignore them, and you're going to give us the names of those people that you think we should talk to.

Dr. PILLSBURY. Yes. There are some of them who don't want to come out.

Co-Chairman LEWIS. I understand.

Dr. PILLSBURY. They have feelings of insecurity about being too public. Others do. Others have written—

Co-Chairman LEWIS. But we can talk to you in executive session about this and you'll tell us—

Commissioner LILLEY. If you recall, when Charlene Barshefsky was here with Admiral Prueher, we asked that same question, because they started talking about hardliners and I said, who are they? And there was a deafening silence.

I don't think we can afford to play that game. I think this is deadly serious. As you say, it lends itself to all sorts of cheap demagoguery all around on both sides. But the size, as we talked about yesterday, the size of the economic involvement in China's growth, which is essential for social stability of our participation, Japan, Europe, Taiwan, this is, gee, there are people that know this in China and, I'm sure, are arguing, or we don't know, are arguing that you've got to keep this up. If you start destroying the stability around China, you put in jeopardy the Chinese domestic economic development, and that comes first.

I don't think we have a handle on that and I think it's very important that we get it right and that we fashion policy options

based on an understanding of the forces at work in China. I know that—you know, you know the cliches we used yesterday. When you hit some of our most eminent Chinese scholars with, why do you bother with this economic linkage between Japan and China, Taiwan and China, you and China, because in the final analysis, security will always trump, end of sentence. What can we pronounce on next? And this leaves the debate just hanging in the air.

So any light that you can shed on this thing, the arguments that are made about weapons systems that you use your hard-earned money to buy from the Soviet Union or Russia, or how you actually develop your military. The problems Rumsfeld is facing now, is there a comparable situation in China, where there's a real argument?

You've pointed out RMA and the revisionists versus the orthodox, the people's warfare crowd arguments. But I would like to take the argument into the economic field versus the military and try to get a handle on that, because it seems to me this is where, and this could be peaceful evolution, I don't know, because if these countries want to have an authoritarian political system, that's their business, frankly. But we get concerned when that gets exported, when they move out beyond their borders and begin to spread the word, or move out and claim certain areas that conflict with our interests. And, of course, you've looked at the South China Sea, et cetera, that you do have certain trends there that can be potentially alarming, other areas, too.

But I turn the podium over to you. What do we have on this? What are you sensing about it?

Dr. PILLSBURY. I sense, first of all, the guns versus butter debate and the political reform debate are matters for the Politburo. It's very high level. It doesn't make any difference to know if colonels—with all due respect to colonels, who are very important—if colonels disagree about it. The more important thing is whether the disagreement has supporters on both sides in the standing committee.

I think the exchange program that the United States has had, all government agencies included over the last 20 years, has bumped into some difficulties that are very telling. There's a phrase the Chinese used called [phrase said in Chinese].

You find a particularly good author, somebody who's very insightful, has written several books on the topic, or, for example, the Navy captain in here wrote about the assassin's mace program the first time in 1994–95, quite a few others who are very prominent, you say, well, I'd like to see this person, or our Secretary of Defense would ask to see.

You know, you've been to see our Cheyenne Mountain headquarters. You've been to see the National Multi-Command Center at the Pentagon many times. On my next visit, I'd like to see your national military command center or your real pentagon. And the answer is, [phrase said in Chinese]. They don't see foreigners. That person or that place is not open to foreigners.

Now, some of these people are quite influential. I've only been to the central party school one time. I very much regret that I'm overlooked. The central party school has an international security studies institute, has its own press, publishes a journal, publishes mag-

azines about military matters as well as foreign policy, has an American studies center in the campus.

Co-Chairman LEWIS. We don't get any of those things, apparently.

Dr. PILLSBURY. No. So when this Commission visits China, you really have two broad choices. One is go over the path that all other American visitors to China have taken for the last 20 years, or ask for one or two or three or more places where [phrase said in Chinese], but you say, well, no, this is the China Security Review Commission. We're different. We want to see this person or we want to go there, and try to get into some of these issues.

That would be my recommendation, that the Commission itself by its travel to China might try to, first of all, highlight these areas that are sealed off that suggest a very low transparency level in China. This is something a lot of our most eminent experts don't understand, is how opaque and closed China is on almost any sensitive issue. I don't mean national security defense or intelligence, I mean economic debates.

This new topic of the three represents, we're now told in the Hong Press that senior party officials are writing letters, and so are military hardliners, quote-unquote, against the three represents, one of which is you can join the Communist Party if you're a property owner and a rich man. So Bill Gates could join the Communist Party, in some sense, of China. This is controversial.

We're told that the Communist Party should represent the advanced and elite culture in China, not party members or the proletariat, but the cultural elite, the scientists and technology specialists who aren't party members, that the party's duty should be to work for them. This is—Marx and Lenin and Engels would not accept, I'm afraid, the three represents, and neither are the conservatives of China.

But to get a better exposition of what is involved in the three represents, which apparently is to be Jiang Zemin's legacy, to go along with Deng Xiaoping's legacy that science and technology are the productive forces that can save China, is this new three represents theory. Its controversy already suggests something.

But is it enough? Is the three represents really just a sham, a cosmetic reform of the old Communist Party of China, or is this something serious that the Gorbachev of China has, in some sense, emerged, and his name is Jiang Zemin? I don't know the answer.

Commissioner LILLEY. I'd like to ask you about that. Again, there is sufficient documentary evidence that the arguments on our sacred concepts of freedom of press, et cetera, went right to the standing committee of the Politburo. We now have evidence of this. Had I known some of those things at the time when I was in China, I would have operated differently. I mean, what we know now as opposed to what we knew then, sort of flying blind and talking to people in the square and doing this sort of thing to find out what was going on, you knew.

Had we gotten it right, you would have had Scowcroft come over there in late May and go straight to Deng. You would never have trusted the bureaucracy to take what you told them and push it up the line, because it has to go through Chen Xitong, et cetera, who took it and turned it on its head when they fed it up to the people

on top, and they got a very, very distorted view of what the Americans were up to, which caused the old eight elders to react in a way that was very harmful.

Dr. PILLSBURY. Yes. It's like a rear-view mirror, Mr. Ambassador. It seems to me we only learn important things about China several years later, even a decade later, that, as you say, if only you had known this as ambassador, the President could have been advised to take a different path.

My worry is, to answer Mr. Mulloy's question about the group I'm in, the worried group, is that we don't have a handle on the debate taking place and whether it's phony or it's cosmetic or that we're looking at a kind of 1986-87 in the Soviet Union landscape in front of us right now. And, frankly, this Commission has the—I think would have the privilege of seeing the president of China. We know very little about the vice president, who is supposedly to be his successor as party chairman. This Commission could ask to see Hu Jintao. Almost no one from the United States has met Mr. Hu.

Co-Chairman LEWIS. Hu is the head of the school?

Dr. PILLSBURY. Yes, as well as vice president of China and likely successor.

Commissioner LILLEY. And the nominal man that's going to take over when Jiang steps down.

Co-Chairman LEWIS. We already have.

Dr. PILLSBURY. And the school, of course, is where the three represents apparently has come from, question mark. I should have made that into a question.

Commissioner LILLEY. But who's making the arguments against the three represents? We hear that there are arguments being made, very strong arguments in the system. And you could say that—

Dr. PILLSBURY. Some of our old friends, apparently.

[Laughter.]

Commissioner LILLEY. If you're looking at countries that have billions and billions of dollars invested in China and you have 30, 40 percent of the Chinese exports based on joint venture production, there are conversations that are going on there that I'd like to know about when you decide where a factory is going to get its resources, who their political man is, what his position is on various things, and how these arguments feed up the line into the process. We now know that this happens and we know how it happens. But today, we don't have a good handle on it.

I see Paul Hear [ph.] over there. Maybe he should take over and tell us how this is really happening.

Dr. PILLSBURY. I agree with you. Let's ask Paul to come up to the witness table and answer this question.

Commissioner LILLEY. Because this debate is critical to the way the United States formulates its policies, I think. We can't form our policies in a blind way. I mean, we did remarkably well, but at least even Kissinger says he didn't know when he first saw Mao in '71 that they were going through a perfectly horrendous power struggle at that time, and two months later, Lin Biao [ph.] crashes in outer Mongolia.

Dr. PILLSBURY. With half the general staff on the plane.

Commissioner LILLEY. Yeah.

Dr. PILLSBURY. Allegedly.

Commissioner LILLEY. I mean, here this tremendous fight is going on in China. We begin to get indications of that power struggle that went on, and we didn't know it. Yet we proceeded ahead. We made mistakes. We did some very good things, I think. But, God, you know, with a multi-billion-dollar intelligence establishment and thousands of foreign service officers and language schools and the books that you make, can't we come up with something better and more clear?

Dr. PILLSBURY. Mr. Ambassador, I think you know there are several members of the Chinese Press in the room, perhaps even the Chinese embassy, and I'm afraid they're going to interpret our exchange as an elaborate deception, that we actually know quite a bit about this but we're trying to mislead China that we don't know by acting as if we really should do more and so forth. So I hope the Chinese are right, that we're just trying to deceive them right now in this exchange.

Vice Chairman LEDEEN. Excuse me. I mean, for those of us who worked on the Soviet Union and were always impressed by how little we knew about the Soviet Union, and today, looking back at it, recognize that we weren't impressed enough with how little we knew because we knew much less than we thought we knew at the time—

Commissioner LILLEY. We knew a lot more than we know about China.

Vice Chairman LEDEEN. Yeah, that's right. I think it's probably true that with all of that, we knew more than we know today about China. And in part, that's because we devoted enormous resources to the study of the Soviet Union. We're not devoting—we're devoting orders of magnitude less than that today to the study of China.

I mean, one of the things that I hope this Commission will end up recommending is a significant increase in academic, intellectual, and all the various possible resources that one can devote to the study of China, because obviously we need to understand it and obviously we're not there. I mean, we have the smartest people in the country in this room over the course of these hearings and they don't agree. I mean, there are huge disagreements.

Commissioner LILLEY. This is the same argument I took the agency, Michael, is that you don't need more men, you need better men.

Commissioner DREYER. People. People.

Commissioner LILLEY. No, you need a couple of good minds on China to get to the bottom of this thing.

Vice Chairman LEDEEN. Right. We don't need people at all. All we need is minds.

[Laughter.]

Co-Chairman LEWIS. Michael, did you want to ask a question?

Vice Chairman LEDEEN. Well, that was the question I was going to ask. Yeah, sure, you always need better people, but you also need—I mean, you need manpower, people digging out information. You need a lot of raw information, because not knowing what we don't know, which I think is the condition that we're in, the more

information we get, the better chance we have to figure out what else we need to do and how better to analyze it.

So I wanted to make sort of two comments. First is, I always get scared, because it seems these discussions from time to time always leer in the direction of suggesting primacy of economics, but not over security, over politics. For some reason in the United States nowadays, we're developing a kind of contempt for the supremacy of politics. Politics are an independent variable. Politics trump all the other factors when push comes to shove—desire for power, desire to lead, personal satisfaction, those things. That's why study of leadership is so important. That's why I'm impressed with the necessity of trying to meet these people, talk to them, and try to get some sense of who they are and what they are about.

And the other thing is that analysis itself, I mean, you can overdo the importance of analysis, because at the end of the day, what government is paid for is to protect us against worst case scenarios. So, I mean, it doesn't matter if the worst case scenario is a five percent shot or a ten percent shot or an 80 percent shot. That's the one that we've got to defend against.

Co-Chairman LEWIS. Or that it never happened.

Vice Chairman LEDEEN. Yeah. If it doesn't happen, all the better.

Co-Chairman LEWIS. Right.

Vice Chairman LEDEEN. But we have to be ready for it all the same. I mean, that's what government's charged to do and that's what we have to do. I mean, we have to do that. I mean, that one has to be laid out and we have to be ready for it. And, indeed, I believe that the more we are ready for it, the less it is likely to happen, but that's another matter.

Co-Chairman LEWIS. Thank you. Commissioner D'Amato?

Chairman D'AMATO. Thank you, Mr. Chairman.

I want to ask Mr. Pillsbury and the colonel two questions that follow up what the ambassador has been mentioning on the debate and not just testing the debate, but it's a kind of approach to engagement. I mean, it seems to me that what we have in the U.S.-China relationship is a stunning lack of architecture. This is very much an event-driven relationship. The plane goes down, everything goes up in the air. Something happens, it gets whipsawed around. There are no kind of circuit breakers. There are no kind of threat reduction mechanisms.

There is no architecture, economically or politically or militarily to this relationship. Even in the Russian case, we started off badly, but we started developing these architectures, threat reduction mechanisms. You know, Senator Warner began it, really, I guess, in 1968 on the incidents at sea agreement with the Russians, or the Soviets, in terms of naval incidents.

My question is, do you think that we're doing enough—I have a two-part question. The first is, are we doing enough to attempt to bring about mechanisms of cooperation in the way, whatever you call them, confidence-building measures, common name for them, threat reduction mechanisms, and attempts at architectures of cooperation? And in that way, I think we would test the debate. We would determine certainly the limits of the willingness of the Chinese leadership now to develop certain kinds of engagements with us.

I don't think we're doing enough of that. That's my premise, maybe I'm wrong. We questioned some other witnesses here about confidence-building measures and the statement was made, well, we've tried that and the Chinese are not interested. They don't want to do it. And I'm not sure we've tried it enough. I mean, that's my first question.

Would you think that that would be important for us to test the debate in that way, to be proactive, to go into the Chinese leadership and say, here are the mechanisms—as a subset to that, it seems to me, to reduce our military exchanges moves that whole process backwards. So military exchanges at least have some merit in that they attempt to test the mettle and test the ability of the Chinese to engage us in specific areas.

Dr. PILLSBURY. I think the short answer is, yes, we need to do better in this whole area. I have to dispute you, though, on one thing. There is an architecture in place. It's, for better or for worse, it was designed by President Jimmy Carter and it's the topic of some writing by his NSC staff person for China, the late Mike Oxsenberg.

The idea is really quite simple, elegantly simple. Every U.S. Government department and agency was tasked to develop a channel, a commission, in many cases, didn't have the formal name "commission" in other cases, with their Chinese counterpart. This started over 20 years ago. So you have Treasury, for example, has a U.S.-China joint commission that meets in X-number of time periods, often annually or biannually. The secretary of both departments administer, chairs it. It has business.

I believe Ambassador Lilley would confirm that no U.S. Government agency is exempt from this architecture. Every one of the acronyms—every one of the acronyms in the Federal phone book has its China counterpart meetings.

Chairman D'AMATO. Let me just interrupt for one second.

Dr. PILLSBURY. But what you're raising is a different question. Is it targeted engagement that's taking place or is it just kind of happy talk to discuss, gee, how are things over in your ministry? Oh, fine. How are things in your ministry? Oh, fine. Let's have a drink.

Critics have been saying that there's something like that going on. The Chinese, because of the reasons I outlined about their belief that we're trying to overthrow their party, their Communist Party, with peaceful evolution, they tend to see the more assertive American efforts as subversion, and this puts—so there's really one obstacle there, their suspicion of us, which the Congress has not addressed. The Congress—this Commission would have to tell the Congress, we've reviewed these 15 or 20 ongoing engagement programs from the original Jimmy Carter architecture. We found too much timidity on the American side. The right things are not being pursued.

The second obstacle is this blue team/red team debate in the United States, and I really think it's important that we remember the words these two teams are using about each other. The red team is calling the blue team McCarthyites, Cold Warriors, not people you can have a dialogue with. The panda huggers, for example, would be mortified to be caught reading these books.

Now, the blue team reciprocates, or the red team might say the blue team started it by calling responsible scholars and former officials who are realists and objective, by calling them red team. It's sort of McCarthyites' mirror. Call them red, communists, or call them pro-Beijing.

Now, when these two groups make up almost the entire China field with very little middle in between, any question you refer to China experts is going to become a victim of this. And until Congress makes them debate and confront each other directly, have hearings where two red team people sit here, two blue team people sit here, and Chairman Biden says, "Well, now, what do you think about that," to the other group. We don't have a debate taking place. We have kind of potshots being taken at each other's integrity and capabilities.

And when nobody reads Chinese very well among either the red team or the blue team, outsiders have to question the credibility of both groups, and this tends to limit architecture of further engagement for the cooperation. How are you going to do it? If all the big departments of government and the Federal Government lack Chinese language speakers, if everything's split between McCarthyites and panda huggers, we are almost self-paralyzed in trying to pursue what you're referring to, really, which is a more assertive approach to engagement.

Chairman D'AMATO. Yeah, I think that's true, but I would say that that is true at a certain level, and there are a lot of influential politicians in the United States who don't know anything about China and have never been asked to get involved, who are powerful politicians, who would, if got involved, could make a difference and bring the ideas that we had to engage the Russians on to the table.

If you look at the plane downing, I mean, I know there's some kind of commission, in fact, I even worked on the prospect of it when I was a naval officer, that solo level that no one even thought about it when the balloon went up. The idea is to have mechanisms in place that you think about it, the first thing, the balloon goes up, you think about that mechanism. How do we mitigate this? How do we do a circuit breaker? How do we engage in a threat reduction exercise at a sufficiently high level that it makes a difference in the situation? It's not sort of business as usual stuff. This is the kind of stuff you use when the balloon goes up. I don't think that architecture exists in any political way.

Dr. PILLSBURY. But you're aware a member of your Commission was the ambassador in Beijing during the Tiananmen and the incidents following. So among your Commission members is the American who has perhaps the best experience of when an event-driven relationship goes to hell and what happens.

Chairman D'AMATO. But I think it's true not just in the military, but I would suggest in the economic area, we don't have the kind of architecture in the relationship where if we reach a point and a threshold where there's so much debate over investment that there's an attempt to shut that investment down because of, you know, what's the investment being used for and so on and so forth, there's no relationship that exists at the economic level that can sort of smooth that out in a way that the political leadership is engaged sufficiently to make a difference.

That's my question. The relationship is important enough to have the kind of architecture that would make a difference in the event very serious problems arise, not in the day-to-day, have a drink, stuff. I mean, that doesn't matter, in a sense, when the balloon goes up.

Commissioner REINSCH. Yes, but the kind of architecture that Mike is talking about is not entirely moribund.

Chairman D'AMATO. No.

Co-Chairman LEWIS. Is not entirely what?

Commissioner REINSCH. Moribund. You know, the Commerce one, the Treasury one, the Energy one have operated fairly consistently. I'm most familiar with the Commerce one, having participated in it, but the other ones are going on, and I assume some others. But channels exist for the investment issue, in particular. If that became an issue, there are operative channels to deal with it.

Now, whether the parties want to use the channel in that specific case is a different matter, but I think the architecture is there, and I think in the case of trade issues, which is the one I'm familiar with, the architecture was actually productively used on a number of occasions to get over problems.

That's an area in which both sides had an agenda, which probably facilitated making the architecture relevant. There were things the Chinese wanted from the Americans in the trade area and vice versa. So, therefore, there was an incentive to have these meetings and to do more than have a drink because you could trade things back and forth, and everybody came in with an agenda.

I think there are others where it is only the Americans that have the agenda, and in those cases, the Chinese are conspicuously less interested in participating.

Dr. PILLSBURY. I agree.

Commissioner LILLEY. Let me just add to that a minute. I think that the joint economic committee that I was involved in when Baker was Secretary of Treasury was able to go over and meet the Chinese minister of finance with a schedule in advance to get a dual taxation treaty. And it was all prepared in advance through contacts we had with the Chinese here at the embassy and in Beijing, that when Baker eventually met Minister Wang, they had it within a day, a dual taxation treaty.

But let me just make one final point. I think that the WTO debate in China is instructive about differences of view on this. I mean, the Zhu Rongji experience in April '99 when he came, and then Charlene Barshefsky's experiences in November, and then Zoellick in May of this year, there's a very interesting process of open debate, in many ways, on China's role in WTO.

And the bet that we made at that time, that Jiang Zemin and Zhu Rongji would prevail, was right. I don't know if we did it by the seat of our pants or whether we were just lucky or what happened, but they did prevail. Again, as we talked about yesterday, it looks like the Jiang Zemin and the political people prevailed in the argument over the EP-3.

The other part of this coin, when you review those debates again, look at them and who was debating against this, we know who it

was. We know who was for it, who was against it. It goes right to the core of the Chinese difficulties or arguments on the key issue of the American involvement in the Chinese economy.

If you flip that over and you look at the other side of it, what do you get? You get the Chinese military factor, which you've been discussing this morning in a very revealing way.

What do we draw from the conclusions about what you're talking about, the messages we're getting from China on how we should handle the military relationship? As of right now, Secretary Rumsfeld, who has just joined the blue team in the Chinese concept, says we aren't going to really talk to them militarily until we get our own act in order. I'm not going to go over and look at that empty barn that somebody else looked at and claim he'd seen the command center. We're not playing that game anymore. We're going to demand the reciprocity that should be in this relationship.

But the other side of that coin—I mean, the same part of this is a clear statement early on in your administration about clarifying your strategic ambiguity, a calculated decision to do this, so you can move on and you won't be mired into an endless debate on missiles on the head of a pin, and you get into something realistically because you aren't going to get sucked into this endless military exchange with China.

It's a very important part of it. You get your message across to them that the military option is not there, and there's a lot of Chinese that believe that. Yes, you can have your little exercises. Go ahead. That's fine. Beat the drum. Gong bang, as we say.

But we've got really important matters with you in October in APEC, really important, and boy, we heard about it in spades yesterday from our friends, the problems we have on the economic front that have to be addressed very intensively.

Co-Chairman LEWIS. Thank you. Dick, you have a second question?

Dr. PILLSBURY. Can I ask you a question in just a couple sentences? One of the problems that this Commission faces, it seems to me, and it's because of the broad mandate of your report, is that you're going to have to find some way to look across the 15 or 20 channels of engagement that we have. This is, in essence, your question about the architecture. Some of these channels work miracles, frankly.

If you are the Environmental Protection Agency of America China desk, you are welcome in China and suggestions about new environmental laws and programs, how we can strengthen the Chinese counterpart, are met with enthusiasm.

My impression of Commerce, and I'm speaking out of ignorance, but Commerce and Treasury and many of the joint commissions, they work pretty well. They deal with issues that can be resolved. They're professionals on both sides. You get into the harder area when you get into nonproliferation kinds of issues, but it still can be done in a pragmatic, professional way.

What Ambassador Lilley is correctly pointing out is that when you get into the military exchange program, and here, General Scowcroft gave me a blurb on the back cover that he agrees with Pillsbury's idea, which is strengthen our military exchange program but focus on the influential Chinese military. The exchange

program with the military has been event-driven. It's the first to go. It's the canary in the coal mine.

If the Chinese military is as important as a lot of us believe that it is, much more important than our military in American politics—our military, with all due respect, generally speaking—Senator John Glenn would be an exception, President Eisenhower another exception—but generally speaking, our military officers act in political ways after retirement, not as officers.

It appears that within the Chinese political system, their generals, especially the top, say, 50 to 100, function much more like the United States Senate, advise and consent, confirmation, suggestions, control of budget, huge staff who pokes into everything, and they also conceal all documents concerning military matters from the civilians.

If that's true, say if that's even half true, we're going about the military exchange program in the very timid and mistaken way that a few exchanges every year is a good idea. The Congress shouldn't care too much about who they see over there or what the Americans say when they see them.

I've been present for many of these exchanges. They're often hospitality fests, where no one says, "Gee, I understand you think we're like Nazi Germany," or "Gee, I understand you believe there's 22 ways to sink a nuclear aircraft carrier. We have some slides we want to share with you on why that may not be as easy as you think." Or, "Gee, we've read, according to Colonel Thomas, we've read you think there's 36 ways to attack the Internet. Actually, it's not so simple. We have a slide presentation now to go into this for you." We don't do that. We simply don't do it. It would in some ways be offensive, many people believe in the so-called panda hugger crowd, to bring up these kind of topics in Chinese military exchanges.

I'm extremely supportive of Secretary Rumsfeld's views on China, and I think he's got it right that we need to rethink our side of it before we rush into the old approach. And in some sense, it's what General Scowcroft is saying on the back here. We need to have a more targeted, more military exchanges but better.

Chairman D'AMATO. Effective.

Dr. PILLSBURY. Effective, yes.

Chairman D'AMATO. And in a crunch.

Dr. PILLSBURY. And this Commission could have something to say about that if your concern is technology transfer, because, frankly, the PLA are the customers for stolen technology and—or inappropriately obtained technology, and that's another area, where if you believe with the panda huggers that the Chinese military is hopelessly backward—hopelessly backward—if they steal a few things, what the hell? It's nothing.

If you think that working on assassin's mace weapons that'll just be very few in number that a scientific team could work on and produce and that they're carefully targeted on American vulnerabilities and specific scenarios, well, then technology theft or inappropriate acquisition could end up being quite vital to our national security. But who knows the answer to that kind of question. I don't.

Chairman D'AMATO. The question I had is something we had talked about before, and that is there is a perception that there is a general level of negativity or hostility toward the United States, particularly in the officer corps in China. I mean, I witnessed it myself when I was in China and I find it rather stunning. There is some suggestion that that negative kind of anti-American hostility has been of recent origin and that it really became much more pronounced in the mid-'90s for some inexplicable reason.

My first question is, is that supposition true, and the second question is, why did it happen?

Dr. PILLSBURY. Mr. D'Amato, you have in the room here, if you count Ambassador Lilley and myself, at least the two of us who were involved as enthusiastic supporters of selling weapons to the Chinese military. I hope you're aware of that. Only six weapons systems were sold, but there were debates about additional weapons systems that should be sold to China.

And in that period, there was something called U.S.-China security cooperation, which is a euphemism for even broader cooperation than arms sales. So, obviously, the Chinese military and the American government in the '80s were quite friendly to the degree of cooperating in many ways around the world.

I believe 1990 was the beginning of this hostility toward the United States. I believe it grew gradually—we may not have seen the peak yet, especially in the officer corps. It grew because of long lists of reasons that they give us.

I have not seen any article by an American that tries to analyze the growth of hostility toward the United States in China. As I said, the panda hugger side would say, well, if there is any, it's our fault, or these people are not important. The blue team side would say, well, they all hate us and they always have because they're communists. So the two sides would not want to collaborate on research on the topic you're raising because they both already have the answer.

I think this is a much needed piece of research. I think you can start to see hints of it in one long article the Chinese themselves published on the history of the China threat theory in America and how it got started. They name names and they start in 1990, because from their point of view—

Co-Chairman LEWIS. There is such an article?

Dr. PILLSBURY. Yes. I quote some of it in the yellow book here. From their point of view, we started this. We started—we created the hostility in China. China wanted to be our friend, wanted to cooperate with us in every way, and we started it by a number of activities that we did in the '89 to '90 time frame, and then we made it worse and worse and worse and worse. So this might be quite helpful to see how they perceive the growth in our hostility towards them.

Chairman D'AMATO. What is your opinion of the reason for this development in China in the '90s?

Vice Chairman LEDEEN. You can just give us your best guess. I mean, don't—

Chairman D'AMATO. You don't have to.

Commissioner LILLEY. I don't think you have to guess on this one, Mike.

Dr. PILLSBURY. I yield to Ambassador Lilley and Colonel Thomas.

Commissioner LILLEY. We had, in the '80s and '90s, there was a miscalculation of the affection for the United States and you saw it in Tiananmen Square. If you want a graphic example symbol, take that Statue of Liberty they wheeled in there and you see the old eight revolutionaries looking at that, and as it emerged at that time, there was a man called He Xin, remember him? He was the first one that took us on. He started writing articles.

The one thing we've got to realize is that there is a large reservoir of anti-foreignism and which predated the communists. My God, see Charlton Heston in "55 Days in Peking" if you want to see something. I mean, it's there. You tap into this thing and you've got something.

As Mike was saying, the humiliations, and again, the standard cliché is the loss of the communist ideology was replaced with nationalism and you've got to have a foreign target. It's internal chaos, external incident, and you've got to do this and we became very convenient.

It started basically with our backing Tiananmen. We were behind it. The CIA did it. It started—

Co-Chairman LEWIS. You mean in their view?

Commissioner LILLEY. Yeah, their view, absolutely. There are long articles pointing it all out. It's right in the Tiananmen papers. It's all in there.

Dr. PILLSBURY. They say, why else would Ambassador Lilley be chosen to be ambassador just at that sensitive time.

Chairman D'AMATO. In other words, you did this.

Commissioner LILLEY. I did it. It took me three weeks to organize 250,000 people.

[Laughter.]

Commissioner DREYER. It seems to me that there are three incidents that occurred very closely in time that begin this downslide—

Co-Chairman LEWIS. Go ahead, June.

Commissioner DREYER.—and one of them is Tiananmen and United States enthusiastic backing, organized by Jim, for the demonstrators. So that's the first one.

The second one is the disintegration of the Soviet Union, because the Chinese had been very, very good at playing off the United States against the Soviet Union and now they lose that important counterweight and Russia just doesn't have the same kind of geopolitical clout.

Vice Chairman LEDEEN. Plus it threatens them.

Commissioner DREYER. And the third one is the United States' behavior in the Gulf War in 1990–91. So these three events come very, very close together. And the Chinese see implications for Taiwan on this, you know, that there's a border dispute between Kuwait and Iraq and Iraq solves it by going into Kuwait and the United States says, disgorge.

So it is those three events that start the slide, and this is exacerbated by the United States and NATO going into Kosovo, which has even more implications for Taiwan because the United States knows it can't get the vote in the Security Council and so it does

it by mobilizing its NATO allies and this is interference in the sovereign affairs of the state.

So you now have only one superpower and the superpower is a bully, and it's that that does the downward slide and all kinds of other things, peaceful evolution, which we regard as a benign statement, gets taken as something very sinister, and so on.

Dr. PILLSBURY. Wouldn't you add a fourth factor—I'd put this as a question—the strong belief in their written publications that the United States is behind the movement to take Taiwan toward independence, beginning roughly in '91 when the constitution is altered in Taiwan and some events begin to happen in Taiwan politics, that according to ancient Chinese statecraft, Taiwan is our client. It's a little small place of 22 million people. They wouldn't be doing this unless the hegemon had given them the green light or perhaps even more.

So as they begin their military buildup opposite Taiwan, especially the missiles that they tell us started—they made the decision to do this in '91 because of these political changes in Taiwan, they perceive a new dynamic going on, that they were simply reacting to American evil moves. So that their missile buildup that we now are asking them to cap or diminish or we'll sell more weapons to Taiwan, their stance is, well, now, you guys started this. The arms race exists and you Americans started it with your behind-the-scenes activities in Taiwan. This is such a regime survival issue for them that there's some role for the Taiwan factor, I think, in June Dreyer's three factors.

Co-Chairman LEWIS. Thank you. There's two other people that want to ask you a question, so if you could ask the question quickly. Go ahead, Steve.

Commissioner BRYEN. I wanted to just get on the record your evaluation of the Chinese-Russian alliance, the reality of it, where it works, where it doesn't work. Does it create problems for us downstream? Is it something that's going to last? I can think of lots of reasons why it would not last. But on the other hand, I don't know what the Chinese is. And is there even a debate in China about that one? I wonder if you could enlighten us on that subject.

Dr. PILLSBURY. They claim there's no alliance. China is saying all the right things about the treaty of friendship. It is not aimed at any third party. Nobody should worry about it.

Co-Chairman LEWIS. And that it's not military.

Dr. PILLSBURY. It's not military. I think the——

Commissioner BRYEN. But there's a lot of military cooperation——

Dr. PILLSBURY. Yes. I was just going to say, the ten-year—coincident with this shift toward hostility toward the United States beginning in 1989 and 1990 is another huge tectonic shift of plates, which is the Russia-China—as you allude to, they used to be mortal enemies in some sense with a massive military buildup, especially on the Soviet side, and some concern that they'd go to war, nuclear war.

The tectonic plate shift now is known to everybody, but in their first five years or so of the '90s, it wasn't altogether clear that the SU-27s might just be a one-time sale or the kilos would be a one-time sale or the rather large number of Russian speakers appear-

ing in very sensitive Chinese facilities would not just be a—wasn't just a personal contractor operation.

Now, looking back in the rear-view mirror—as the ambassador mentioned we often see things happening of great importance in China only five or ten years later—looking back, it looks like this has really been a kind of well thought-through plan the Chinese had. Even the same general was involved from the beginning, Mr. Cao GangQuan, another one of these gentlemen who's very hard to see. He's in charge of Chinese armaments. He's in charge of the guns and butter debate. He went to Moscow in 1990 in the very first delegation after the Deng-Gorbachev meeting in '89 to start this military cooperation project.

I think most Western writing about it has tended to, if I can use this verb, to pooh-pooh the Russian-China military cooperation. I hope that's right, because it's beginning to look like another alternative hypothesis could be that the Chinese saw the kind of package, force package, as we would say, they need to develop to liberate Taiwan, even if the Americans help Taiwan, and they've been assembling it piece by piece, very carefully, very slowly, and in a very un-American way, if you will, a very methodical and slow way that's consistent with what I mentioned earlier.

We don't want the American blue team to get too alarmed and get stronger. We want the Americans to think of China in a certain way. And that would be a very good reason for going slowly. Also, they may hope that Taiwan will turn aside, that Taiwan will meet their terms. They may hope that the U.S. will back off.

But I think I'd use the word "worry." I'm worried about the Russia-China relationship. That's a lower threshold than "alarmed," by the way. But—

Commissioner BRYEN. Are they cooperating in terms of intelligence sharing and some of those sensitive areas where if they combine their efforts, it will be some problematic—

Co-Chairman LEWIS. Steve, excuse me. I just want to get one last question out, and maybe you can give us a written response also.

Dr. PILLSBURY. There's a chapter on Russia in this book.

Commissioner BRYEN. I read your book.

Dr. PILLSBURY. They see Russia as recovering, on its way back, and, therefore, quite worthy of being a serious strategic partner.

Commissioner DREYER. Is there intel cooperation?

Dr. PILLSBURY. I don't know what I'm supposed to say about that.

Chairman D'AMATO. If you don't know, you'd better not.

Co-Chairman LEWIS. Pat, did you have one last question? Commissioner Mulloy?

Commissioner MULLOY. Yes. This is in response to Vice Chairman Ledeen's comment about politics is very important. The reason I think that the economic and investment issues are so enormously important is if the perception is that our current economic and investment policies are strengthening China, and I presume you agree with that, that they are—

Dr. PILLSBURY. Sure.

Commissioner MULLOY.—and then we had testimony yesterday, and I think it's a mixed debate what their impact is on the United States. Some think it's weakening the United States, particularly

the imbalance in the current economic relationship. So if that is going on, and I don't know where you are on that one, whether it's weakening the United States or not, and I don't think we know, but we are hearing testimony on that—

Co-Chairman LEWIS. And a loss of certain industries in America—

Commissioner MULLOY. Yes, loss of key industries—then it gets you into—then the political issue becomes enormously important. If China is weak and they have policies that we don't like or their political leadership is bad, it isn't as frightening as if their 20-year plan works out and they do have equal strength with us. Then it's enormously important, the political issue.

So that's why I think the Congress has really chartered us to look very closely at the economic relationship and its impact on the political relationship. If the architects of our current policy are right and it will make China respect the rule of law and be a stabilizing force in the international community, then it may be worth the gamble, see?

Dr. PILLSBURY. Right. Yes.

Commissioner MULLOY. And that's the issue, I think, that we have to focus on.

Dr. PILLSBURY. That's how I frame the issue, too, but I would sharpen it up with one thing. A member of your Commission, Steve Bryen, is quite famous in the press of the United States and also the former Soviet Union for a very successful policy in the 1980s that he designed and then implemented, and it really had to do with choking off technology to the Soviet Union that they had no business acquiring from us.

Probably China's biggest nightmare—China has many nightmares about the United States policy in the future. I mentioned overthrow of the government through peaceful evolution is one. Beefing up the Japanese is another. Pushing Taiwan toward independence is a third. But if you use Chinese communist doctrine to analyze the biggest nightmare of them all, in some sense, it would be that Steve Bryen would do to China what he did to the Soviet Union, and let me explain in one sentence why that is, and it's in the first chapter of the book here.

Deng Xiaoping claimed that he made a creative contribution, something new, to Marxist-Leninist theory. Now, this is almost unthinkable. It's like someone today saying, I'm adding something new to the message of Jesus Christ, and by the way, here it is. It's quite a claim. And very few people appreciate what that claim is. It's the heart of Deng Xiaoping theory.

It is that science and technology from the outside is the prime force of production, the prime way out for China of its poverty and its weakness. Now, the National Science Foundation of the United States and other parts of the U.S. Government have 13 agreements where we essentially provide science and technology almost for free to the Chinese scientific community. Our corporations, if you visit—when the Commission visits Beijing and Tianjing and so forth, you'll find these massive laboratories set up by, for example, AT&T/Lucent, fiber optics, the latest photonic switches, and not controlled in any way.

If the U.S. began to crack down on Deng Xiaoping's formula for China becoming a great power and eliminating poverty by just monitoring what science and technology is going over there, what a lever we would have. We don't do this, and I'm not advocating that we should, but from a Chinese perception point of view, this is a very big nightmare for them.

So I'm afraid the Commission having Steve Bryen as a member will have been noticed in China and they'll wonder to what degree he'll play a role in the final report.

Co-Chairman LEWIS. Thank you very much for taking the time to give us the benefit of your thoughts about the subject we discussed. Thank you, Mr. Thomas and Dr. Pillsbury. We're adjourned until two o'clock.

(AFTERNOON SESSION, 2:09 P.M., FRIDAY, AUGUST 3, 2001)

Commissioner LEDEEN [presiding]. I am happy to say I am in charge, and we're going to start the afternoon session.

We are delighted to welcome three of America's most distinguished scholars on China, and particularly on Chinese strategic issues. We have Larry Wortzel, from the Heritage Foundation; Bates Gill, from the Brookings Institution; and Rick Fisher, from Jamestown.

We have virtually unlimited time this afternoon in the sense that none of us has to leave here before sunset, but we could break most any time. So take as much, within reason, take however much time you feel to make a reasonably complete presentation of what you want us to hear, and we will try to be brief and to the point in our conversation.

When we get to questions, please jump in and don't wait to be called on. We'd like this to be a lively exchange of ideas, and for Heaven's sake, be completely unrestrained in your comments to us. We like criticism. And if you think that we're blundering, tell us, and if you've heard things that other people have told us with which you violently disagree, please violently disagree right here and now.

So our usual procedure is to go left to right, so we will start with Rick Fisher, and then Bates, and then Larry, please.

**STATEMENT OF DR. RICHARD FISHER, SENIOR FELLOW, JAMESTOWN FOUNDATION**

Dr. FISHER. Vice Chairman Ledeen, Chairman D'Amato and other commissioners, I'd like to thank you for this return visit to the U.S.-China Security Review Commission. I apologize for not having prepared remarks to offer the Commission at this time due to other pressing demands. However, I will offer my assessment of the very important questions posed for this hearing under the general subject of "U.S.-China ongoing relationship and strategic perceptions."

In earlier hearings, this Commission has heard from Dr. Gordon Chang, who has at least referred to his thesis contained in his new book about the future collapse of the Chinese Communist regime. I've not read this book, so I cannot discuss his thesis in detail. I can only hope, for the sake of my children, that his thesis is correct. And if he is correct, then I would expect that in the interim, until the Chinese Communist regime comes to collapse, that there will be an increasing period of danger for the United States, in which the PRC leadership will resort to increasing appeals to nationalism or even launch into nationalist military crusades, for which the United States would likely be a target.

I would like to proceed in my remarks by trying to defend four propositions:

First, China views the U.S. as its present and future enemy;

Second, China is preparing for war over Taiwan and to attack U.S. forces that enter into that conflict;

Third, China is preparing for a longer-term period of conflict or competition with the United States;

And, four, the United States is not currently preparing with sufficient alarm to prevent a war over Taiwan or other contests to come.

First, China views the U.S. as its present and future enemy. Of course, the government of China does not get up every morning and issue a statement that the United States is its foresworn enemy. We have billions and billions of dollars' worth of trade. China seeks our technology. We seek greater access to the market that China offers. There is vast investment in China. The Chinese send thousands and thousands of students to the United States every year to benefit from our excellent education system.

However, the Marxist-Leninist definition for peaceful coexistence allows for activities short of war while maintaining the appearance of peaceful relations. So China undertakes aggressive espionage in the United States. China harasses American forces operating near the PRC in international airspace and international waters. There is harassment of American residents and citizens in China. China provides aid in the form of communication to enable the Iraqi armed forces to better shoot down American combat aircraft.

We are also now seeing the emergence of a formal alliance with Russia, with what was signed on July 16th. This treaty contains many articles that address the military cooperation between the PRC and Russia. When you add the already extensive arms sales and military cooperation, I would go as far as to say that this is, indeed, a military alliance.

China also seeks to undermine the United States through its nuclear and missile proliferation. Nuclear weapons technology has been sold to Pakistan, and missile technology has been sold to North Korea, Pakistan, Iran, Saudi Arabia, and possibly others. This is not good. All of these actions challenge the United States, and indeed some of them even put Americans at great risk.

It is my conclusion that China sees the U.S. as an enemy on at least two planes: First, the U.S. is, regularly defined as the "Hegemon." In Chinese history, the Hegemon is viewed as the totalitarian ruler who controls all of the surrounding states as vassals. In official Chinese eyes, we are the Hegemon today. The Soviet Union was the Hegemon of yesterday. The Hegemon is to be opposed. I agree with Steven Mosher's thesis that China sees itself as the future Hegemon, and by doing so is defining a kind of manifest destiny for itself.

Second, our democratic system is an anathema to the Communist rulers of the PRC today. A democratic system would directly threaten their supreme hold over their society. Democracy, therefore, is suppressed in the PRC, and in Hong Kong it is being contained. It is not likely that the PRC regime will tolerate democracy thriving in its current pace or direction on Taiwan as well, which leads me to my second proposition: China is preparing for war over Taiwan and to attack U.S. forces that could be involved in that conflict.

China's goal is to impose its sovereign control over the free people of Taiwan. If that can be achieved by means short of war, then all the better. But the PRC leadership is practical and understands that credible threat of war is necessary to intimidate or bully Taiwan into a unification agreement that is dictated by Beijing or, to actually attack Taiwan so as to force reunification.

In the eyes of beleaguered PRC leaders, PRC leaders that are facing a multitude of economic, social, political problems, whose popular support is increasingly thin, staging a war over Taiwan would be an ultimate act for personal political survival of the Communist Party. It would be justified as a nationalist war and give the party an excuse to mobilize the country. If the Party were victorious, then, it would be able to justify its power position for many years to come.

For the Party, successful in such a war, would demonstrate the weakness of democracy to its people, as it would demonstrate the weakness of the United States, and just as important, the emptiness of American security guarantees in Asia. New Party leaders that will soon take power, so as to strengthen their legitimacy, could decide to war in this decade than in the following decade. China may very well have military superiority on the Taiwan Strait in select areas after 2005, leading up to 2010.

This shift in the military balance is aided by the delay in building, and training up the Taiwan forces to use new weapons needed to deter an attack. There are similar delays currently affecting a range of American military modernization programs, which if completed more rapidly, could have a positive impact on deterring conflict on the Taiwan Strait.

But once the PRC has decided on a course of war, and there are voices inside and outside of our government today who believe that the PRC already has decided on a course for war, then such a decision is going to be extremely difficult to deter. The PRC, in my opinion, will not be deterred by overwhelming U.S. nuclear superiority. In fact, it views its own small nuclear force as checking our strategic nuclear forces, thereby preserving greater room for military action by the rest of the People's Liberation Army.

American policies of strategic ambiguity or statements designed to constrain U.S. support for Taiwan do not result in PRC restraint. Instead, they encourage greater Chinese preparation for war, as these U.S. policies are supported by China in Washington to keep Taiwan weak.

How is the PRC preparing for war? First, It's changing definitions. For example, a declaration of independence by Taiwan was the most commonly cited Chinese trigger for war. Well, in the last white paper the PRC government issued on Taiwan relations, it suggested that a delay or a refusal to negotiate unification could be a cause for war. I expect there will be more redefinitions in the future.

Second, the PLA is developing a new joint forces doctrine within the context of its overall doctrine known as "local war under high-tech conditions." This new doctrine is also forcing a modernization of training, logistics and equipment. It is apparent that the new joint forces doctrine that will help move all of these along was writ-

ten during the last 5-year plan and appears now to be moving toward implementation during the current 5-year plan.

Third, there is the emergence of the Assassins' Mace Program. Dr. Pillsbury, I believe, was already addressed this subject. According to press reports, Assassins' Mace can be viewed as a program started by Jiang Zemin himself to develop secret, asymmetrical weapons that can be used to accelerate the collapse of Taiwan forces or American forces that come to their rescue. Another view sees Assassin's mace as, an attempt to supersede other high-tech military programs like the "863 Program" in order to develop these same secret asymmetrical weapons.

Fourth, there is a deliberate and rapid buildup of asymmetrical military capabilities. Short-range Ballistic missiles aimed at Taiwan are estimated to number between 300 and 400. Land Attack Cruise missiles are in advance development or are already in the PLA inventory. The combined total for these may reach up to or exceed a thousand by the end of this decade. There is increasing investment in space warfare—at a minimum, the PLA seeks the ability to find and intercept satellites upon which the U.S. has a critical dependence for any military operation. If these satellites were to be removed or disrupted, that would have a decisive impact on our ability to respond to an attack on Taiwan scenario.

Information warfare is another PLA asymmetrical priority, Dr. Timothy Thomas has offered an excellent roundup of PRC information warfare preparations. What is less noticed, but equally important, is the large investment the PLA is making in building up its own Special Forces, and its investment in fifth-column forces that would operate in Taiwan in the first moments of a conflict.

Fifth, the PLA is undertaking a significant buildup of air, marine, airborne and naval forces. Regarding Air Forces, I brought two models to illustrate a point. I have a model of the Shenyang J-82, the type that was, unfortunately destroyed in the collision with the American EP-3 on April 1st. The other model is the Xian JH-7, fighter bomber. Both programs date back to the 1970s. In current context, both aircraft would be considered by American fighter pilots to be obsolete.

But why, I ask, is the PLA investing in even more of these? I can tell you. Because they need them for the upcoming conflict, and they are modifying them to fit the new joint doctrine. At the Paris Air Show, the Chinese and the Russians announced the sale of 100 very modern ground attack radars to be put on the J-8.

Britain, over American objections, has sold and possibly just delivered 80 the 90 Rolls-Royce Spey engines for the JH-7. The JH-7, by the way, will be armed with advanced radar, advanced low-light sensors, and will carry advanced supersonic missiles. So for both aircraft, the factor of their obsolescence is becoming increasingly less important because they will contain advanced electronics, advanced sensors and carry advanced missiles against which there is little defense.

The PLA Air Force is also heavily investing in a multi-role combat force, all-weather attack fighters. They are now going to buy over 70 Sukhoi 30MKKs, which in some aspects is better than the USF-15, our current front-line air superiority fighter.

We are also seeing a buildup in PLA Airborne forces. A recent article in the *Taiwan Journal Defense International* states that three current PLA airborne divisions are being increased to seven. There are also press reports of Chinese paratroop commanders going to Russia to do benefit from their long experience in airborne operations. Russia has used airborne forces to capture capital cities, to decapitate the leadership.

In addition, the PLA is producing new amphibious assault vehicles. The PLA has taken an old obsolete armored personnel carrier and attached two buoyancy chambers and an outboard motor. If you gave this to any American Marine, they'd roll over laughing. But there is a beautiful elegance to this machine. It is designed to do a job, and if it can get the job done, it's good enough for the PLA. My sources note that these new amphibious vehicles are appearing in large numbers in PLA units.

One also reads in the popular press, and in the military press, that through use of superior strategies, use of secret weapons, that the PLA can attack and hold off superior American forces. There is a great deal of literature, for example, about how to take out an aircraft carrier. Whether this literature is informed or not, it indicates a sense that the PLA may be willing to take risks that would perhaps prove disastrous.

So how would such a war occur? It would happen only if the PLA could achieve decisive strategic surprise. It would be a lightning operation probably designed to be over in a short period—two, three, or four days. The goal would be to force the rapid capitulation of the leadership in Taipei before the United States could respond. Such an attack would combine massive use of information warfare, combined with fifth column activities, Special Forces attacks. If these are not sufficient to bring Taipei to heel, then there would be massive missile attacks against air force and naval facilities, command facilities will be followed up by air strikes.

And if Taipei still holds out, then the PLA will resort to airborne and amphibious operations. Again, these operations may not be large enough to occupy and Taiwan from north to south, but they would be designed to put into Taiwan enough force to convince the leadership in Taipei to capitulate.

On to my third proposition: China is preparing for a longer-term conflict with the United States. This is illustrated by the recent PRC-Russia pact. This pact is designed to assist PRC preparations for its war against Taiwan. The number of military-related articles in this pact and the likelihood of secret agreements that have been written, lead to conclusion that in the event of a Taiwan conflict, there will be considerable coordination between Russian and Chinese military forces and those of China. Russia will not necessarily attack the United States, but it will use its military might to force the U.S. to divert some of its forces and delay our decision-making cycle, all of which will accrue to the advantage of PLA.

It should also be noted that Chinese opposition to U.S. alliances in Asia is designed to foster and promote the eventual removal of these U.S. alliances from Asia. Chinese opposition to U.S. missile defense plans is designed to preserve the PRC's nuclear constraints over American military flexibility in Asia. China's campaign against American missile defense is also designed to help Divide.

In addition, the PRC is following a policy of sustaining the regime in North Korea until such a time that it can have a decisive role in managing the terms of reunification of the Korean peninsula, so that it is guaranteed the United States will end its alliance there.

By building Pakistan as a nuclear missile power the PRC gains great entree into the Muslim world. China needs this access to counter radical Muslim support for Muslim minorities within the PRC; and, secondly, to create problems for the United States.

It is very likely that China will pursue further strategic and conventional military buildup after Taiwan is conquered. The PLA can divert funds to build more missiles. A new ICBM the DF-31A, is now in advanced development. Apparently, the missile that was thought to be the new long-range ICBM, the DF-41, is experiencing difficulties. So the DF-31A is a fall back program. It will be a mobile ICBM, the first version of the DF-31 but the DF-31A will have a longer range to reach all targets in the continental United States.

After the Taiwan conflict, the PRC will probably determine that it has the resources to build aircraft carriers, additional nuclear submarines, additional military space assets, all of which will pose critical military challenges for the United States.

My final proposition is that America is not preparing with sufficient alarm for the war over Taiwan or the other contests to come. In this decade the United States has perhaps several years to create a positive strategic momentum that could possibly cause the leadership in Beijing to be deterred from a course of war over Taiwan. We are not selling Taiwan sufficient weapons. We do not even have the proper weapons to sell Taiwan to deter the PLA.

Current missile defenses that are in place in Taiwan, or that could be sold to Taiwan this decade are insufficient to blunt or deter the missile threat that is gathering against Taiwan. Taiwan needs other advanced weapons or the capability to attack PLA missiles. We don't constrain American forces from attacking missiles aimed at our units when we go to war. But American policy now has the result of constraining Taiwan from finding the missiles that are pointed at its cities and to go get those missiles before they are launched.

In addition, U.S. forces do not have the weapon systems that will be needed in the event of a Taiwan contingency. How can the U.S. stop a rapid air or amphibious assault? I don't think we have the appropriate capabilities. Furthermore, Washington is not sufficiently mobilizing its political and economic clout to help prevent a conflict over Taiwan. The U.S. is not detailing in public speeches the political and economic cost to China of war over Taiwan. We are not explaining to our allies in the region, with sufficient severity, the danger ahead and the reasons why they should tell Beijing that such a war is unacceptable.

I'll stop there. I've probably provided enough to consider this afternoon. Again, I thank you for this second invitation.

[The statement follows:]

## PREPARED STATEMENT OF RICHARD D. FISHER

## CHINA IS ACTING LIKE AMERICA'S ENEMY

I welcome this second opportunity to offer comments before the U.S.-China Security Review Commission. The issue outlined by the Commission, "U.S.-China ongoing relationship and strategic perceptions," offers the opportunity to, in an honest fashion, examine the difficult reality that China is acting like the enemy of the United States. For sure, China does not want America to regard it as an enemy, and invests heavily in helping to shape a positive image in the U.S. For my remarks here today, I would like to defend four propositions.

*China views the U.S. as its present and future enemy*

China requires "peaceful" relations with the U.S. today in order to obtain benefits like trade, technology, education and deference. However, the PRC is led by a Communist Party that routinely defines the U.S. as the world's "Hegemon." This is a particular Chinese definition for totalitarian. But in reality, China wants to be that Hegemon and the U.S. stands in its way. China's Communist Party is also antithetical to democracy. "Peaceful coexistence" allows for war preparations under the facade of peace.

*China is preparing for war over Taiwan, and to attack U.S. forces in that conflict*

China's Communist Party needs to subdue the people on Taiwan in order to justify and extend the life of their own brutal regime. Defeating Taiwan is a matter of power preservation. As such, it is undertaking all-around military preparations for a war that it hopes will not have to be fought, but for it is preparing just the same. A critical part of these preparations is to be able to defeat U.S. intervention on Taiwan's behalf.

*China is preparing for a longer-term conflict with the United States*

Absorbing Taiwan is just part of a larger PRC goal of dismantling U.S. alliance networks in Asia. The PRC-Russia alliance is also designed to weaken global U.S. influence. The PRC will also build new strategic military capabilities that will support PRC challenges to U.S. power in Asia and beyond.

*America is not preparing with sufficient alarm for the war over Taiwan or the contests to come*

The United States is not responding to this challenge with sufficient alarm or counter-preparation, so that at a minimum, the U.S. can deter both a war against Taiwan, or a longer-term Cold War-like conflict with the PRC. To forestall such wars, the U.S. must more aggressively prepare Taiwan to defend itself, and take its own deterrent measures.

**Known and Projected PRC Weapons Acquisitions**  
By Richard D. Fisher, updated on August 2, 2001

<b>Purchased or in Use</b>	<b>Purchase, cont:</b>	<b>Reportedly Acquired or Acquiring</b>	<b>Known Interest in Acquiring</b>
Russian EW and SIGINT equip	Dauphin helicopter co-prod (F)	SSN technology (R)	Oscar nuclear SSGN (R)
S-300PMU SAM (R)	Gazelle helicopter (8) (F)	Aircraft carrier tech (R)	Akula SSN (R)
Su-27SK/UBK (78) (R)	Ecureuil helicopter co-prod (F)	Share of GLONASS navsat (R)	Klub ASM/cruise missile (R)
Su-27SK co-production (80-200) (R)	Crotale SAM co-production (F)	Nuclear pump laser tech (R)	Tu-22M (R)
Su-30MKK (10) (R)	35mm AAA (Swiss)	ICBM technology (R)	S-400 SAM (R)
IL-76 (20+) (R)	Small satellite technology (Germany)	Molniya FAC ship (R)	S-300V SAM (R)
R-73 AAM (R)	Loral SAR technology (US)	T-80 MBT (R)	ABM technology (R)
R-27 AAM (R)	S-70 helicopter (24) (US)	BMP-3 IFV (R)	ASAT technology (R)
Kh-31 ASM (R)	Solid Rocket Motor Tech (US)	Attack helicopter technology (F)	Space Station techn (R and Europe)
R-77 AAM (R)	Helicopter technology (Italy)	Stealth aircraft technology (R)	Yakhont ASM (R)
Kh-31 ASM co-production (R)	Imaging satellite tech (Italy)	Tomahawk LACM (US via Afghan)	RADARSAT tech (R and Europe)
Sovremenniy destroyer (2) (R)	Submarine sonar (F)	Delilah cruise missile technology (I)	Kh-65SE cruise missile (R)
Moskit ASM (R)	Naval turbine engine tech (Ukraine)	Stealth technology (US)	Aircraft carrier tech (F and Spain)
SA-N-7/12 SAM (R)	Radio frequency weapon tech (R)	U.S. nuclear warhead technology	Barak SAM (I)
KA-27 ASW Helicopter (4-6) (R)	SRBM Communication vehicles (R)	EW/ELINT technology (I)	Ehud air combat training system (I)
APR-3E ASW torpedo (R)	Mig-31 interceptor (R)		Military laser technology
Kilo 887/636 SSK (4) (R)	Kh-31 ASM co-production (R)		Be-200 amphibious jet (R)

Shkval rocket torpedo (R)			Su-34 attack bomber (R)
Tor M-1 (SA-15) SAM (R)			SSK technology (F)
BMD Airborne IVF (R)			
Nona SVK APC (R)	<b>To Purchase</b>		
Laser guided artillery shells (R)			
Smersh MLRS (R)	RR Spey jet engines (80-90) (B)		
Shmel thermobaric missile (R)	Ming SSK upgrades (R)		
Thermobaric weapon tech (R)	One 636 Kilo SSK (R)		
Manned Spacecraft technology (R)	RR Spey engine co-production (B)		
Lavi jet fighter technology (I)	Sovremennyi destroyer (2-6) (R)		
Python 3 co-prod (I)	A-50E AWACS (4-6) (R)		
Mi-8/17 helicopter (50+) (R)	Su-30MKK (68 more) (R)		
Skymaster AEW radar (4-6) (B)			
Microsatellite technology (B)			

B—Britain; F—France; I—Israel; R—Russia; US—United States; AAA—anti-aircraft; AAM—air to air missile; ABM—anti-ballistic missile; AEW—airborne early warning; APC—armored personnel carrier; AWACS—airborne early warning and control; ASAT—anti-satellite; ASM—anti-ship missile or air-to-ground missile; ASW—anti submarine warfare; ATEM—anti tactical ballistic missile; EW—electronic warfare; FAC—fast attack craft; FAF—fuel air explosive; LACM—land attack cruise missile; IVF—infantry fighting vehicle; MLRS—multiple launch rocket system; SAM—surface to air missile; SAR—synthetic aperture radar; SIGINT—signals intelligence; SSGN—nuke cruise missile sub; SSK—conventional submarine; SSN—nuclear submarine

Vice Chairman LEDEEN. Thank you. It's been a pleasure both times.

Bates?

**STATEMENT OF DR. BATES GILL, DIRECTOR, CENTER FOR NORTH-EAST ASIAN POLICY STUDIES, BROOKINGS INSTITUTE**

Dr. GILL. Thank you very much, Vice Chairman Ledeen. I want to thank you and the other co-chairman of today's session, Commissioner Lewis, as well as the chairman of the Commission, Mr. D'Amato, for this opportunity to return and share some of my thoughts with you on this issue.

You asked us to consider eight questions, which in their totality point toward the issue of strategic perceptions between the United States and China. I would like to try to focus on that big issue of strategic perceptions today and divide my remarks into three parts, drawing from the longer statement which has already been submitted for the record to the Commission.

First, to talk about an overview of the fundamental sources which shape the differences in strategic perceptions and worldview between the United States and China;

Secondly, to present an analysis of how these fundamental views combine with contemporary developments to shape China's current strategic perceptions towards the United States;

And then, thirdly, present an assessment of how these differences in strategic perceptions will play out in the near term in U.S.-China security relations. I hope that can help deliver some answers to the issues you raised for us to address.

I would start off by saying that it certainly shouldn't be a surprise to anyone that there are strategic differences, strategic divergence in the way the United States and China looks at the world. That should be obvious to all. How could it possibly be otherwise? The list of differences between our two countries is readily made, and it reveals stark contrasts. China, as a country, has one of the world's largest homogenous cultures, one of the world's lengthiest histories, it's, today, the largest developing world country with a population of 1.3 billion people and a per capita GDP of only about \$6,900 at the end of 2000.

The U.S., on the other side, of course, we're only about 225 years old, but we've grown to become the world's sole superpower, unchallenged technologically, diplomatically, and politically in so many ways. And with a population only about one-fourth of that of China, we enjoy a per capita GDP about five times as much.

But, of course, these differences go well beyond statistics. Much deeper and fundamental issues I think shape the countries' two quite different strategic perceptions of one another. And let me just quickly tick off about seven of what I think are important things for the Commission to at least have in the back of their mind as they contemplate their work.

First, vast differences drawing out of fundamental philosophies, which affect their own worldviews in China and in the United States. I think that's pretty obvious. I go into detail in the paper here. I don't think I need to go into detail here.

Secondly, I think interestingly a clash of ideological missions. It's often been said that both the United States and China share a

similar view about themselves, and that is holding a rather strong view about their own country's moral rectitude, a strong assurance about the rightness of their history and their destiny as great powers. It's bound to happen that our two countries are going to bump into one another when we hold these views of ourselves.

For the United States, of course, the expansion of U.S. universalist tendencies and the spread of "American values" and "soft power," which is often termed to be "cultural pollution" or "peaceful evolution" in China, is in our U.S. national interest, as we benefit from the expansion of the international community of like-minded market democracies.

China, on the other hand, sees this sort of tendency as an effort to spread American influence and undermine the Chinese Communist, one-party dictatorship, and thus results in their view of a necessity to push a national progress based on "Chinese characteristics," or internal stability, and the noninterference in the internal affairs of other countries.

Thirdly, and I think this is one of the most interesting aspects, is our very different contemporary histories. I can't think of two major powers today that over the past 200 years have had such vastly different contemporary histories. The 19th century, of course, saw the rise of the United States from being a post-colonial power, clinging to the edge of the North American Continent, and has since becoming, the beginning of the 20th century, to rise as the world's sole superpower.

Those same 200 years saw the collapse of China's dynastic and imperial order, the imposition of extraterritorial and colonial rights upon China by foreign powers. From the mid-19th to the mid-20th century, China experienced some 100 years of foreign occupation in war, massive and bloody civil wars and insurrections, violent ideological struggles, et cetera, et cetera. Even according to the Chinese view, the last 100 years includes, in their view, the unresolved national participation of the country in the form of Taiwan's continued de facto political separation from the mainland.

Interestingly, think of this, it has really only been in the last 25 years, just the last 25 years since the end of the Cultural Revolution in China, that this country has finally emerged from its more than one century of dislocation, internal division and chaos and finally set itself on a pragmatic path of national development. I can't think, as I say, of two countries whose historical experiences in the past 200 years have been more different. It should be obvious to us then that, given these differences, our two countries are going to look at the world in quite different ways.

Fourth, of course, is the fact that we, as a global power having global responsibilities and interests, are going to look at the world differently from China, which is a, I would say, an aspiring regional power who has not yet achieved anywhere near global ability to project power. We, because of these interests and our ability, have focused on the pursuance of strong alliances, overwhelming military superiority, and an activist, though often unilateral, foreign policy.

China, on the other hand, has no formal military alliances, it stations no troops abroad, and has an ambitious, but still modest, military modernization underway. My point is that the relative

place in the international system of our two countries also contributes to the differences in strategic perception which we have.

Other points that I will just quickly enumerate include what I would call the status quo versus revisionist understanding of our two countries. I think the United States, which enjoys the position it has in the world today, I think, generally, favors a continuation of the international status quo. Whereas, China doesn't appreciate this U.S.-led approach and calls for a fundamental change in the way the international system works, making it more of a revisionist power.

Of course, the United States is a highly advanced, technologically advanced economy. China, in spite of remarkable economic gains in the past two decades, remains, by and large, an overwhelmingly backward and developing country, where three-quarters of its population live at or near internationally-recognized poverty levels. The Chinese leaders rightly understand their national socio-economic development to be their greatest challenge, and I think greatly fear the good possibility that they will be left behind in the global economic revolution.

Seventh, I raise the difference of our two countries and how we view the relationship between government and citizens. I think that is obvious to all. I term it the difference between "renzhi" and "fazhi," the difference between "rule of law" and "rule of man." This, I think, does spill over into the way that our two countries regard our foreign policy and strategic perceptions of one another.

What has resulted, and what I would point to as a far deeper and richer historical set of differences between our two countries, has been what I refer to as a recurring pattern of ups and downs between the United States, which we can date back to the very earliest sets of interactions between our two countries, and I am not saying anything new. There is a list as long as my arm of major scholars of U.S.-China relations who have pointed to this remarkable, cyclical relationship between our two countries, which I would say derives from these very fundamental differences our two countries have about how the world should work.

Let's fast forward then to the second part of my presentation, and that is how do these historical or cultural fundamental differences in strategic view between our two countries translate then on the contemporary stage?

It's interesting that, on the one hand, the official Chinese worldview retains, as I think Dr. Pillsbury said today, a generally upbeat overall view, and here I'm quoting from their white paper of last year, "peace and development remain the two major themes in today's world," that "the trend toward multipolarity and economic globalization is gaining momentum," and, "the international security situation, in general, continues toward relaxation." A pretty positive official line.

But this overarching positive perspective belies what I see as a steady accretion of increasingly pessimistic views in China about the world situation and China's place in it. Importantly, at the core of this gloomier outlook is a more openly expressed concern with the policies and practices of the United States. The easiest identifiable starting point of this was, as we talked this morning, the trag-

ic events around Beijing and Tiananmen Square on June 3rd and 4th, 1989.

But as Commissioner Dreyer pointed out already, other events in the late '80s and early '90s, such as the collapse of Communist dictatorships in Europe and the 1991 American-led victory in Desert Storm presaged then for China the emergence of a militarily, technically, economically and diplomatically dominant United States.

However, even as late as 1994 and 1995, Chinese writings on the international situation continued on the whole to favorably view the global situation and America's role in it. That is because they continue to expound the idea that the world would move favorably in the direction of greater multipolarity, that there would be balance, greater balance among the great powers, that there would be a resistance to "Western values," and that there would be a resurgence of "Oriental" or "Confucian" culture in Asia, and that there would be a worldwide emphasis on economic and diplomatic approaches, rather than military might, to enhance national security. I have left a footnote there for an extensive compilation of Chinese writings to this effect.

Of course, this was a very overly hopeful and, ultimately, weak framework for China's strategic thinking to rest upon. And beginning in 1995, and increasingly over the remainder of the 1990s and early 2000s, the U.S.-China relationship, in China's view, steadily declined. It was asked today by one of the commissioner's what specific issues can we point to that have led China to take on this more negative view. I list them there on Pages 7 and 8, I think some of the most important, in their view, developments which have ended in a result that has made China's international security situation more tenuous, rather than more favorable.

The United States, named by name or in obvious indirect references, comes in for special criticism then by the 2000 Chinese defense white paper. The United States is attacked as a "certain country"—that's one of their favorite phrases—a "certain country" which continues to develop and introduce national and theater missile defense, a country which seeks to enlarge military blocs, seeks to gain military superiority, et cetera, et cetera.

At home, congressional legislation such as the Taiwan Security Enhancement Act, and abroad such things as strengthening of the U.S.-Japan alliance are seen in China as further evidence of an increasingly perilous situation for their regional security situation.

These views, combined with some of the very harsh rhetoric to come out of China's think tanks and national media during the NATO intervention against Yugoslavia, and of course after the inadvertent bombing of their embassy, and combined with the Chinese public reaction to the Naval aircraft collision in April 2001, further I think pushed forward these views in China of a steadily hardening outlook about their relationship with the United States.

Now, here we are in 2001. I've painted a pretty bleak picture of Chinese views of the United States. What amazes me, though, is given all of these historical, cultural, and contemporary viewpoints, how is it that China can still purport to wish to have a stable relationship with the United States and see the world as a generally favorable situation? I think that's the most interesting question. I think we ought to be relatively understanding why we don't have

to agree with them, but we should at least understand why, from their point of view, they might see the world in these terms.

But the more interesting question is if that's true, why are they still seeking to have a relatively stable, productive relationship? I think it's obvious that they wish to have a continued stable relationship with the United States because to have one will help them answer their most important strategic problem, which is not Taiwan, it is not national missile defense, it is not other problems that we often hear about, their most important strategic power is staying in power.

Their most important strategic problem is somehow riding this tiger of socioeconomic transformation that's ongoing in this country and still somehow staying on top of the political heap in one way or another. And a stable and productive relationship with the United States helps deliver the mail, in a lot of ways, in that regard.

So they have struggled in the past I'd say three to four years to come up with some new approach to the international system which helps them balance what remains, I think, a deep ambivalence about how to deal with the United States. Here I take my cue from I think someone you ought to get in front of the Commission, and that's David Finkelstein, former deputy director at the DIO for East Asia, who has done excellent work in trying to parse out just how the PLA is thinking and some of the issues in this ambivalence.

And he points to an interesting dichotomy. On the one hand, we see China, at a political level, putting forward something called the "New Security Concept." Jiang Zemin, in 1999, said the New Security Concept will consist of four parts:

First, the core of the New Security Concept should be mutual trust, mutual benefit, equality, and cooperation;

Second, the political foundation underpinning world peace should be the Five Principles of Peaceful Coexistence. That dates back to the 1955 Bandung Conference;

Third, Jiang said the economic guarantee for peace is founded on mutually beneficial cooperation and common prosperity; and

Fourth, the New Security Concept envisions that dialogues, consultations, and negotiations by parties concerned on an footing are the correct approach to resolving disputes. I have sort of condensed that all on Page 10 in a little box you can have a look at.

However, at the same time, the PLA has developed an interesting approach to this difficult dichotomy in their relationship with the United States, and that's something David Finkelstein has identified as the "sange bu bian, sange xinde bianhua," and that is the three no changes, "sange bu bian," and the three new changes. The three no changes are basically in line with this overall benign view of the international system, that peace and development remain at the core of international relations; that the movement toward a multipolar world continues and economic globalization continues to increase; and, third, that the world still tends towards a relaxation of international tensions.

However, there are three new changes which reflect their steadily increasing concern with the United States. That is what they called increased hegemonism and power politics—that's their lan-

guage; increased tendencies towards military interventionism; and the increased gap between developed and developing countries.

So, in sum, we still see, I think, a difficult mix in China, an ambivalence, if you will, trying to grapple with this dichotomy: on the one hand, needing the United States for, as I say, their most important strategic reason of staying in power; and, on the other hand, recognizing that, in many ways, in their view, the world is turning in directions, especially with regard to the United States, that are not favorable to their long-term strategic interests. In short, I think Chinese leaders find these trends discouraging, disturbing, and deeply frustrating. They recognize the need to be internationally engaged, especially to achieve continued economic progress through foreign direct investment in trade, but on the other hand, they have to engage a system they did not create, which they have difficulty accepting and changing, and which is led by a sole superpower that may well threaten their interests over the long term.

I think it's interesting when we talk about peaceful evolution, I mean, isn't it so that we do wish to transform the government in China? Isn't that so? Of course, we do. We don't like the government in China. That must make the leaders in Beijing very frightened, indeed.

Now, how, in specific, will these strategic perceptions then affect, on a more relevant and day-to-day basis, our relationship with China? I see it occurring most importantly in three ways:

First, obviously, relates to Taiwan and our presence in the Western Pacific. I note here that China is not in a position to sustain a direct military confrontation with the United States or Taiwan at the moment. But as Rick has noted, they are working towards building a capability to address those problems in the future, and they're particularly concerned, to the degree that it's linked, that America's forward military presence in the Western Pacific, especially the U.S.-Japan alliance, will be brought to bear on the Taiwan problem or Taiwan contingency.

We should at least recognize—we may not agree with them—but we should at least recognize that China understands Taiwan to be a strategic problem. It's a strategic problem because to lose Taiwan, again, means that means the Communist Party loses in China. And that helps me understand why we recognize an ongoing and intensifying effort by the Chinese military to steadily improve their military capabilities in preparation for a Taiwan contingency in the future.

Rick has dwelled quite a bit on the military aspect of this. I think the Commission also needs to recognize two other very important somewhat more nuanced and multifaceted approaches which the Chinese government has begun to implement more forcefully on the Taiwan issue.

First, what we might call, with regard to political warfare, we see China more actively cultivating opposition to political leaders in Taiwan; and, secondly, there is an unprecedented degree of economic, academic and cultural exchanges across the Taiwan Strait, not pushed out of Taiwan, but pushed out of the mainland, to try to weave Taiwan in more closely through economic, academic, and cultural exchanges, which I have to say is being met largely—being

welcomed, I should say, on the Island of Taiwan, for the most part, leading to a far greater degree of economic, cultural and academic interaction between the two sides.

The second major issue we will see this play out, the Chinese views of the United States, with regard to proliferation and missile defense. I don't need to go into too much detail here, except to say that at a political level, I think, at a political level, at least, China's strategic outlook on proliferation crystallized in the summer of 1998 in the wake of Indian and Pakistani nuclear tests, and the North Korean Taepodong missile test of August 1998, which at a political level I think, with these chickens coming home to roost, has finally led China to recognize, in principle, that proliferation is something they need to try to monitor and deal with in a more effective way, not because it's nice to do for the United States, but because, increasingly, these developments affect their national security interests.

Certainly, their acceptance of this view needs to go much farther. We have not achieved all that is desirable, but I'm hopeful that this larger political acceptance can be leveraged in our negotiations with them over time to improve their proliferation practices.

Our missile defense, this will be a far more difficult issue to deal with the Chinese. However, we should at least be somewhat hopeful that at the moment we've seen China tone down their anti-missile defense rhetoric in recent months and seem somewhat prepared to have a productive discussion with us as we move ahead in our plans to deploy strategic defenses.

Thirdly, and importantly, we're going to see China's views, strategic view of the United States play out toward us with regard to China's relations with third parties, and we see this happening quite a bit.

China's evolving strategic perceptions have increasingly affected its relations with third parties. On the one hand, China has sought to compare its new security concept approach of developing a range of bilateral partnerships. On the one hand, they've counterposed that against what they claim is a U.S.-led web of security alliances and other military relationships which are not consistent with the times.

China's assiduous efforts to court Moscow and establish a firmer partnership with Russia, culminating most recently in the new bilateral friendship treaty, is an important development. I have attached, by the way, for the commissioners an official translation of the China-Russia friendship treaty of last month. And in the spirit of Mr. Ledeen's—you don't have that? It was sent in my submission. But, in any event, I can hand it to you right here and make it available. It should be at the back of the—

Commissioner DREYER. No, but the real question is the possible secret protocols, right?

Dr. GILL. Always secret protocols. You've got to worry about those secret protocols.

I would disagree slightly with Rick the way he has characterized this treaty. I don't think you have to scratch very deeply beneath the surface of Russian political culture to find the depth and breadth of ambivalence in Russia about its relationship with China. I would also say that we need only recall the first major

friendship treaty between the Soviet Union and China, which was achieved under terms when, arguably, they had a far better reason, a far better reason to be friends; you know, to counter American influence at that time. I don't see the strategic "beef," if you will, behind this treaty, although I'm willing to listen where it might be.

So, in other words, we see China cultivating relations with third parties which are important, and we need to keep our eyes on them, but I don't think we need to overreact. I think more interestingly, in terms of third-party relationships, not this relationship with Russia, something far more interesting for me are China's efforts to strengthen the salience and impact of the Shanghai Cooperation Organization. This was formerly known as the Shanghai Forum or the Shanghai Five.

This is clearly an effort by Beijing to more effectively establish an alternative regional security approach in Asia, but I will add something I'm not sure the Commission is aware of. Every member of the Shanghai Cooperation Organization, except for China—in other words, its other five Central Asian partners—are also members of Partnership for Peace, which I find very interesting indeed. So who's playing who here? China I think wishes to see the Shanghai Cooperation Organization become something greater and bigger, but the fact that its other partners are also members of Partnership for Peace, also are heavily invested in a good relationship with the United States, will dampen I think or dilute the ability of this organization to reach the potential that China hopes it might.

Since we're interested in economic development, though, I think what we really have to look most carefully in terms of the development of China's third-party efforts to counter American influence are in economic organizations. I would urge the Commission to learn more about the ASEAN + 3 effort, I would urge you to look more carefully at China's proposal to establish a free trade arrangement with ASEAN, and I would also look carefully at the all-Asia Boao Economic Forum, which China held on Hainan Island last year, which has a lot of—looks a lot like some things that Malaysian leadership was touting many years ago to establish an all-Asia Economic Forum in the region.

Here is where China does indeed have real strengths. I mean, they do have real strengths on the economic side. They do have something to offer to its partners in economic organizations to establish itself as a leader in the region. On other issues, where is China's leadership and strength? How can it really lead? But it can lead on economic issues, and I would urge us all to watch carefully how China tries, through these forums, to dilute and counter American economic influence in the region.

That is all I wanted to say formally, Mr. Chairman. I wanted to add two points in the spirit of Vice Chairman Ledeen's request that we counter statements from our other panelists.

Vice Chairman LEDEEN. Please.

Dr. GILL. Early this morning, I don't know if Dr. Pillsbury knew, but I was in the room when he invoked my name. And I just want to get on the record something where I disagree with him.

He suggested that for some reason I would not be interested in his idea that we need to devote more resources to translating, ac-

cessing, and making available to analysts in the United States the full range of Chinese language materials. I think Dr. Pillsbury spends so much time reading Chinese material that he doesn't take any time to read the statements of his own American colleagues.

It was only two months ago, in front of this very Commission, where I stated the need to devote more resources in our intelligence community and elsewhere for the translation, access, and dissemination of Chinese works. I did so last year in front of the Senate Foreign Relations Committee as well. So I just have to differ with Dr. Pillsbury on that point.

Secondly, but more importantly, I think Dr. Pillsbury did all of us a bit of a disservice, probably inadvertently so, by so simplistically casting the American debate as something as only between two camps, the so-called "red" and "blue." It amazes me, in fact, that an accomplished scholar like Dr. Pillsbury, who has so effectively, so assiduously, and so purposefully parsed out, and digested, and identified the interesting debate that's going on inside China, can then turn around and look at our country and say, "Well, it's basically two camps—red and blue." That's ridiculous.

I know that the Commission was not taken in by that, at least I hope that's true. There is a very rich middle, believe me. You could count on one hand those persons who would self-identify themselves as being either red or blue. People who look at this carefully, who spend a lot of time on this, know that we don't know the answers. We know that very well. And we are somewhere trying to fight in the middle. Surely, there shades of red and blue, but I would submit that the purple range on the spectrum is huge. The red and blue are outliers.

I just think that it's important, if we're going to really get through this in an effective way, that we dig into that rich middle and understand that it's just not as simple as Dr. Pillsbury was trying to put forward.

But thank you very much and sorry for taking so much time.  
[The statement follows:]

#### PREPARED STATEMENT OF BATES GILL

##### I. INTRODUCTION

Allow me to begin by thanking the co-chairmen of today's session for the opportunity to present my thoughts again before the U.S.-China Commission. I laud the Commission's efforts to better understand the complex divergence and convergence in strategic perceptions which characterizes and complicates the U.S.-China security relationship. In an effort to respond to the eight sets of questions you asked me to consider, my remarks this afternoon will be divided into three parts, and will draw from the lengthier written testimony I have submitted for the record. The three areas of focus for the presentation today will be:

- An overview of the fundamental sources which shape the differences in strategic perceptions and worldview between the United States and China.
- An analysis of how these fundamental views combine with contemporary developments to shape China's current strategic perceptions of the United States.
- An assessment of the principal ways these differences in strategic perceptions will play out in U.S.-China security relations.

##### II. FUNDAMENTALLY DIFFERENT PERCEPTIONS

A nuanced and sensible understanding of the differences in U.S. and Chinese strategic perceptions must quickly move beyond the headline-grabbing analyses that so often follow in the wake of crises between our two countries, such as the May 1999 bombing of the Chinese embassy in Belgrade, and the mid-air collision of the

U.S. EP-3 and the Chinese F-8 in April this year. Is anyone really surprised that such events unmask the many fundamentally different strategic views and understandings between our country and China?

It should surprise no one that strategic outlooks and perceptions of the United States and China often fundamentally differ. How could it be otherwise? The long list of readily identifiable differences between the two countries reveals stark contrasts: China, a country with one of the world's largest homogenous cultures and the lengthiest histories, is today the world's largest developing country, with a population of about 1.3 billion and a per capita GDP of about \$6,900 at the end of 2000. The United States emerged on the world scene just 225 years ago, but has grown to become today the world's sole superpower, with a population of about 275 million (one-fourth that of China), and enjoying a per capita GDP of about five times that of China at around \$35,000.

But the differences go well beyond such statistics, and they fundamentally shape the two countries' strategic perceptions in different ways. Indeed, a rich literature by specialists of the U.S.-China relationship identifies and explains the deep cultural, philosophical, and historical differences between Western and Chinese worldviews, illustrates the dramatic fluctuations in attitudes between the two countries which have resulted, and offers specific analyses of these differences as they pertain to the United States and China. But as today's panels illustrate, a far deeper and consistent understanding of these differences is needed to deal with China policy today. Several basic differences in historical experience, culture and position are worth noting for their profound and complex impact on U.S.-China relations today.

#### *Philosophical differences*

Chinese worldviews tend to see an ever-evolving, ever-changing nature, without a set beginning and with no "end" to which the world is inexorably evolving; Chinese "analogical" or "correlative" thinking "accepts the priority of change or process over rest and permanence" and "presumes no ultimate agency responsible for the general order of things."<sup>1</sup> This philosophical approach sees history more as a dialectical or cyclical, rather than linear, process. Worldviews in the United States, based on Western/Judeo-Christian philosophies and Enlightenment values, tend to presume a philosophical "beginning" and "end" point, that history moves linearly from an initial chaos, anarchy or "law of the jungle" toward a desirable, universalistic end, and that man can shape that destiny through concrete action. In its approach to foreign policy questions, U.S. views would then tend to favor action over acquiescence, regularized, formal, transparent, and predictably ordered relationships, and to mark progress by the steady and timely achievement of binding instruments and arrangements. Chinese philosophical views spill over into the country's international relations, and affect understandings of time, relationships and agreements: Chinese interlocutors will tend to take a politically pragmatic, even cynical, "long-term view", and prefer personal, informal relationships forged on trust and mutually recognized codes of conduct rather than formal, institutionalized relationships based on legally-derived, concrete covenants.

#### *Clash of ideological missions*

Interestingly, while the two sides bring profoundly different philosophical approaches to the bilateral relationship, they share an important self-perception: Chinese and Americans alike harbor strong views of their country's moral rectitude, accompanied by an assuredness about the "rightness" of their history and destiny as Great Powers. From its founding, for example, U.S. foreign policy has been motivated by a quasi-moral mission, what was termed in earlier periods a "manifest destiny", to extend its political and economic values beyond its immediate national borders. With the United States emerging victorious from the Cold War, the march toward what some termed the "end of history" and the "triumph of liberalism" became all the more compelling in the 1990s, and U.S. national interests benefit from expanding the international community of like-minded, market democracies. However, the expansion of U.S. universalist tendencies and the spread of "American values"

<sup>1</sup>David L. Hall and Roger T. Ames, *Anticipating China: Thinking through the Narratives of Chinese and Western Culture* (Albany: State University of New York Press, 1995), pp. xvii-xviii, 183-84. See also the work of Richard H. Solomon, *Chinese Negotiating Behavior: Pursuing Interests through "Old Friends"* (Washington, D.C.: United States Institute of Peace Press, 1999); Warren I. Cohen, *America's Response to China: A History of Sino-American Relations*, 4th ed. (New York: Columbia University Press, 2000); Susan Puska, "United States-China: Perceptual Differences", *Foreign Area Officers Association Journal* (November 1999), accessible at <http://www.faoa.org/journal/china.html>; Michael Pillsbury, *China Debates the Future Security Environment* (National Defense University Press, 2000), especially pp. xxxv-xlvi.

and “soft power”—often termed “cultural pollution” or “peaceful evolution” in China—has inspired renewed efforts to resist U.S. influences and insist on national progress based on “Chinese characteristics”, internal stability, and noninterference in the internal affairs of other countries.

*Differing contemporary histories*

The past 200 years have seen the two countries’ trajectories and national experience move in radically different directions. The 19th century saw the United States rise from post-colonial status to one of the world’s Great Powers; by the end of the 20th century, the United States had become the world’s sole superpower. On the other hand, the same 200 years saw the collapse of the Chinese dynastic and imperial order and imposition of extraterritorial and colonial rights upon China by foreign powers; from the mid-19th to the mid-20th century, China experienced some 100 years of foreign occupation and war, massive and bloody civil wars and insurrections, violent ideological struggles and revolutionary ferment, threats of nuclear attack, and, according to the Chinese view, unresolved national partition in the form of Taiwan’s continued de facto political separation from the mainland. It has only been relatively recently—just 25 years ago with the end of the Cultural Revolution in China—that the country finally emerged from more than a century of dislocation, internal division, and chaos, and set itself firmly on a pragmatic path of national development. These differences in experience obviously affect how the two countries view the world and how it should or should not change.

*Global vs. regional power*

As a global power with expansive security concerns and regional interests, the United States has, particularly since the end of World War II, pursued strong alliances, overwhelming military superiority, and an activist, often unilateral, foreign policy. As a regional power with limited global influence, China has no formal military alliances, stations no troops permanently abroad, and has an ambitious but still modest military modernization effort underway. Generally skeptical of American global primacy, Beijing seeks a more balanced multipolarity to equalize its relations with powerful potential competitors in its neighborhood, such as the United States, Japan and India. Seeking to right this balance translates directly into Chinese negative attitudes on such matters as theater and national missile defense, the role of U.S. alliances and forward military presence in East Asia, and U.S. laws providing for the defense of Taiwan. It also accounts for Beijing’s efforts to establish “partnerships” with major countries the world over—most prominently with Russia—and its rejuvenated interest in multilateral security-related dialogues.

*Hegemonist/status quo vs. revisionist*

As the sole superpower enjoying a period of unprecedented domestic prosperity and global economic and political-military advantages, the United States generally supports the international status quo. China is more concerned with the negative implications of the U.S.-led “new world order” and the possibility that the United States might turn its overwhelming military, diplomatic, and economic might against it. In the Chinese official view, “[o]nly by developing a new security concept and establishing a fair and reasonable new international order, can world peace and security be fundamentally established.” Having had little role in shaping the system, China must ambivalently pose its desire to be accepted by an international community it did not create against the fear of being overwhelmed by the international norms and practices designed, in their view, primarily to sustain U.S. global preeminence.

*Highly advanced versus developing economy*

The United States enjoys clear global leadership in the “information revolution” its military-technological capabilities are unsurpassed, and the flow of the world’s intellectual and financial capital is attracted to United States’ markets. China, while having experienced remarkable economic growth over the past 20 years, remains an overwhelmingly backward, developing country, where some three-quarters of its people live at or near internationally-recognized poverty levels. While Chinese leaders rightly understand national socioeconomic development to be their greatest challenge, and greatly fear being left behind in the global economic revolution, so too they fear the country’s growing dependence upon the United States and the West more generally for access to the much-needed tools of development: technology, capital, markets. In the end, the current Chinese leadership remains ambivalent about globalization and Western-style economic development. As recently as late 2000, the Chinese government issued its criticism on the world economic situation: “No fundamental change has been made in the old, unfair and irrational international political and economic order.” According to this view, “neo-economic colo-

nialism” is ascendant, damaging the “sovereignty, independence, and development interests of many countries. . . .”<sup>2</sup>

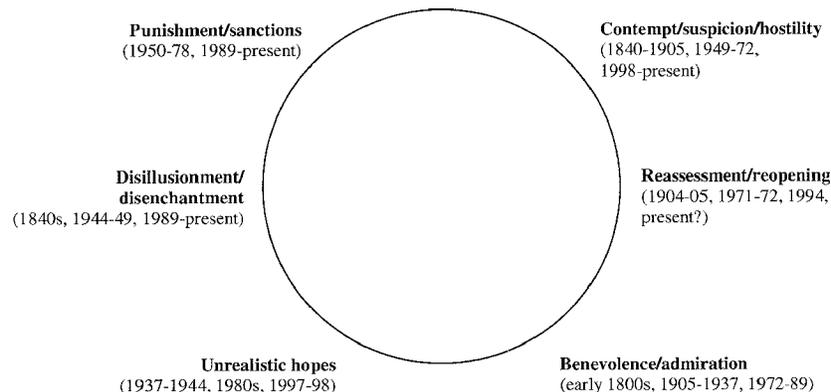
#### *Renzhi versus fazhi*

Another core distinction differentiating the United States and China concerns their respective approach toward domestic political systems and the relationship between the state and its citizens. In China, the traditional Chinese system of “rule by man” (renzhi) dominates, versus the “rule of law” (fazhi) heritage in the United States. Rooted in a natural law approach, the American political and legal heritage locates inalienable rights of self-determination and political and social freedoms in the individual. For both historical and cultural reasons, the Chinese tradition vests rights in the larger community or nation, and they are defined according to the ruler’s determination of the society’s greater good. This has obvious implications for how the two sides view such questions as religious and political freedoms, human rights, and even humanitarian intervention.

#### *Recurring historical pattern*

These deeply-rooted differences in outlook mutually generate both fear and admiration, superiority and inadequacy, trust and suspicion between the two countries. The resulting “love-hate” relationship is best illustrated by a persistent cyclical pattern of “boom and bust” in U.S.-China relations which dates back more than 200 years to the earliest days of regularized contact between the two countries. See Figure 1.

**Figure 1: RECURRING PATTERN IN U.S.-CHINA RELATIONS  
1800-PRESENT**



Note: Adapted and revised from Harold R. Isaacs, *Scratches On Our Minds: American Views of China and India* (New York: M.E. Sharpe, 1980) and Susan Puska, “United States-China: Perceptual Differences”, *Foreign Area Officers Association Journal* (November 1999), <http://www.faoa.org/journal/china.html>.

### III. CONTEMPORARY CHINESE VIEWS

From this review of both historical and contemporary differences between Chinese and American understandings of world order, it may be understandable that, on the whole, China’s current strategic view of the international system is not at all sanguine, and often stands in stark contrast to American views. This is true though formally the official Chinese worldview retains the generally upbeat outlook that overall, “peace and development remain the two major themes in today’s world”, that “the trend toward multipolarity and economic globalization is gaining momentum”, and, “the international security situation, in general, continues toward relaxation.”<sup>3</sup>

<sup>2</sup> *China’s National Defense in 2000* (Beijing: Information Office of the State Council, October 2000).

<sup>3</sup> *China’s National Defense in 2000* (Beijing: Information Office of the State Council, October 2000).

*Increasingly Gloomy Outlook*

But this overarching positive perspective belies the steady accretion of increasingly pessimistic views in China about the world situation and China's place in it. Importantly, at the core of this gloomier outlook is a more openly-expressed concern with the policies and practices of the United States. The easiest identifiable starting point of present-day concern with the United States can be traced to the tragic events around Beijing and Tiananmen Square on June 3–4, 1989. The subsequent deterioration of the U.S.-China relationship coincided with the collapse of other Communist dictatorships in Europe in the latter half of 1989, with their successors embracing democracy and markets, all of which hardened U.S. attitudes toward China. The 1991 American-led victory in Desert Storm presaged the emergence of a militarily, technically, and economically dominant United States, a process bolstered by the collapse of the Soviet Union and the emergence of Russia as a pale shadow of its former superpower self.

These dramatic changes of the late 1980s and early 1990s rattled the framework for U.S.-China ties, and significantly weakened the relationship in spite of efforts by the two sides to revive it. But even as late as 1994 and 1995, Chinese writings on the international situation continued, on the whole, to favorably view the global situation and America's role in it. In particular, Chinese analysts and official government views expected to see the post-Cold War world move favorably in the direction of greater multipolarity, balance among the Great Powers, a resistance to "Western values" and a resurgence of "Oriental" or "Confucian" culture in Asia, and a worldwide emphasis on economic and diplomatic approaches, rather than military might, to enhance national security.<sup>4</sup>

However this proved a weak and overly hopeful framework upon which Chinese worldviews could stand. Beginning in 1995 and increasing over the remainder of the 1990s and early 2000s, the U.S.-China relationship steadily declined—punctuated by the unrealistically high expectations of U.S.-China summitry in 1997 and 1998. This decline mirrored a souring on the overall world situation among Chinese leaders and analysts in their public pronouncements and writings. The principal difficulties along this decline can be quickly enumerated:

- the beginning of NATO enlargement and the creation of "Partnership for Peace" in 1994 (with Turkmenistan, Kazakhstan, Russia, Kyrgyzstan, and Uzbekistan all joining in 1994, and, most recently, Tajikistan in 2001, Partnership for Peace extends to the western- and northernmost borders of China);
- the visit by Taiwan leader Lee Teng-hui to Cornell University, in May 1995;
- Chinese "missile diplomacy" against Taiwan in 1995–96, and the U.S. deployment of aircraft carrier battle groups to the Taiwan Strait as a warning to Beijing;
- strengthening of U.S.-Japan alliance under new Defense Guidelines, 1996–1999;
- Indian and Pakistani nuclear tests in May 1998;
- the North Korean Taepodong missile test over Japan in August 1998;
- the U.S.-Japan agreement in December 1998 to conduct joint research and development on upper-tier missile defenses;
- U.S.-led NATO action against Yugoslavia in early 1999, including the inadvertent bombing of the Chinese embassy in Belgrade and China's furious reaction to it;
- issuance of the Cox Committee Report in May 1999;
- pronouncement of Lee Teng-hui's "two state theory" in July 1999 and the election of a lifelong pro-independence candidate to the Taiwan leadership in March 2000;
- Characterization of China as a "strategic competitor" by incoming President George W. Bush;
- mid-air collision of U.S. and Chinese naval aircraft in April 2001;
- robust arms sales package to Taiwan, April 2001;
- visits of Taiwan President Chen Shui-bian and former Taiwan President Lee Teng-hui to the United States in May and June 2001;
- steady progress in U.S. missile defense plans, 1998–2001.

<sup>4</sup>An exemplary set of interpretations along this line by prominent strategic and security thinkers in China during this period include: Yu Qifen, "The International Security Situation in the 1990s", *China Military Science* (Spring 1995); Gao Heng, "Future Military Trends", *World Economics and Politics*, no. 2 (1995); Yao Youzhi and Liu Hongsong, "Future Security Trends in the Asian-Pacific Region", *China Military Science* (Spring 1994). These articles, originally published in Chinese, appear in English translation in Michael Pillsbury, ed., *Chinese Views of Future Warfare*, rev. ed. (Washington, D.C.: National Defense University Press, September 1998), pp. 69–104.

The Chinese defense white paper in 2000 illustrates China's increasingly troubled view of the international security situation, and its focus on the United States as a source of problems. More broadly, certain high-profile events of 1999–2001—especially the NATO campaign against Yugoslavia, the bombing of the Chinese embassy in Belgrade, and the EP-3 accident over the South China Sea—opened the floodgates of criticism against the United States which had been building steadily over the course of the 1990s. The 2000 white paper, completed about one year after the war against Yugoslavia, represented an important turning point in a fractious Chinese debate which called into question whether “peace and development” were the continued trends of the times.<sup>5</sup> The white paper settled that debate, at least officially, in saying that these trends do continue to represent the overall situation for international security. However, the document notes that factors for instability in the world have “markedly increased” and that the world is “far from peaceful.” “Hegemonism” and “power politics” are pointedly singled out: “Certain big powers are pursuing ‘neo-interventionism’, new ‘gunboat policy’, and neo-economic colonialism, which are seriously damaging the sovereignty, independence, and development interests of many countries, and threatening world peace.” Local wars are increasing, according to this assessment, and “some countries” have purposely undermined the authority of the United Nations under the “pretexts of humanitarianism” and “human rights.”<sup>6</sup>

The United States, named by name or in obvious indirect references, came in for special criticism in the 2000 Chinese defense white paper. The United States is attacked as a “certain country” which continues to develop and introduce national and theater missile defense (TMD); as a country which seeks to enlarge military blocs, strengthen military alliances, and seeks greater military superiority; as a country trying to strengthen its military presence in East Asia; as the “root cause” for the tension across the Taiwan Strait through its arms sales, including possible TMD systems, Congressional legislation such as the Taiwan Security Enhancement Act, and by strengthening the U.S.-Japan alliance in ways that could pull it into a Taiwan Strait contingency.<sup>7</sup> The preparation and publication of the 2000 defense white paper, combined with the extremely harsh rhetoric to emerge from China's think tanks and national media during the NATO intervention against Yugoslavia (and especially after the bombing of the Chinese embassy in early May 1999), and Chinese public reaction to the naval aircraft collision in April 2001, represent important steps along the path of steadily hardening views in China on the direction of global security trends and the role America plays in the world.

*Squaring the Circle: The “New Security Concept”*

Interestingly, however, and in spite of these specific and increasing concerns—especially with the United States—Chinese leaders are not yet in a position to abandon publicly what remains of an overall hopeful outlook that officially sees a world of peace and development, increased multipolarity, and a general easing of tensions. In the first place, to do so would require a reversal of the verdict determined by Deng Xiaoping, the late Chinese paramount leader, who concluded in 1982 that the world was tending toward peace and development, the possibility of a world war was remote, and China could expect a long-term stable international environment in which it could carry out its much-needed development. Deng's pronouncement was itself a major reversal of the Maoist lines of “war and revolution” and “prepare for an early war, a major war, and nuclear war”, which during the first several decades of the People's Republic resulted in disastrous economic hardship and ideological struggle. To undertake a significant change in Deng's assessment would mark a major transformation in Chinese worldviews.

To deal with the increasingly contradictory and complicated world situation that evolved over the late 1990s, the Chinese government, beginning as early as 1995, not surprisingly fell back on some old ideas, repackaged in 1996–97 under the title “New Security Concept”. The New Security Concept is largely based on principles the Chinese government have formally advocated since the 1950s, in particular the

<sup>5</sup> See the excellent study on this debate in *China Reconsiders Its National Security: “The Great Peace and Development Debate of 1999”*, Project Asia Regional Assessment (Alexandria, Virginia: CNA Corporation, December 2000).

<sup>6</sup> *China's National Defense 2000* (Beijing: Information Office of the State Council, October 2000).

<sup>7</sup> *China's National Defense 2000* (Beijing: Information Office of the State Council, October 2000).

so-called “Five Principles of Peaceful Coexistence”<sup>8</sup> dating back to the Bandung Conference of developing world nations in 1955. However, under the current rubric, China calls for the establishment of a “new” system for international order.

According to a major foreign policy speech given by Chinese leader Jiang Zemin in March 1999 in Geneva, the New Security Concept consists of four parts. First, “the core of such a new concept of security should be mutual trust, mutual benefit, equality and cooperation.” Second, the “political foundation underpinning world peace” should be the Five Principles of Peaceful Coexistence and other “universally recognized norms governing international relations.” Third, according to Jiang, the economic guarantee for peace is founded on “mutually beneficial cooperation and common prosperity.” Fourth, the New Security Concept envisions that “dialogues, consultations and negotiations by parties concerned on an equal footing are the correct approach to resolving disputes and safeguarding peace.”<sup>9</sup> See Figure 2.

In addition, Chinese strategists have put forward the notion of “the three no changes, and the three new changes” (sange bu bian, sange xinde bianhua). According to David Finkelstein, Chinese analysts continue to toe the line in support of the “three no changes”: peace and development remain the core trend in international relations; the movement toward a multipolar world continues and economic globalization continues to increase; the world still tends toward a relaxation of international tensions. However, the “three new changes” reflect their steadily increased concern with world order, and particularly with the United States: increased hegemonism and power politics; increased tendencies toward military interventionism; increased gap between developed and developing countries.<sup>10</sup>

**Figure 2: China’s “New Security Concept”<sup>11</sup>**

*The world is undergoing profound changes which require the abandonment of the Cold War mentality and the development of a new security concept and a new international political, economic, and security order responsive to the needs of our times.*

*The core of the new security concept should be mutual trust, mutual benefit, equality and cooperation. The UN Charter, the five principles of peaceful coexistence and other universal recognized principles governing international relations should serve as the **political basis** for safeguarding peace while mutually beneficial cooperation and common prosperity its **economic guarantee**. Conducting dialogue, consultation, and negotiations on an equal footing is the right way to solve disputes and safeguard peace.*

*Only by developing a new security concept and establishing a fair and reasonable new international order, can world peace and security be fundamentally guaranteed.*

In sum, the New Security Concept calls for significant changes in the way the world works, a reflection of China’s view that “equality” (read: multipolarity, the relative decline of the United States, and the rise of China to a more prominent position on the world stage) is not proceeding as fast as they would hope. Indeed, many Chinese analysts are increasingly coming to the conclusion that China’s hopes for a larger voice in world affairs is a long way off, that American “soft power” has far more to offer the world than any concepts China can muster, and the technological gap (including especially the military-technical advantage) between China and the United States is widening, not closing.<sup>12</sup> For Chinese leaders, these trends are dis-

<sup>8</sup>These are: mutual respect for sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each others’ internal affairs; equality and mutual benefit, and peaceful coexistence.

<sup>9</sup>See “Chinese President Calls for New Security Concept”, summary of a March 26, 1999 speech by Jiang Zemin before the United Nations Conference on Disarmament in Geneva, accessible at <http://www.china-embassy.org>. These principles are reiterated in the Chinese white paper entitled, *China’s National Defense 2000* (Beijing: Information Office of the State Council, October 2000). See also an early presentation of the New Security Concept in *China’s National Defense* (Beijing: Information Office of the State Council, July 1998), pp. 6–7. David M. Finkelstein provides an excellent analysis of the New Security Concept in his “China’s New Security Concept: Reading Between the Liens”, *Washington Journal of Modern China*, vol. 5, no. 1 (Spring 1999), pp. 37–49.

<sup>10</sup>Discussion of this concept draws from Finkelstein, *China Reconsiders Its National Security*, op. cit., pp. 21–23.

<sup>11</sup>*China’s National Defense 2000* (Beijing: Information Office of the State Council, October 2000) (emphasis added).

<sup>12</sup>Interviews with Chinese scholars and officials, August 1999, January 2000, and September 2000. See also Yang Dezhou, “Dui lengzhan hou shijie geju zhi wo jian” [A Personal View on

couraging, disturbing, and deeply frustrating. On the one hand, they recognize the need to be internationally engaged, especially to achieve continued economic progress through foreign direct investment and trade. On the other hand, they must engage a world system they did not create, which they have difficulty accepting and changing, and which is led by a sole superpower which may threaten their interests. The answer? The Chinese defense white paper puts it succinctly: “[A] new security concept and *new international political, economic, and security order responsive to our times*. China’s fundamental interests lie in . . . *the establishment and maintenance of a new regional security order*. . . .”<sup>13</sup> While one can argue over the likelihood of China’s success in this quest, one can be certain this approach will remain central to China’s approach to world order, and to its relations with the United States in particular.

#### IV. IMPLICATIONS FOR U.S.-CHINA RELATIONS

For the near- to medium-term, the combination of traditional worldviews and the increasingly troubled assessment of the international situation will lead to an overall effort in Beijing to stabilize and improve the strategically critical relationship with the United States, while at the same time seeking to strengthen Chinese interests through the application of the so-called “New Security Concept.” This strategy will be felt most strongly in Washington in three areas: Taiwan and the U.S. presence in the Western Pacific; views toward proliferation and missile defenses; China’s relations with third parties.

##### *Taiwan and U.S. presence in the Western Pacific*

China is not in a position at present to sustain a direct military confrontation with the United States (or Taiwan) in a conflict across the Taiwan Straits. If such a conflict were to break out, the risk of failure for China—which would be anything less than total victory—is so high as to serve as a deterrent against overt military action in the absence of a full-fledged declaration of independence by Taiwan. Moreover, Chinese concerns with Taiwan and American intervention in the Taiwan Strait are linked to the broader issue of American forward military presence in the Western Pacific, especially the U.S.-Japan alliance because the United States will need to rely on those assets should conflict break out in the Taiwan Strait.

China considers its relationship with Taiwan (and to the degree it is linked to Taiwan, the U.S. military presence in the Western Pacific) as a strategic problem, and its response is increasingly nuanced and multifaceted. Most prominently, we recognize an ongoing and intensifying effort by the Chinese military to steadily improve its military capabilities in preparation for a Taiwan contingency in the future. China’s missile buildup opposite Taiwan is only the most high-profile manifestation of this effort. However, we cannot ignore what is arguably a more important “political warfare” campaign waged by the Chinese leadership to address the Taiwan issue. This political effort includes fostering an unprecedented degree of economic, academic and cultural exchanges across the Taiwan Strait, the cultivation of opposition political leaders on Taiwan, and continuing attempts to cast doubt in Japan and in the region on the wisdom of a militarily stronger Japan and a bolstered U.S.-Japan security alliance.

The United States can affect these efforts in positive ways by discouraging the Chinese military buildup across from Taiwan, while at the same time encouraging various forms of political and economic interaction across the Strait. At the same time, the United States needs to firmly move ahead with improved U.S.-Japan alliance relations, while reminding China of the enormous benefits it gains through the maintenance of continued regional stability and avoidance of political-military tensions, and that the U.S.-led alliance system is not “aimed” at China.

##### *Proliferation and missile defense*

Slow, but steady progress has been made with China over the past 15 years on proliferation issues. We have not achieved all that is desirable, but we stand in a better position today on a range of proliferation issues than between the mid-1980s and early-1990s. At a political level, Chinese leaders have apparently steadily accepted the argument that proliferation not only undermines improved U.S.-China

the Structure of the Post-Cold War World], *Heping yu Fazhan [Peace and Development]*, vol. 60, no. 2 (June 1997), pp. 40–45. Michael Pillsbury identifies this article as a sign that some “heresy” was permitted, but shows how it was then vigorously challenged. See his *China Debates the Future Security Environment* (Washington, D.C.: National Defense University Press, 2000), pp. 13–21.

<sup>13</sup> *China’s National Defense 2000* (Beijing: Information Office of the State Council, October 2000) (emphasis added).

relations, but negatively affects China's own security in a number of important ways. This strategic outlook probably crystallized for China in the wake of the Indian and Pakistani nuclear weapons tests in May 1998, and the North Korean Taepodong missile test in August 1998, all developments in which China had a hand in shaping.

Yet, given continuing Chinese concerns with U.S. policies and a lingering reluctance (and even inability) to fully comply with nonproliferation commitments, we should expect further problems on this aspect of U.S.-China relations. China will continue to see U.S. arms sales to Taiwan as a proliferation problem and will want to link such sales to compliance on nonproliferation issues which concern the United States. Looking ahead, it is likely Beijing will also seek to link U.S. missile defense plans to Chinese nonproliferation policies, as one of China's principal concerns with missile defense is the view that it will drive countries to pursue more robust strategic offensive capacities. Even worse from a U.S. perspective would be Chinese decisions to return to more hardline proliferation practices as a means to undermine U.S. missile defense plans it sees as explicitly aimed at China. Chinese strategists appear reassured for the moment about U.S. intentions on this score, have toned down their anti-missile defense rhetoric in recent months, and seem prepared to have a more productive discussion with U.S. interlocutors on issues of strategic defense and strategic offense. But Chinese proliferation practices, and how U.S. policies can best foster continued positive nonproliferation steps, bear continued close scrutiny in the United States.

*China's Relations With Third Parties*

Finally, and more broadly, China's evolving strategic perceptions toward the United States have increasingly affected China's relations with third parties. On the one hand, China has sought to compare its "new security concept" approach of developing a range of bilateral "partnerships" in a favorable light as opposed to the U.S.-led web of security alliances and other military relationships. China's assiduous efforts to court Moscow and establish a firmer partnership with Russia, culminating most recently in the new bilateral friendship treaty between the two sides, is the most important development in this regard. Casting U.S. alliances as vestiges of "Cold War thinking", Beijing promotes its approach of "cooperative security." A well-known security analyst in Beijing, Yan Xuetong, has drawn up a table comparing the two approaches, which is shown below as Figure 3. The list of various bilateral partnerships which Beijing has sought to establish over the past decade are shown in Figure 4.

FIGURE 3:—CHINESE COMPARISON OF MILITARY ALLIANCES VS. COOPERATIVE SECURITY

	Military Alliance	Cooperative Security
GOAL .....	Winning war and deterrence .....	Preventing military conflicts
Nature .....	Gaining military superiority .....	Reducing intention of using force
System .....	Closed .....	Open
Content .....	Military support .....	Comprehensive
Core .....	Preparation for war .....	Non-military settlement
Foundation .....	Common enemy .....	Uncertain threat
Target .....	External threats .....	Internal conflicts
Method .....	Joint military action .....	Confidence building measures
Efficiency .....	Strong .....	Weak

Secondly, China has shown itself increasingly open to working within multilateral organizations as a way of countering or diluting American influence on the global and regional scene. China's increasingly strong support for the role of the United Nations as the world's legitimate arbiter of inter-state disputes is a good example of this trend. But more prominently, China's ongoing efforts to strengthen the salience and impact of the Shanghai Cooperation Organization (formerly known as the Shanghai Forum or the Shanghai Five), is clearly an attempt by Beijing to more effectively establish an alternative regional security approach in Asia. China has similarly turned to the ASEAN Regional Forum as another instrument through which it tries to moderate American policies in East Asia, while also promoting Beijing's interests among its neighbors. On the economic front as well, China's work in such forums as the ASEAN + 3 discussions, hosting the all-Asia Boao Economic Forum, and proposing a China-ASEAN free trade zone, illustrate Beijing's appreciation for building stronger ties with its neighbors in the absence of U.S. participation.

We should expect continued Chinese efforts to expand its diplomatic influence through such channels as a means to create some balance in its relations with the United States.

FIGURE 4:—CHINA'S BILATERAL PARTNERSHIPS

YEAR	PARTNER	EVENT	NAME OF PARTNERSHIP
1993	Brazil	Jiang visit to Brazil	Long-term and Stable Strategic Partnership
1996	Russia	Yeltsin-Jiang Summit	Strategic Cooperative Partnership
1996	Pakistan	Jiang visit to Pakistan	Comprehensive and Cooperative Partnership Oriented toward the 21st century
1996	India	Jiang visit to India	Constructive Partnership of Cooperation Oriented toward the 21st century
1996	Nepal	Jiang visit to Nepal	Good-neighborly and Friendly Partnership Oriented toward the 21st century
1997	France	Chirac-Jiang Summit	Long-term Comprehensive Partnership
1997	U.S.	Clinton-Jiang Summit	Building Toward a Constructive Strategic Partnership
1997	ASEAN	ASEAN's 30th Anniversary	Good-neighborly, Mutual Trust Partnership Anniversary
1997	Canada	Jiang visit to Canada	Trans-Century Comprehensive Partnership
1997	Mexico	Jiang visit to Mexico	Trans-Century Partnership
1998	European Union.	Asian-Europe Meeting	Long-term and Stable Constructive Partnership
1998	U.K.	Blair-Jiang Summit	Comprehensive Partnership
1998	Republic of Korea.	Kim-Jiang Summit	Cooperative Partnership
1998	Japan	Obuchi-Jiang Summit	Friendly Cooperative Partnership
2000	South Africa	Jiang visit to South Africa	Pretoria Declaration on the Partnership between PRC and Republic of South Africa

#### V. CONCLUSIONS

The foregoing discussion makes it clear that differences between the United States and China about the proper approach to world order are deeply-rooted and readily apparent to those who choose to look. But it is not enough to simply point them out and expect that basic understanding to serve U.S. policy toward China. If anything, it is all the more important today to not only recognize and understand recurring patterns and fundamental differences, but to act on them all the more intelligently and carefully.

This is true for three major reasons. First, understanding recurring patterns and fundamental differences will allow U.S. policymakers and analysts to more clearly identify, gauge, and differentiate entrenched ideas as well as new flexibility and change. Second, current U.S. policymakers lack an adequate framework or "institutional memory" upon which to craft an effective policy toward China. Briefly put, neither of the most intellectually accessible models—engagement or containment—will work in and of themselves. A new framework of "limited, smart engagement" is needed. Third, China, the United States, and the post-Cold War international system have dramatically changed in ways to make the Sino-U.S. extraordinarily dynamic and complex, calling for a far more carefully and cautiously calibrated American China policy. In particular, U.S. policymakers need to be exceedingly attentive to the opportunities for positive change in China fostered by the new international environment in which China finds itself. Such a reevaluation combines informed realism, astute management, and focused leverage, and would seek to dispel illusions, manage differences, and exploit new opportunities. This kind of approach would downplay marginal breakthroughs, symbolic summitry, or exaggerated expectations of becoming "strategic partners" or "strategic competitors." In the end, the United States and China are highly unlikely to be close friends, but the statesmen in both countries recognize the unacceptable costs of becoming sworn enemies. But it is possible to work within identifiable constraints to moderate the worst outcomes while taking advantage of evolutionary changes in China to move the U.S.-China relationship toward a footing which is more stable and more favorable to both U.S. and Chinese interests.

Vice Chairman LEDEEN. Thanks. This Commission digs wherever it finds soft earth, and we're going to—

Commissioner DREYER. Or in this case, hard-headed analysis.  
[Laughter.]

Vice Chairman LEDEEN. We dig all over the place.

I would just like to make one, I hope, helpful suggestion because I like your work so much and I agree with so much of what you say. And I am sure that there's a similarity between the way you stated this and the way Mike Pillsbury talked about red and blue have common origins. I think basically what he was doing was elaborating on a description of American China watchers by China, by the government of China, and that the fundamental over—I mean, we can go back and look at the text, but I'm sure that's what he means, in any case. That, I mean, the way the Chinese look at the debate in America, the debate is between the blue team and the red team, and here are the basic positions and so forth.

So, similarly, when you talk about America's interest in status quo or whatever language you use, but that was the gist of it, we like things the way we are, we want to keep them that way, I think that, too, is more kind of abstract view of the American position by China than it is a reality. Because the fact of America in the world, the reason why America is so annoying to everybody I think is because, I mean, creative destruction is our footprint everywhere we go.

I mean, we're a revolutionary society, and we do it to ourselves, and we do it to the whole world, and that's very bothersome to regimes that want to be stable themselves. Because the country that most desperately wants status quo in its own internal situation is China, and the thing that most threatens them, as you have said so eloquently so many times, including today, is desire for freedom, which is embodied by us.

So, Larry Wortzel, carry on. Take us forward.

**STATEMENT OF DR. LARRY WORTZEL, DIRECTOR, ASIA STUDIES CENTER, HERITAGE FOUNDATION**

Dr. WORTZEL. Vice Chairman Ledeen, Commissioner Lewis, Chairman D'Amato, thank you very much for having me back. It's a pleasure.

I gave you some written testimony that responded to six of your seven substantive questions, and I'm going to start by responding, first, to the seventh substantive question that deals with proliferation, which I did not deal with in writing.

Dr. WORTZEL. You really asked some very serious questions about proliferation, Russia, Pakistan, Iran, Iraq, North Korea, and how that supports China's foreign policy goals. I think those are very, very important and critical questions that deserve attention.

I have written, and I happen to believe, that China relishes proliferation. China thinks that missile and nuclear proliferation is a good thing, despite public protestations otherwise. From the time that they began to develop nuclear weapons, to the time they tested and fielded their first missiles and weapons, they've consistently argued in their own internal literature that the possession of nuclear capabilities and the means to deliver them. In other words, proliferation outside the nuclear powers that came out of World War II with nuclear weapons or the Russians, undermines what they have consistently defined as a superpower monopoly on the weapons possessed mostly by the Western nations. At the time they first began their program, of course, they had already split

with the Soviets. But they think proliferation is a good thing. When you look at the early writings in the late '50s and early '60s, and later writings by military people at their Academy of Military Science, and I'd refer you to a paper that I wrote and was published in a book that came out of the U.S. Army War College and the Jewish Institute of National Security Affairs, "Countering the Ballistic Threat." You can find in that the citations, for these statements.

You will find that China's strategic thinkers have consistently written that it's very important to undermine this "superpower monopoly." I also argue in that paper that one of the reasons for doing that is, first, it weakens American power and diffuses American power. The United States has simply got to respond to more nodes of threat than one.

Second, I believe that one of the reasons that they tend to favor proliferation is that it increases their own power. I mean, if you look at the list of countries you have asked about—Iran, Iraq, North Korea are three of them—they are all pariah states. They're really rogue states, with which almost no other country will have normal relations. Yet China is exporting or assisting in missile and nuclear programs and all kinds of other very dangerous programs. They do that because, again, these are the places, the very places that the United States has chosen to place its own priorities in the diplomatic community.

So, when U.S. Policy fails, when the United States can't affect China's proliferation behavior or affect the way these rogue states are developing these weapons, it just makes the government of the United States and its Congress look impotent, and This is another reason China proliferates, and they've gotten away with it.

You know, I have been fairly supportive of the current administration, the Bush administration. I think they've done a wonderful job managing China so far. However, I look with great cynicism at the recent statements by both the Secretary of State and the leadership in Beijing, that they will begin to sit down again to talk about missile proliferation, nuclear proliferation, and their own export control program.

I look at it with some cynicism because I was the note-taker when that was first discussed with Deng Xiaoping in 1989, and he said the same thing. And he actually put together on paper a very nice kind of Arms Export Control Act and a commission to watch it. He said "we're going to be very responsible and careful about what we do." Well, they were responsible and careful to look out for their own interests. And in their interests, they armed Pakistan with nuclear weapons and missiles, they've continued their proliferation, they've continued to assist North Korea, and I don't see it ending.

So I would be a little reluctant to take Chinese officials at their word when they say they'll sit down and talk. I'm not interested in talking about it, I'm interested in looking at results. If I was John Bolton, who has to go in there and negotiate these Things, I would insist on concrete, verifiable measures.

What China's proliferation does is to takes these rogue nations and these failed states and give them influence, while increasing China's prestige and influence there. And in some of the places, it

gives them access to a certain amount of energy. Now I would argue with respect to Russia, the Russian military industrial complex, which was reasonably sophisticated and effective, it would be bankrupt and collapsed if they did not sell what they sell to China. So I think, at least for me, that's a great explanation for what goes on, national interest on the part of Russia. They need to maintain that.

And with respect to Pakistan, it's been a very traditional friend to China, but I think now both Russia and China, as they look at Central Asia and what's going on in Afghanistan and Pakistan, do have some very serious and reasonable concerns about radical Islamic fundamentalism. Call it Islamic terrorism. One way or the other, they're worried about stability out in the Far West. Russia is worried about it too. It could pull Pakistan apart. So I think that answers part of it.

A certain amount of diversification of energy resources is also part of this when you look at Iran and Iraq and you look at what China is doing in Sudan. There are a number of reasons why they do what they do, but I simply don't buy the idea that they're against proliferation. I think China's leaders love proliferation for all of the reasons I listed. One of the greatest myths that the Government of the United States or any scholar could bite into is the suggestion from China that if there were no arms sales to Taiwan, all of this proliferation would end.

I think that is a ridiculous statement and linkage. It's a linkage that the Chinese always make, and the United States wants to avoid. Whether you want to talk about it or not, the Chinese will bring it up, but I would argue that if tomorrow morning President Bill Clinton was back in office and his China team all said, "No more arms sales to Taiwan," there would be no end to what China would continue to do in terms of its proliferation.

So, again, I'm fairly happy with the team that we have leading the country today, but I would offer you the alternative scenario above and say it wouldn't make a difference in proliferation.

With respect to stationing troops abroad, I just want to address one point because that's another great myth. I don't know how those CSS-2 intermediate range ballistic missiles got in Saudi Arabia, but I don't think they were put in there by the Saudi Arabian Army. I remember being an intelligence analyst in 1978 or '79 at the Intelligence Center Pacific and reading this press release from Xinhua News that said, "China is going to reform the country, and with so much excess labor China will begin to export excess labor."

You scratch your head, wait and lo and behold this excess labor comes from supposedly demilitarized engineering units of the People's Liberation Army. A few years later some military attache in Saudi Arabia discovers the CSS-2s on the ground. Well, left, but I would bet you that there's plenty of Chinese troops, call them what you want, running those missile silos and handling that logistics, and probably today swapping out CSS-2s for Dong Feng-21s or modernizing the system.

The second place I'd point is Zimbabwe. It was an interesting time for me because I watched China put probably the most modern air defense system into Zimbabwe that has been there or that exists in Africa. And I can tell you that China did not do that with-

out putting some troops down there and keeping them there for extended periods, and the same goes for Sudan. So, today I'm not in the intelligence community, and I'm not in government, I have no access to that information. Hopefully, you do, and you ought to bring some people in that can talk about these things.

To return to some of the other questions you asked. How does the Chinese government see the United States and are we automatically an enemy? I would say that they've taken kind of a two-pronged approach. On the diplomatic front, they really do the very minimum that they can to avoid being perceived as an immediate adversary, and they do that because they need American doctrine, technology, manuals and capital—they need money.

In the beginning of September will begin to debate a bill to replace the Export Administration Act of 1979. And I hope that you will involve yourself in that debate because I strongly support what has been a view by some, including Senators Thompson and Torricelli, that the United States must maintain national security controls on exports so that, while we do trade with China, we don't damage U.S. Security I don't think trade is treason. I don't think that trade with China or normal commercial intercourse threatens the United States, as long as we have these national security controls, that you watch that debate because I think it's a very important debate.

Vice Chairman LEDEEN. Not to worry. It's part of our charter, and we'll be fired if we don't.

Dr. WORTZEL. Good. It's a very critical question.

Now, China also has a lot to learn from the United States and one of the reasons they like contact with the United States armed forces is to learn about doctrine, war-fighting tactics. In that regard, I commend Secretary of Defense Rumsfeld for having changed the way that the United States armed forces are beginning to interact with the People's Liberation Army. I think that we should have contact with the officers of the People's Liberation Army at some level.

I think a strategic dialogue is very important, but I think the United States, as Secretary Rumsfeld has apparently done, must make sure that we're not doing anything to make the People's Liberation Army more effective from a doctrinal standpoint or to teach it how better to attack American weaknesses should they get around to do that.

To a certain extent, China sees the United States as an obstacle or competitor to its own national security goals. On the other hand, they're a little bit happy that the United States is out in Asia with a forward presence, particularly in Japan. They're worried about what the United States and Japan may do to support Taiwan, but Japan is no friend, historically, of China. Let me remind you of the Battle of Hokata Bay, two battles, 1274 and 1281. The Yuan Dynasty put 900 ships and some 40,000 and then 60,000 people across the Yellow Sea in an attempt to invade Japan. Japan barely held out, and then did hold out at great loss. There's a little bit of historical animosity between these two countries.

In 1894, Japan only had seven infantry divisions, and it had a fairly decent fleet, and it sunk almost all of the Chinese, East Sea fleet and South Sea fleet, kept three infantry divisions around

Tokyo to defend Tokyo, and went all of the way up through Korea, through Manchuria and almost down to Beijing. Another Japanese axis of attack was on Shandong peninsula and up toward Beijing. So there is animosity there, and I haven't even referred to 1931, and 1937 and World War II.

There was a massacre in what is now Dalian in 1894 that roughly equaled in terms of scope the Nanking massacre in 1937. China is at least willing to recognize that an American presence in Northeast Asia acts as somewhat of a restraining force on Japan.

I think China has a pretty clear set of goals on the Korean peninsula. It wants to maintain a peaceful periphery. I think that it is quite certain that, left to itself, Korea would fall in as a continental or peninsular state in the Chinese security orbit because of the historical animosity between Korea and Japan. And for that reason, China accepts the status quo there. They don't want the United States out, but they don't want an independent, nuclear-armed Korean peninsula.

In response to your third question, China is seeking to shape a world in which the American position is much weaker than it is today. When China's leaders talk about a multipolar world, they mean a world where the United States is not able to exercise great leadership and great support for democracy.

One of the most dangerous sort of beliefs that exists in China is the view that the United States will not be willing to sustain casualties in the event that China seeks to use force. China's military leaders really wonder whether the United States is willing to sustain casualties to pursue its own vital interests. That's dangerous for a couple of reasons.

[Laughter.]

The last time I was in front of you, I talked about mass, and the way the Chinese use mass as a principle of war. So it's exceedingly dangerous if they believe that the United States is unwilling to sustain casualties and they act on that. And whether or not they have good or bad airplanes, if they put enough of them together, we have a problem. If Beijing thinks the U.S. won't act, it might use force.

You asked about the current state of U.S.-China relations. I think that China still views the United States as a major trading partner and a source both for capital and advanced technology, and as I said, a certain force for stability in Northeast Asia. At the same time, China sees the United States as the main threat to its Marxist-Leninist, single-party dominant society. And it's going to have a tougher and tougher time, and have to use more and more force and repression, to maintain itself in power.

Your statement was that the most notable scenario for conflict is in Taiwan or over Taiwan. My view is that some readers in China believe that with the proper mix of new weapons and pressure, they could probably achieve the collapse of the will of the people in Taiwan to resist. And, frankly, the history of the warfare between the Republic of China armed forces and the People's Republic of China armed forces is such that when enough pressure was brought to bear, there was a collapse of will.

The Chinese, in their own military writings, point to the Pingjin campaign of the civil war, 1948-49, when, although they were

decisive in Xinbaoan with maneuvers, in Tianjin with siege and reduction of a major city, and in Beijing, they simply and used great psychological warfare and the recruitment of the daughter of the defending Republic of China General, to get the defense to collapse and surrender. There are a lot of other scenarios I could give you, but that's what I think that they would look at.

With respect to information on asymmetric warfare, Mike Pillsbury has done wonderful work, and Mark Stokes has done wonderful work. I'm assuming you've had both of them in, and you will again. But the fact is that China has absolutely no intention of attempting to take on the United States force-on-force. It will work very hard to deter the United States from being able to operate in the far Western Pacific. It will take advantage of what it sees as an American unwillingness to really go to combat, sustain casualties, and I see that as very dangerous.

Now, the question is, is the Chinese strategy plausible? That's your sixth question, and I think that's the toughest one. I think that, in the event of any conflict, the United States armed forces would absolutely prevail. There's no question about that. China wants to do what it can without a conflict, but the most dangerous part is this mistaken belief that the United States would not sustain casualties or take action.

When the director or the deputy chief of the general's staff of the People's Liberation Army and the head of all of their intelligence can make a threat that the United States would never trade Taiwan or support for Taiwan for Los Angeles, he does that because he doesn't think the United States would be willing to sustain casualties, and he made a coercive threat.

It's because of the propensity for limited coercive threats that I think more than anything the United States needs ballistic missile defenses, and it's because they would be effective, if tested properly, that China hates to see them developed, and that's the basis of their fear.

So the great fear that I have is that many Chinese really believe that the United States will not sustain casualties. And one of the things that I point out to the Chinese military associates that I've had, and do have, is that the United States only took 2,408 casualties at Pearl Harbor. That's half, less than half of what's on an American aircraft carrier. So, you know, the United States reacts very negatively when it takes casualties.

I'll end my testimony there, and thank you again for inviting me here.

[The statement follows:]

PREPARED STATEMENT OF LARRY M. WORTZEL, PH.D.

This testimony draws on my own previous testimony and publications as well as other published materials dealing with the strategic implications of ongoing programs and bilateral relations between the U.S. and China. The testimony is keyed to respond to questions in the Commission's letter of invitation to testify dated July 17, 2001.

*How does the Chinese Government see the United States? Are we automatically an enemy? Do they envisage the possibility of peaceful relations, even strategic cooperation?*

China has taken a two-pronged approach to security relations: On the diplomatic front with the United States, Beijing does the very minimum it must to avoid being perceived as an adversary and to gain access to U.S. doctrine, technology, and

manuals. Meanwhile, China is engaged in a diplomatic effort designed to de-couple the United States from its alliances and a military effort to build up a force of ballistic missiles that it can use in the region.<sup>1</sup> There are signs that some within China believe that armed conflict with the United States is inevitable in the long term, especially over Taiwan. In the short to mid term, though, China must maintain a peaceful environment—and good relations with the United States in order to develop its economy, S&T base, and military force.<sup>2</sup> The leaders of the PLA tell us that they admire the United States and its armed forces. General after general in the PLA repeats the mantra that “the PLA has a lot to learn by studying the U.S. military.” I suspect, however, that what they seek to learn is how to fight against American tactics and equipment, whether employed by Taiwan, any other nation, or the United States, and to adopt the U.S. way of war for the PLA. Notwithstanding the statements of peaceful intentions, the PLA is working very hard to prepare itself to fight the United States, if it must.<sup>3</sup> As one Chinese strategist put it, “China must pay close attention to those countries that are opposed to American interests, or are potential strategic enemies. It must be borne in mind that the enemies of enemies are one’s own allies.”<sup>4</sup>

The major examples of China’s views of the United States as a major obstacle or competitor in the international arena are in China’s own national security strategy documents. Whether one looks at the statement of strategic cooperation and partnership with the Shanghai Five: countries, the new treaty of peace and cooperation with Russia, or at Beijing’s own State Council July 1998 White paper “China’s National Defense,” a security concept is offered that runs directly counter to that of the United States in many areas. First, China seeks to place itself at the center of a web of strategic partnerships in Asia and around the world designed to weaken United States alliances and American leadership.

*How does the Chinese government see its role in the world and in the Asia Pacific region? What are its global and regional goals and aspirations?*

China aspires to be a major international power that cannot be intimidated by any other power or consortium of powers. It seeks to maximize its own “comprehensive national power” while maintaining a peaceful external environment. By “comprehensive national power,” China’s strategists mean economic power, political/diplomatic power, propaganda or “informational power” and military power. Beijing’s strategists believe that given strong power in these areas, China will have the “power to compel” (*qiang zhi li*) other nations to do its bidding.

China is expanding its global reach into the Western Hemisphere. Beijing is expanding its reach into the Western Hemisphere to gain economic advantage. Among Beijing’s goals are to diversify its sources of natural resources, including fishing grounds; to undermine support for Taiwan by Central American countries; to improve its intelligence collection and monitoring against the United States; and to diversify its sources of petroleum products. China has invested about US\$60 million in oil exploration and production in Peru, with even more invested in Venezuelan oil production.<sup>5</sup>

China has a clear set of goals in its actions on the Korean Peninsula: maintaining a peaceful periphery to facilitate foreign investment and the modernization of its arms and combat forces; reducing the likelihood that missile defenses will be deployed in the region; creating a buffer from financial crises that might retard science and technology modernization; replacing American alliances with regional security dialogues; and creating a web of strategic partnerships as a means to place itself at the hub of inter-state diplomacy in the Asia-Pacific region.<sup>6</sup>

Beijing’s preference for a “mullet-polar world” is another way of saying that China seeks to create a world that is able to reject the particular type of values-based leadership exercised by the United States. Beijing seeks to shape a world in which the

<sup>1</sup>Larry M. Wortzel, *China’s Strategic Intentions and Goals*, Testimony for the Committee House Armed Services Committee, U.S. House of Representatives, 106th Congress, 1st session, June 21, 2000.

<sup>2</sup>Mark A. Stokes, *China’s Strategic Modernization: Implications for the United States* (Carlisle, PA: Strategic Studies Institute, 1999), p. 140.

<sup>3</sup>Larry M. Wortzel, ed., *The Chinese Armed Forces in the 21st Century* (Carlisle, PA: AEI and SSI, December 1999), p. 217.

<sup>4</sup>Michael Pillsbury, ed., *China Debates the Future Security Environment* (Washington, D.C.: NDU, 2000) p. xliv.

<sup>5</sup>Stuart M. Butler and Kim R. Holmes, ed., *Issues 2000 The Candidate’s Briefing Book* (Washington, D.C.: The Heritage Foundation, 2000), p. 679.

<sup>6</sup>Henry D. Sokolski, ed., *Planning for a Peaceful Korea* (Washington, D.C.: SSI, 2001), p. 220.

U.S. position is much weaker and U.S. policy is changed to take into account the other poles of power.<sup>7</sup>

*What are current and potentially future Chinese views of the United States (e.g. strategic regional, military, economic, commercial, financial)?*

Beijing seeks to shape a world in which America's position is much weaker than it is today and where U.S. leadership is weakened to accommodate the desires of other competing poles of power, specifically the desires and interests of China.<sup>8</sup> One of the greatest dangers that stems from China's views of the United States is the belief that fundamentally, the United States will not and cannot sustain casualties even in pursuit of vital interests. The consequence of this belief in Beijing is that, while China's armed forces may not be as powerful as those of the United States, or as able to project power at distances as great as the United States, Beijing may calculate that it can achieve its goals by limited aggression against U.S. forces.<sup>9</sup> In particular, according to some of the most astute American analysts of the Chinese military:

- "China is devoting considerable resources toward preparing for potential conflict with the United States, especially over Taiwan. Despite its overwhelming victory in the Gulf War, Chinese analysts have concluded the U.S. military has vulnerabilities which can be exploited."<sup>10</sup>
- "According to Chinese analysts, the world order is currently characterized by slowly emerging poles of power and influence but dominated by a sole superpower—the United States."<sup>11</sup>
- "China calculates power ratios and predicts American decline. Ancient Chinese statecraft from the Warring States era emphasizes the need to calculate future power ratios mathematically. Chinese national security research analysts have quantitatively analyzed the relative power of the nations of this inevitable new "world structure" in which the United States will decline economically, socially, militarily, and internationally to become one of five "poles" in a "multipolar" world."<sup>12</sup>
- "Chinese authors today apparently believe the United States is this kind of hegemon, which, if provoked, will attack or "contain" China to preserve its hegemony."<sup>13</sup>
- "The United States is exploiting Russian weakness by enlarging NATO in order to increase its domination of its European NATO allies."<sup>14</sup>
- "The United States is forcing Japan to increase its financial support for U.S. bases and forces in Japan under the guise of the defense Guidelines."<sup>15</sup>
- "The United States arranged the Bosnian settlement at Dayton to dominate further its European allies."<sup>16</sup> (Pillsbury China debates 7.)
- "NATO airstrikes against Yugoslavia in spring 1999 were a part of U.S. plan to gain control over Eurasia."<sup>17</sup>
- "While the United States, together with other Western countries, is trying to stop the expansion of weapons of mass destruction, they are at the same time doing their best to develop high-tech conventional weapons and have sold a large quantity of modern arms and equipment to Third World countries."<sup>18</sup>

<sup>7</sup>Larry M. Wortzel, ed., *The Chinese Armed Forces in the 21st Century* (Carlisle, PA: AEI and SSI, December 1999), p. 231.

<sup>8</sup>Larry M. Wortzel, *China's Strategic Intentions and Goals*, Testimony for the House Armed Services Committee, U.S. House of Representatives, 106th Congress, 1st session, June 21, 2000, p. 4.

<sup>9</sup>Larry M. Wortzel, *Technical Briefing on Security Issues*, U.S.-China Security Commission, May 2, 2001.

<sup>10</sup>Mark A. Stokes, *China's Strategic Modernization: Implications for the United States* (Carlisle, PA: Strategic Studies Institute, 1999), p. 141.

<sup>11</sup>David M. Finkelstein, "China's New Security Concept: Reading Between the Lines," *Washington Journal of Modern China*, Spring 1999, p. 41.

<sup>12</sup>Michael Pillsbury, *China Debates the Future Security Environment* (Washington, D.C.: NDU, 2000) p. xxv.

<sup>13</sup>Michael Pillsbury, *China Debates the Future Security Environment* (Washington, D.C.: NDU, 2000) p. xxxix.

<sup>14</sup>Michael Pillsbury, *China Debates the Future Security Environment* (Washington, D.C.: NDU, 2000) p. 7.

<sup>15</sup>Ibid.

<sup>16</sup>Ibid.

<sup>17</sup>Michael Pillsbury, *China Debates the Future Security Environment* (Washington, D.C.: NDU, 2000) p. 8.

<sup>18</sup>Michael Pillsbury, ed., *Chinese Views of Future Warfare* (Washington, D.C.: NDU, 1996), p. 79.

*Given the current state of flux in the U.S.-China relationship what do you believe are Chinese perceptions of future U.S. actions and what policies or strategies China is discussing/implementing to counter those actions?*

China views the United States as a major trade partner that is importing over \$100 billion a year of its products, as a source for capital and advanced technology, and as a force that contributes to the stability of Northeast Asia. At the same time, however, in what seems to be contradictory logic, China sees the United States as the main threat to its Marxist-Leninist, single-party dominance of society, as the major obstacle to its own ability to be the dominant power in Asia, and as a major rival for leadership in the world.

As Dr. David Finklestein has pointed out in his own analysis of China's security concepts, broadly speaking, the "New Security Concept" is Beijing's reaction to its assessment that, in the long term, the U.S. will maintain or increase its lead in developing and fielding the military forces and advanced technological weaponry needed to underwrite and sustain Washington's status as the sole superpower for the foreseeable future.<sup>19</sup>

With respect to the Bush Administration, Beijing's initial refusal to accept the Administration's expressions of regret over the loss of the Chinese pilot in the EP-3 collision near Hainan Island in April 2001, reflected Beijing's attempt to (1) exert pressure over the Administration's decisions to sell defensive arms to Taiwan, (2) emphasize Beijing's own interpretation of the United Nation's Convention on the Law of the Sea and the right of innocent passage in Exclusive Economic Zones, and (3) create conditions where the Administration is forced to respond to Beijing's coercive and threatening behavior by modifying its own principled positions on China's sovereignty.<sup>20</sup>

China is also preparing to respond to U.S. forces, if necessary, by developing the capacity to control sea lines of communication near China, project regional force, and deter the United States and other potential adversaries in creative ways without matching forces.<sup>21</sup>

Through its own military purchases—including some from traditional U.S. allies and partners like Israel and Great Britain—China is developing an over-the-horizon capability for its cruise missiles that could strike U.S. naval forces and the air-to-air refueling capability needed to extend the range of its aircraft.<sup>22</sup>

"Beijing is also developing what it sees as its own necessary defensive measures against what it fears could be future information warfare attacks, including raising computer security awareness in the armed forces creating security filters for imported electronic equipment, and conducting research on computer viruses."<sup>23</sup>

According to Zhang Wenmu of the China Institute for Contemporary International Research, the United States is involved in a conscious strategy to interfere in internal affairs in China such as the Tibet issue as part of a larger scheme involving the enlargement of NATO and the redefinition of the U.S.-Japan Defense Guidelines. All of this is designed as part of a broad American strategy to "contain China."<sup>24</sup>

China's arms purchases from Russia and many of its own indigenous defense programs are aimed at improving China's own power projection capabilities and deterring the U.S. armed forces from actions around China.<sup>25</sup>

*Clearly there are scenarios that might lead to conflict, most notably Taiwan. In that event, do the Chinese believe they can win? And if so how? What are Chinese views of Asymmetric Warfare and Information Warfare?*

Over the past 10 years, the PRC has deployed over 300 new short-range ballistic missiles against Taiwan. Its Dong Feng-6 and Dong Feng-7, with ranges below 300 miles, are capable of carrying nuclear warheads and can be transported on mobile launchers. If fired with conventional warheads, they could wreak havoc on the Taiwanese population. My view is that Beijing believes that with the proper mix of

<sup>19</sup>David M. Finklestein, "China's New Security Concept: Reading Between the Lines," *Washington Journal of Modern China*, Spring 1999, p. 43.

<sup>20</sup>Larry M. Wortzel, "How To Respond to China's Coercive Behavior," *The Heritage Foundation Background Paper* No. 1431, April 18, 2001, p. 1.

<sup>21</sup>Larry M. Wortzel, *China's Strategic Intentions and Goals*, Testimony for the House Armed Services Committee, U.S. House of Representatives, 106th Congress, 1st session, June 21, 2000, p. 5.

<sup>22</sup>Ibid.

<sup>23</sup>Kathryn L. Gauthier, "China as Peer Competitor? Trends in Nuclear Weapons, Space, and Information Warfare," *Air War College Maxwell Paper* No. 18, July 1999, p. 21.

<sup>24</sup>Michael Pillsbury, *China Debates the Future Security Environment* (Washington, D.C.: NDU, 2000) p. x.

<sup>25</sup>Start M. Butler and Kim R. Holes, ed., *Issues 2000 The Candidate's Briefing Book* (Washington, D.C.: The Heritage Foundation, 2000), p. 677.

these new weapons, a naval and air blockade, and a rapid strike it could collapse the will of the people of Taiwan to resist a coordinated, mass military action. The real danger is that China may calculate that the United States will not come to the assistance of Taiwan, or even act to “preserve the peace and stability of the Western Pacific,” as required by the Taiwan Relations Act. There is good reason to exercise prudent caution and be concerned over the strengthening of the PLA. Of all the major militaries in the world, it’s the only one openly developing new war-fighting doctrine and acquiring new equipment with the specific objective of preparing to fight and defeat the U.S. armed forces.<sup>26</sup>

In addition to Taiwan, there is some potential for conflict between China and the United States in the South China Sea, if China seeks to resolve its expansive territorial claims through the use of military force. Also, on the Korean Peninsula, in the event of either a collapse of North Korea or North Korean aggression, should the United States move forces into North Korea adjacent to China along the Yalu River, Chinese military leaders have said that China might intervene militarily.

Chinese military thinkers regularly publish treatise on how to defeat the United States in the event it intervenes if China makes good on its threats to turn Taiwan into a “sea of fire.”<sup>27</sup>

China has concluded that it cannot match U.S. military capabilities. Every PLA leader tells us this. But the U.S. armed forces do not have a clear picture of what the Chinese can do.<sup>28</sup>

One of China’s stated military goals is to be able to knock out an American aircraft carrier. The Chinese believe that the United States people lack the will to sustain casualties. That is a very dangerous belief because it could lead them to conclude that they can successfully attack a U.S. ship.<sup>29</sup>

#### *Information and Asymmetric Warfare*

Chinese strategists are studying a newly emphasized form of warfare that focuses on gaining and exploiting information, attacking the information available to an adversary, and defending against attacks on one’s own information and information systems.<sup>30</sup>

While the Gulf War did not initiate Chinese thinking about future warfare, the conflict apparently stimulated the 1992 decision by PLA leaders to focus on preparing China’s armed forces to wage high-tech warfare.<sup>31</sup>

Major General Wang Pufeng, former director of the strategy department of China’s Academy of Military Science, believes that “in the near future, information warfare will control the form and future of war. We recognize this developmental trend . . . and see it has a driving force in the modernization of China’s military and combat readiness. This trend will be highly critical to achieving victory in future wars.”<sup>32</sup>

Chinese military strategists continue to study the transformation of the U.S. military in the wake of the Gulf War, since the United States is seen to be the pinnacle of advances in high-tech warfare.

There is an influential segment within China’s defense-industrial complex which is concentrating on the development of doctrine and systems designed to enable targeting of adversarial strategic and operational centers of gravity, and defend its own, in order to pursue limited political objectives with an asymmetrical economy of force.<sup>33</sup>

Since the mid-1980s, the PLA has placed special focus on certain enabling technologies which, short of resorting to weapons of mass destruction, would allow it to give play to its own strengths and exploit adversarial “Achilles heels.”<sup>34</sup>

PLA leaders want to develop a rapid reacting, information-based Army supported by sensor-to-shooter systems, precision weapons, and modern combat platforms.

<sup>26</sup> Larry M. Wortzel, “Yes,” in *Should The United States Feel Threatened by China’s Growing Role in the International Military/Political Arena?*, *Retired Officer*, December 2000, p. 36.

<sup>27</sup> *Ibid.*

<sup>28</sup> Larry M. Wortzel, *China’s Strategic Intentions and Goals*, Testimony for the Committee House Armed Services Committee, U.S. House of Representatives, 106th Congress, 1st session, June 21, 2000, p. 5.

<sup>29</sup> Larry M. Wortzel, *Technical Briefing on Security Issues*, U.S.-China Security Commission, May 2, 2001.

<sup>30</sup> Kathryn L. Gauthier, “China as Peer Competitor? Trends in Nuclear Weapons, Space, and Information Warfare,” Air War College *Maxwell Paper* No. 18, July 1999, p. 18.

<sup>31</sup> *Ibid.*

<sup>32</sup> Kathryn L. Gauthier, “China as Peer Competitor? Trends in Nuclear Weapons, Space, and Information Warfare,” Air War College *Maxwell Paper* No. 18, July 1999, p. 19.

<sup>33</sup> Mark A. Stokes, *China’s Strategic Modernization: Implications for the United States* (Carlisle, Pa.: Strategic Studies Institute, 1999), p. 1.

<sup>34</sup> *Ibid.*

PLA leaders want a world-class, secure and reliable command, control, communications, computer and intelligence (C4I) system.<sup>35</sup>

*Are the Chinese strategies plausible? What effects would they have? Could they win a limited conflict with us?*

I believe that the United States armed forces would prevail in any conflict with China that does not involve a major ground invasion of the Chinese mainland. And I do not see any scenario under which the United States would seek to invade and occupy China. However, Chinese strategies are quite plausible given their limited means. That is, they could attack one or more U.S. cities with nuclear weapons; they could mass forces and attack a forward-deployed naval formation; they could attack U.S. aircraft. Even if they misjudge the likelihood of their own success, any such actions on the part of Beijing will necessitate an American response and could lead to war.

The PLA has well-disciplined soldiers and tough leaders who are thoroughly devoted to their nation. Individual soldier skills in the PLA are excellent, and that includes in the strategic rocket forces, the Navy and the Air Force. Even if soldiers cannot operate well in the complex and changing environment of a joint force, in which a great deal of initiative is required, they have been drilled on their specific tasks until they can accomplish them blindfolded. The PLA soldiers will follow orders, and that is perhaps what makes it a dangerous force.<sup>36</sup>

U.S. military advantages over China are narrowing in such critical areas as nuclear weapons, space technology, and information warfare.<sup>37</sup>

"Asymmetric warfare can be cheap, low tech, readily available, and devastatingly effective. U.S. advantages in military capabilities based on space and information systems have increased U.S. reliance on these assets and correspondingly increased its vulnerabilities to their degradation or destruction. Reported Chinese research in anti-satellite systems and China's progress in information warfare capabilities may allow it to stand up successfully to a technologically advanced adversary."<sup>38</sup>

China believes that the United States is entirely too dependent on the electromagnetic spectrum for surveillance, reconnaissance, targeting and command and control. PLA military leaders are studying effective means to attack U.S. sensor and communication systems, and they should achieve some success in this regard.

#### PANEL DISCUSSION AND QUESTIONS AND ANSWERS

Vice Chairman LEDEEN. Thanks. That was great of you. Do you think Taiwan could be stolen when we weren't looking?

Dr. WORTZEL. Could be stolen when we weren't looking.

[Laughter.]

Vice Chairman LEDEEN. Oh, you know. I mean, everybody agrees, the whole world agrees that, all other things being equal, et cetera, war between China and the United States is no contest. So the Chinese know that, so they won't do that, and everyone agrees on that too. But suppose we had no warning?

Dr. WORTZEL. I think—

Vice Chairman LEDEEN. Suppose we thought they'd never do anything, and so we just didn't pay attention, and then one day when all of the carrier groups were out taking baths, and we were busily watching, let's say, someplace in the Balkans instead of someplace in the Pacific, and then all of a sudden, I mean, Taiwan only has a handful of radar things, and the Chinese have great special forces, and cruise missiles and whatnot, knock them out, start parachuting people into Taipei and say, "Okay, come get us."

<sup>35</sup>Larry M. Wortzel, ed., *The Chinese Armed Forces in the 21st Century* (Carlisle, Pa.: AEI and SSI, December 1999), p. 221.

<sup>36</sup>Larry M. Wortzel, China's Strategic Intentions and Goals, Testimony for the House Armed Services Committee, U.S. House of Representatives, 106th Congress, 1st session, June 21, 2000, p. 3.

<sup>37</sup>Kathryn L. Gauthier, "China as Peer Competitor? Trends in Nuclear Weapons, Space, and Information Warfare," Air War College *Maxwell Paper* No. 18, July 1999, p. 29.

<sup>38</sup>*Ibid.*

Dr. WORTZEL. I think there's some very credible scenarios under which China could take action and perhaps prevail if the United States did not get involved or would not get involved. This statement by the previous administration that China was a strategic partner of the United States perhaps encouraged China to be more aggressive and suppressed Taiwan. That's why I think President Bush was wise to state right up front what is implicit in the Taiwan Relations Act: That the United States will defend Taiwan. I think a strong American military presence and good arms sales to Taiwan are a tremendous deterrent and a statement of will is a tremendous deterrent.

I can point to Bill Gertz's book, I can point to what Rick, Mr. Fisher, said, and the book by Triplett and Timberlake, that there are credible scenarios. That's not China's preferred course of action, but, yeah, I think there are scenarios.

Vice Chairman LEDEEN. Rick?

Dr. FISHER. Mr. Vice Chairman, I would posit that it would be necessary for American forces to be engaged or diverted to a significant degree in a crisis elsewhere in order for the PLA to prevail over Taiwan in a campaign as it defines success, and that China is quite capable of engineering the crises that would divert American forces at the time that China decided it wanted to accomplish the great goal of national reunification and march off into glory forever.

When war comes over Taiwan, we will be surprised. That is the number one requirement for strategic and tactical success on the part of the PLA. They need to get inside our decision cycle, they need to establish fait accompli before we can make the decisions necessary to get out there to do what is necessary.

Dr. GILL. If I could just add something, Mr. Vice Chairman.

Vice Chairman LEDEEN. Yes, I wish you would.

Dr. GILL. I think for Taiwan to be stolen, as you put it, I think it's unlikely, as Larry suggested, to occur through a military strike because that's not China's first preference. But I think we are being caught looking the wrong way, the degree to which we seem to dwell all of our resources in understanding the Taiwan Strait situation through the military lens. It's important, of course, and we need to maintain our vigilance there.

But what I don't see us doing enough of is looking at what China is doing in ways other than war, through the cultivation of the opposition in Taiwan, through the welcoming arms and embrace that they're offering to Taiwan business people and to academics and other cultural exchanges which are, I think—I mean, Larry is a real expert and Dr. Pillsbury on ancient Chinese ways of warfare, but it seems to me that this kind of political, if you want to call it that, effort to win over Taiwan is a far more likely way that it's going to happen. And, yes, we might wake up one day and have a leadership in Taipei, and it may not be too far from now, to tell you the truth, a leadership in Taipei that looks at the writing on the wall and cuts a deal.

I think what we ought to be a lot more concerned about, at least in the near term, the next two to three, four, five years, is where is this political effort going and to what degree ought we be con-

cerned that as the economic and political integration of the two sides goes apace, what can we do in response to that?

Dr. FISHER. I would just add that the united front, which is what Bates was describing, the Chinese government has reawoken after its success in mollifying elite, coopting the elite in Hong Kong, getting Macao back basically cost free, it is now suffused with an enthusiasm for united-front tactics on the Taiwan front. This is what Bates was describing.

On the one hand, yes, we should take notice of this, and we should ask our friends in Taiwan, "Do you understand what's going on? Do you see how you're being played?" But also understand that they see this as well, and they are actively debating it amongst themselves.

United-front tactic is something that is very well-refined by Lenin many years ago. I believe it probably has a very similar parallel in ancient Chinese military statecraft. It's something that is happening here in this town quite actively as well. We only lose to these stratagems when we fail to recognize them and identify them for what they are.

Vice Chairman LEDEEN. Thanks. We have several—

Dr. GILL. May I have one more comment, though—

Vice Chairman LEDEEN. There are several enthusiastic commissioners who are—

Dr. GILL.—directly pertinent to your—

Vice Chairman LEDEEN. Absolutely, you bet.

Dr. GILL. It's directly pertinent. Something that I thought was very interesting was an Op-Ed that Frank Carlucci penned about two or three months ago—did you all see this?—when he described how our strategic access especially to RAM and other computer technologies is being exported from Taiwan to the mainland. That's what I'm talking about. We're looking the other way.

If we focus our resources on whether or not Aegis ships makes a difference in the Taiwan Strait and that's all we think about, we're looking the wrong way. It's happening in the economic development, where it's going to—where I think we ought to be a lot more concerned.

Vice Chairman LEDEEN. Thank you.

I have three commissioners lined up. I have Ken, and Bill, and Pat, and Roger.

Co-Chairman LEWIS. I have to leave in about 20 minutes to take a transcontinental flight.

Vice Chairman LEDEEN. Ken has to leave, so he's going first, and then Roger, and so on.

Co-Chairman LEWIS. But I want to ask each of one question.

Larry, what do you think the Chinese say is a reason why they're giving weapons to the rogue states. You told me what your thinking is why they're doing it, but what do they say is the reason they're doing it? That's the question for you.

The question for Bates is, you wrote that China is concerned that the U.S. might turn its overwhelming military diplomatic and economic might against it. What do the Chinese think we have to gain by doing that, since we seem to be doing okay without doing that?

And for you, Richard, I'd like to ask you the question, there was an article in the newspaper on July 23, in which Senator Helms

said, “During the past 20 years, the People’s Republic of China has made 15 formal nonproliferation pledges, 7 related to the non-proliferation of nuclear technologies, 6 regarding the transfer of missile technology, and 2 undertaken at the time the PRC joined the Biological Weapons Convention in ’97. And Senator Helms stated that “In releasing a 20-year time line, the Chinese government proliferation activities contradict promises to curb such sales and none of the pledges have been honored.”

Obviously, if they didn’t honor their pledges, we would know it. So why do you think the Chinese would not honor their pledges, when it becomes apparent that they didn’t do it, and then we know it, and is this part of the strategy of making pledges and not fulfilling the pledges? I mean, what’s the purpose behind this kind of a conduct when we know what they’re doing?

Dr. WORTZEL. Well, those two questions are somewhat related, but the first thing that I would do is point you to CRS Issue Brief—this is an update of May 16th, 2001—“China’s Proliferation of Weapons of Mass Destruction and Missiles: Current Policy Issues.” I think that Shirley Kahn and her friends over at the Congressional Research Service have documented much of it fairly well in open-source availability.

But what China’s leaders generally do is say, we’re working hard at this, but it’s this rogue company over here that we can’t control, and we didn’t know it was going on. That’s just a company. Now, the other thing that they will say is, these are things that fall below the threshold of the missile technology control regime or outside of it in the case of some cruise missiles.

My response to China is, a public security bureau and a security service that can track down some poor guy out in the middle of the hills that gets eight people together to pray in his house on Sunday morning, and they can’t figure out what company is exporting ring magnets? I just don’t accept that.

Co-Chairman LEWIS. So they’re saying it’s not really the government policy?

Dr. WORTZEL. They deflect. That’s right. This is not our government policy. This is not a policy. These are just mistakes or—

Co-Chairman LEWIS. And they expect us to believe it.

Dr. WORTZEL. And they expect us to believe it.

Co-Chairman LEWIS. Thank you.

Dr. WORTZEL. Or the other thing that they’ve done when challenged about proliferation, in response to the question of exporting M-11s to Pakistan, is to say: “There’s no such missile in the Chinese inventory.”

Well, that’s a true statement. They don’t call it that, we call it that.

[Laughter.]

Dr. WORTZEL. So they lie and obfuscate.

Co-Chairman LEWIS. Right. Thank you.

Bates?

Dr. GILL. Well, I think the principal concern, again, to get back to the point is, their number one strategic concern is they’re not going to stay in power, the Communists in Beijing, that they face a range of domestic challenges about their legitimacy and even

about the practical ability to manage the massive transition they're about to go through.

We stand in the position to hasten that change, they think, or to seek the transformation away from a Communist society and into something else, and that's their fear. What other power around the world has the accoutrements of power to do precisely that over time. And I think, just as Dr. Pillsbury suggested today, they're convinced that this is our long-range plan.

Co-Chairman LEWIS. To act militarily against them?

Dr. GILL. No. What I said in the paper I think was that the combination of our military, political, economic, technological, diplomatic strength, in its collective, is in a position to force change inside China.

Co-Chairman LEWIS. But if they don't think that we're going to act militarily against them, why are they wasting so much of their resources in building up their own military?

Dr. GILL. I think they are fearful that I don't know if we would act militarily, if you mean, say, strike China, I'm not sure that they would believe that in the first instance, but certainly building up alliances, in their view, is a sort of form of containment. In their view, our building up of those alliances, especially with Japan, is intended to help maintain the permanent separation of Taiwan from the mainland, and that, not in a directly military action sort of way, but through the building up of our power around their periphery, cultivation of other relationships, we can bring change inside China, politically. I think that's their number one fear, and I think they're probably right to worry about it.

Co-Chairman LEWIS. Thank you.

Dr. FISHER. To answer your question, Senator Helms can produce a record of 15 years of frustration because this country, and our leaders, lack the backbone, lack the bravery to stand up and tell China's leaders what they're doing and to attach pain and penalty to their actions.

Commissioner Lewis, it's a matter of intense frustration for me, as an analyst, to watch the development, the growth and the production of the Shaheen missile series in Pakistan, and to my utter dismay, to have to wait until President Clinton literally leaves town before his former director of the Central Intelligence Agency, Mr. Tenet, then has the wherewithal to finally publicly tell us that the Shaheen series is derived from Chinese technology and requires continued Chinese assistance in order for these nuclear missiles to continue to work and be developed.

This is a program that goes back to the early 1990s. I would bet good money with anybody in this room that we have boxes of imagery, and intelligence, and SIGINT and ELINT identifying the Shaheen missile series as basically a product of China. We also have laws that should have prompted sanctions against those Chinese entities or others if we so chose, but that decision was not made, that action was not taken. The Shaheen nuclear missile series is a growing concern, and we will live to regret it.

Co-Chairman LEWIS. So you obviously believe, I think you believe, that the balance of trade surplus of \$85 billion that the Chinese run with us and the ability of the Chinese companies to enter

into our capital markets is to help to finance their military build-up?

Dr. FISHER. I think there are very good arguments that are being made to support those propositions.

Co-Chairman LEWIS. Thank you very much. Thank you.

Vice Chairman LEDEEN. Roger?

Commissioner ROBINSON. Thank you, Mr. Chairman.

This is directed to Mr. Fisher and Mr. Wortzel, if that's all right.

As you know, part of the mandate of this Commission is to provide recommendations to the Congress that address the array of challenges to U.S. security interests that are identified in our rather intense and wide-ranging deliberations, including your good inputs of today. This includes, of course, the political military portfolio.

As experts on Chinese military capabilities, I would like to ask a few questions about how best to hopefully deter or, if need be, counter the Chinese missile threat to Taiwan, Japan, forward-deployed U.S. forces, and ultimately the continental United States.

As I believe both of you would agree, and correct me if I'm wrong, this country's most promising near-term architecture for missile defense is a sea-based system via upgrading the Aegis air defense systems on our many destroyers and cruisers. You know the numbers on that. We've already made an estimated \$50 billion investment in these AEGIS-equipped ships. With relatively small dollars in defense terms, these AEGIS systems could be upgraded to provide a near term missile intercept capability.

Interestingly, as you know, the only other country in the region to acquire the Aegis platform has been Japan. It has four Aegis destroyers, and two more that have been scheduled for the next Mid-term Defense Plan. These ships are capable, in terms of their launch tubes, of handling the SM-3 missile, and its more advanced iterations.

You also know that, as a basis for my questions, that we have a joint research program with Japan on the SM-3, but it doesn't have a deployment or even a development component. Now, for its part, Taiwan has made a request for Arleigh Burke destroyers with Air Defense systems to defend against the missile threats to their country. The Bush administration thus far hasn't been willing to approve such a system. So, with that, I've got just about three or four questions for you.

First, do you believe that the Commission, in its deliberations, should consider recommending the sale of Arleigh-Burke Aegis destroyers to Taiwan to defend against the burgeoning Chinese missile threat?

Second, should this Commission consider encouraging the Congress to, in turn, urge the Bush administration and the government of Japan to upgrade and accelerate our bilateral cooperation on the SM-3 missile, including the so-called SM-3-Blade IV Missile for upper-tier intercept capability on a fully interoperable basis between the U.S. and Japan ESE Fleets. This is assuming that Prime Minister Koizumi gets through his Diet Resolution on Collective Defense and brings Japan into a more realistically mode vis-a-vis its bilateral security relationship with the United States.

Third, should we consider recommending, as a policy matter, that Japan finally make a public commitment to missile defense? As you know, there is no such commitment today, much less the development and deployment of a sea-based system using Japan's own Aegis capability.

And, finally, fourth, what's your view on a possible recommendation that an infrared search and tracking system be added to both the U.S. and Japanese Maritime Patrol aircraft in the region to help track launchplumes that could emanate from China or elsewhere, on a fully interoperable basis, to achieve improved "early warning capabilities."

So these are just a few of the important political-military considerations for the Commission if you agree. And, Bates, I'm also interested in your view on this. I didn't mean to exclude you from that question.

So, please, have at it.

Dr. FISHER. Commissioner, I would say that your suggested list of recommendations is a good start, but by no means should these recommendations, in and of themselves, be viewed as amounting to a solution to the missile threat problem of Taiwan or to the missile threat problem that we face in the region.

I would suggest that Taiwan's missile threat problem be viewed at from the perspective of American doctrine and American operational requirements. We don't simply hold up a shield when we send our troops to the Persian Gulf or other places. If there's a threat to these forces from missiles, from hostile aircraft, hostile ships, we go out and find those platforms and deal with them as well. But American policy today constrains Taiwan from defending itself in this manner.

Now, the balance of the China-watching community, in my opinion, both in the government and outside the government, would contend that this is a very provocative suggestion. Mr. Fisher, what are you trying to do, pitch the region into war? It's one of the debates that animates the red versus blue debate that you heard a little bit today.

Taiwan needs not just Arleigh Burke destroyers or land-based missile interceptors, Patriot PAC II or PAC III. The problem of stopping or deterring a thousand ballistic and cruise missiles or 1,200 or maybe 1,500 ballistic and cruise missiles is not something that can be solved with four destroyers and a couple of passels of surface-to-air missiles.

Taiwan needs other principled weapons that we don't even have in our forces today; most likely laser or advanced rapid-fire rail guns that can launch hundreds of rounds in a matter of seconds against these incoming missiles. Taiwan needs the ability to find and some degree of ability to go after the launchers that are going to be deployed against it. Most of them are forward-deployed in the Nanjing theater already. They are there because the PLA is depending upon our continued adherence to American policies that hold one arm behind Taiwan's back.

Now, as to other steps that can be taken in terms of advancing American defense against missiles, I would say that if it's possible to develop laser or rail gun antimissile systems that we can sell to Taiwan, they should first be deployed to defend Americans.

Commissioner ROBINSON. The Japan dimension as well?

Dr. FISHER. Absolutely. We've been working, talking, trading technology with Japan over missile defense since the late Reagan administration, and, let's take this debate to Seoul as well.

South Koreans have been telling us for almost two years now that they don't want to have anything to do with theater missile defense. They have a lot of reasons, mainly to do with money. But when you talk to Koreans, invariably, you'll get to the additional excuse, "Oh, and we don't want to make China angry." Well, goodness gracious, what's that all about? Who shed buckets of blood for Korea the last time 300,000 Chinese invaded? Let's get some consideration from our South Korean allies as well.

Commissioner ROBINSON. Bates?

Dr. GILL. I know we're running out of time. I want to just quickly comment.

Vice Chairman LEDEEN. Don't feel compressed.

Dr. GILL. Okay. One answer for your question, Commissioner Robinson, would be to ask another one, and that is I think the Commission needs to decide where it is mandated to make those sorts of recommendations. And if you decide that on this very grand sort of strategic issue of arms sales to Taiwan the Commission can offer recommendations, then certainly they should.

On the Japan issue, I would say there's a reason why, since the late Reagan administration, we're frustrated with our ability to move ahead. There are legitimate, honest-to-god reasons. Do we want to, as I think you said, urge upon Japan to make a public statement that, A, accepts development and deployment, and I think you said we're only doing research now, so we want to get them to accelerate is what you said, move to development and move toward deployment—

Commissioner ROBINSON. Yes.

Dr. GILL. And then the other way you put it was consider urging Japan to make a public commitment to missile defense.

Commissioner ROBINSON. They're slightly different. You're quite right. Just to be clear, it's a public commitment to missile defense, which has for a long time. I mean, they're not acknowledging that they already have this kind of research program underway. That's one issue.

The second was the SM-3 joint research effort underway today. The problem is that it doesn't go beyond research. There's not even a development phase, much less a willingness to deploy. DR. GILL: I know that you're very knowledgeable about the domestic politics of Japan which constrain its ability to take those sorts of steps, and I'm just curious whether a statement coming out of this Commission helps or hinders that process, given those sensitivities in Japan, and that if you believe that the decision is imminent anyway, you know, let the politics unfold as they will in Japan without necessarily pushing. Because I think we may be optimistic on that.

Daiatso works, Daiatso works in Japan, to a degree, but the Japan of today doesn't so easily accept Daiatso as it once did, and it didn't accept it so easily before, and I think it's going to be less-enamored of such urgings coming from high-profile commissions in the United States. I think there are better ways of seeing the de-

velopments we want in Japan that don't necessarily involve high-profile urgings of the kind I think you're suggesting.

So that's a long way of saying I don't think it would be a good idea to urge that so publicly from here. If you have other channels to do it, I think you should.

Dr. FISHER. One man's Daiatso is another man's godsent gift.

Dr. WORTZEL. Commissioner Robinson, I think that the United States needs layered ballistic missile defenses, sea-based, land-based, airborne laser, and Rick has described other forms of directed energy and land-based. And I hope that we would provide those for our allies, as well, and that includes Taiwan and Japan. And I think that we will not get near achieving that until we end the restriction, what would be the prohibitions placed on full testing of those technologies by the 1972 ABM treaty.

Now I think there's a deal to be made. My view is that in October of 2000, both the head of the Strategic Rocket Forces of Russia, Vladimir Yakovlev, and President Putin opened the door to a deal, and I think they're still moving down that pike. So I hope we go that way. One way or the other, I think the United States needs to break away from that ABM treaty and test where it can and deploy when it can and a range of systems. I agree with you that for boost-phase standard deployments, sea-based today is probably the most promising technology.

Commissioner ROBINSON. I'm thinking about the region and our own mandate, though.

Dr. WORTZEL. I agree. I agree with you completely.

Now, every question you asked has a political component. The first comment, I mean, about Taiwan and what can we do because its folks are investing in the mainland, is to remind everyone that it's a democracy. These are political questions in Taiwan. In other words, if voters on Taiwan, or investors, want to bite into the poison of the united front of the Chinese Communist Party, and the majority of voters on Taiwan do that, so be it. A pox on their houses. However, I don't think they will do that because they are a democracy, and they know what's going on.

Commissioner ROBINSON. And they were the ones that requested the Arleigh-Burke.

Dr. WORTZEL. Right. Now, with respect to the Arleigh Burke, that's an interesting question. When you begin to talk legislators, people from the legislative yuan, or the Taiwan Navy, and even people in the president's office, they're a little bit ambivalent. I, personally, have argued that the United States should approve the Arleigh Burke system for Taiwan and that they do need it. And I would encourage—

The Commission, to do the same. That said, they're pretty squishy over there. The legislators are not necessarily willing to spend the money. The Taiwan Navy will look at you and say, "That really might piss off the PRC. We don't want to do that one." And the president's office doesn't have a political mandate to push either way.

So I think that the administration and the president made a fairly wise decision because the most embarrassing position for the president of the United States to have been in would have been to say, "You've got them—four Arleigh Burkes."

And Taiwan stands up there and says, "Oh, never mind. We didn't really want that."

Therefore, as a Commission, I would encourage you to do that. As a private citizen, as a policy analyst, I do it all of the time.

Commissioner ROBINSON. The nearer term, Larry, is the Japan dimension.

Dr. WORTZEL. Right.

Commissioner ROBINSON. I mean, they have the systems.

Dr. WORTZEL. It's a political question too.

Commissioner ROBINSON. And I know it is a sensitive issue—

Dr. WORTZEL. No, no. We—

Commissioner ROBINSON. But, nevertheless, I mean, I'm trying to get to the issue of—

Dr. WORTZEL. Cooperation.

Commissioner ROBINSON. Yes, and an interoperable network, at least with the U.S. and Japan.

Dr. WORTZEL. You should know, and I'm sure you do know, that many politicians of major parties in Japan and many people want to move forward on that and that the appointment of Gen Nakatani as JDA head reflects that.

We are going over to Japan with Kim Holmes, our vice president from Heritage; myself; Senator Malcolm Wallop; Baker Spring, our missile defense analyst; at the invitation of a number of Japanese legislators who have asked us to present a seminar in Tokyo with the Okazaki Institute on August 28th, as a part of an educational process.

Politicians in Japan are working on that. In a sense, what they do is ask us to raise the issue so that they can support it and debate it. We're happy to do it, and we're going along with that approach, and I think that those ideas will prevail there. And I think that some reinterpretation, at least, if not revision of Article 9 of the Constitution will come about. So I think we're in the right direction there.

I agree with you completely. It will be very nice to have the interoperability by having tracking mechanisms on there. That would be great too. Those are the political considerations that are so difficult to get consensus on in Japan. I find Korea, you know, hopeless. I mean, I can go over there and talk about a lot of things, but no matter where I go, I just get the door slammed in my face if I raise ballistic missile defense.

Commissioner ROBINSON. Thank you very much.

Vice Chairman LEDEEN. Bill, did you—Steve?

Commissioner BRYEN. I just had a comment. I was in Taiwan and talked to everyone from the president on down back in the January/February area, and they were very strong about wanting the Aegis system and missile defense. It was very, very strong.

Dr. WORTZEL. I think they need it.

Commissioner BRYEN. There's a great concern about how do we protect our people from this growing threat. I mean, you have more and more Chinese missiles facing them. They've got to have an answer, otherwise they will end up in some unfortunate political deal.

Dr. WORTZEL. I think they need it. I think that is the best system for them to have, absolutely. That's the best system for them to have. I think they absolutely need it.

Vice Chairman LEDEEN. Okay. Bill, you're up.  
 Commissioner REINSCH. Thanks. I think I'm not on the same planet.

[Laughter.]

Which is I think my fate on this Commission, but in view of the time, I only have two questions. I have one for Mr. Wortzel and Mr. Fisher, collectively, and one for Mr. Gill. I mean, I think Michael is right. We should have a free-for-all.

The first one is for the people on the two ends here. We spent most of the morning with Pillsbury and others, and some time yesterday, and on some other occasions talking about divisions of view within the Chinese government—who thinks what, what the PLA thinks, what different factions within the PLA think, what different parts of the civilian side of the government think and how those various pieces fit together into the development of Chinese policy, which was all very interesting.

The two of you, particularly Mr. Fisher, have presented a view that, at least on the surface, sounds a lot more monolithic. You said this is what China is going to do, this is what China thinks, this is what China wants. What we've heard from everybody else is that there are different factions in China that have different views about this subject and that they don't all want the same thing. Are all of those people wrong, or maybe you can reconcile the way the way you've presented your views with what we've been hearing the rest of the day.

Dr. WORTZEL. Well, I guess the simple answer to that Commissioner Reinsch, is that there's not many people in China, not many, that are in a position to be able to articulate that, they want a liberal democracy and an open free-trading state that does not rely on compellence and coercion to carry out its foreign policy.

Commissioner REINSCH. I wouldn't particularly argue about that.

Dr. WORTZEL. Okay. Then I agree with you that there is a range.

Commissioner REINSCH. The issue is more the range of attitudes toward the United States and how to deal with the United States, and what policies to pursue bilaterally.

Dr. WORTZEL. I would say to you that over the 30-some-odd years that I have observed China, about five of which I lived in there and was a diplomat or a military attache, generally, the policy-making community, and a large number of the Chinese people, aspire to be a major international power and one that cannot be intimidated by the United States or any other consortium of powers. They really hark back to their own history when China was the suzerain, the major state that could compel the states around it to do its bidding and that that's the source of a great deal of pride and nationalism there.

It's a broad strategic orientation, and I simply would agree with you that there is probably a range of views in China about how to articulate that, but most of the people in policy positions or just people on the street, would like to see a very strong China that is able to, shall I say, somehow impose its own will on its neighbors.

Dr. FISHER. In the interest of brevity, of course, yes, there's a range of views, but I think the more pertinent question is which ones matter and which ones have an institutional framework that allows them to convey their position papers, their analysis, their

opinions in a manner that actually matters when the Politburo sits down and decides questions of war, and peace.

I defy anybody, especially Bates Gill, to find the Pro-American Club in China that's willing to march down to Beidaihe tomorrow and give Jiang Zemin a petition with 1,000 signatures saying we want to be Democrats, just like the Americans. I mean, if you can do that, I'll eat these two models here. So, yes, there's a range of opinions, but some matter and some definitely don't.

Dr. WORTZEL. Do you want to get into people by name?

Commissioner REINSCH. I think I want to see him eat the models. That would be something to see.

Dr. WORTZEL. I'm very honest. If you want to get into people by name, I can run down the names of Chinese people that have fairly sophisticated views of how China should articulate that interest who are in positions of power. I have escorted every deputy chief of the general staff of the PLA and every member from the Military Commission or met with them, but all that said, I think what I outlined for you is pretty well the view.

Commissioner REINSCH. Well, that's what I was pursuing. I don't think that the question really was a search for friends of the United States, if you will, in the way that Mr. Fisher just put it. I'm really building on what has been presented by others earlier, which suggested a more internal disagreement within China about how to handle the United States on any given issue.

Dr. WORTZEL. But none of them say give up and join the United States.

Commissioner REINSCH. No, no. That wasn't my premise.

Dr. GILL. Let me put it this way, if I may, Commissioner.

Dr. FISHER. None of them say let Taiwan be Taiwan either.

Dr. GILL. Let me put it to you this way. Let me see if people would agree or disagree on this statement.

China today, the political, social makeup of China today, is now at an unprecedented degree of openness. Now we can complain that it's not open enough, but it's at an unprecedented degree of openness, that the range of debate and opinion is greater than its ever been in how to deal with the United States. And because of that, we, in the United States, have the greatest opportunity ever to shape those discussions in ways favorable to the United States.

Now, again, I'm not saying it's a democracy over there. I'm not saying it's as wide-open as we'd like it to be, but there's no doubt in my mind that it is the most open we've seen it in 50 years, and—

Vice Chairman LEDEEN. Do you think it's more open today than it was 10 years ago?

Dr. GILL. Absolutely. I disagree with the discussion this morning that somehow 1989 marked the peak. It certainly marked the peak of people brave enough to go down the streets and demonstrate, but I think what it also did was it set parameters of the range of debate that could happen through other channels.

There's no doubt that the society is more open and that our opportunities—I think that's what you're really getting at—our opportunities to exploit, and leverage, and try to shape that debate in ways favorable is the greatest it's ever been. I don't know if you guys would disagree with that or not.

Commissioner REINSCH. I have a second question, but in the interest of putting your theory to the test, I will ask your two colleagues, in two sentences, do you agree with what he just said or not?

Dr. WORTZEL. Actually, I do. In fact, Vice Chairman Ledeen, I think that there were many areas where people were more free to do a lot of social things. And I was there through Tiananmen. You know, I was out—

Vice Chairman LEDEEN. Yes, I know.

Dr. WORTZEL. But that, broadly, the ability to articulate ideas and in a number of areas, particularly economic and less political, to act on those ideas or discuss ideas is greater today than it has ever been, certainly since the establishment of the People's Republic of China.

Commissioner REINSCH. Mr. Fisher, do you want to respond in two sentences?

Dr. FISHER. In the sense that this is a phenomenon that we can observe and see on numerous levels, if there's any opportunity for us to expand this and make it even greater, we should do so. But I also offer the very obvious caution of the history of the last two years, when you have new mediums and forums for this debate, and the party views it as a threat, it clamps down on it or tries to control it. The Party is trying to control the Internet. Scholars, Chinese American scholars who dare, through empirical research, to question orthodoxy get thrown in jail.

Dr. WORTZEL. Certainly, Chinese scholars.

Commissioner REINSCH. We've got other people waiting to jump in here.

Let me ask the second question, if I may, and this is addressed to an issue that Mr. Gill raised, and actually Mr. Wortzel came back to it in a helpful way in one of his comments, and that is this question of changes in Taiwanese thinking about the relationship between Taiwan and the People's Republic. I guess I'm trying to parse through what the two of you suggested, and I think Mr. Wortzel got to the point that I was going to get to, which is this is, after all, a democracy, and one has to provide some latitude.

I mean, it seems to me our policy for a long time has been that there's one China and that the relationship between the two pieces needs to be resolved by them peacefully, end of story. That, it seems to me, has implicit within it the idea that one acceptable resolution of the United States would be for Taiwan to decide that it wants to have a closer relationship, whether it's political or any other way, with the mainland.

Now, I assume when you said what you said, Mr. Gill, that you were talking about, I guess, phony decisions like, you know, in Eastern Europe, post-World War II "elutions", or the 1938 Austrian Anschluss, in which case you don't really have a democracy in action, you have a subversion of the process and a paper decision, and I certainly agree with you there.

But it also seems to me that the line here is getting a lot blurrier. It's real easy to talk about what happens if they invade, and how do we respond, and how do we deal with it. It's a lot harder to deal with the fact of what you both said, which is that there is a lot more investment going on; there's a lot more travel going

on. The Taiwanese economic stake in the mainland is growing significantly and dramatically. I think it's quite likely over the long term that that's going to have political implications.

I guess the question is are we really prepared to deal with those, and are we prepared potentially to accept an outcome here that may be a little bit outside the box in terms of our current thinking?

Dr. WORTZEL. Let me read you something from, this is Jiang Zemin's speech to the 15th Chinese Communist Party Congress, a part of it, Tuesday, September 23, 1997.

"We will never give up the use of force to prevent Taiwan from being separate."

Now the dilemma that you pose is that those people in that democracy have never had the free exercise of choice. I don't know what they would decide if the threat death was not hanging over their heads. I can tell you that probably, probably you'd get a larger percentage than you have today.

Today, about 2 percent of the population of Taiwan would reunify with the mainland under any conditions whatsoever, and probably about 12 percent would want to declare independence, and everybody else is somewhere in the—I don't know what it would be if the threat of force weren't there because it's sort of an idle question.

What would the United States do if Puerto Rico wanted to declare its independence and not be a territory or a state? Absolutely nothing. I mean, this is really a very academic question because it's only a democracy to the extent that they have that choice, and they've never been given that choice without the threat of war.

Commissioner REINSCH. Mr. Gill, you were the one that raised it. Do you want to respond?

Dr. GILL. I think the reality is, as Larry points out, that there is this coercive element involved, and we may wish it were gone or disappeared or that we could somehow magically make it not there, but it isn't. So, in fact, I think, Larry, the question you just posed is very academic. The reality is that there is a threat and that it is over the heads of the people of Taiwan, whether we like it or not, and may well be there, maybe not the threat of death, but if we were to increase our ability to defend Taiwan, there would still be threat of war, at least, which could be extremely damaging, maybe not death.

So I think that what I'm trying to say is that this coercive element is always going to be there, almost likely, and that I would agree with you that we have not done enough thinking in this town about whether or not, as you put it, we can accept an outcome which doesn't come by war. We all know that if war comes, we're going to be there. I think we're pretty clear on that. But what about this other way that I think is going to become increasingly salient for our interpretation, through economic and cultural interaction? I don't think we've thought that through yet.

Dr. WORTZEL. Well, let me add something to that, that in terms of—

Vice Chairman LEDEEN. Let Rick say something—

Dr. FISHER. I'm sorry, Larry, for stealing the floor.

I would simply disagree with my esteemed colleague, Bates Gill, that we're going to be shocked and surprised out of our pants when Taiwan votes for unification because of—

Dr. GILL. Did I say that?

Commissioner REINSCH. I don't think that's what he said. I don't think so.

Dr. FISHER. The implication is that Taiwan could elect to unify through a democratic process because of ongoing political trends in Taiwan. I just would offer—

Dr. GILL. I think Larry said that they are a democracy and could do that.

Dr. FISHER. But you are suggesting that we should watch for this and that this is something that could take us by surprise.

Dr. GILL. No, no. What we should watch for and be more careful about is the degree to which China is exercising this sort of political form of warfare that integrates Taiwan more closely through economic and cultural exchanges.

Commissioner REINSCH. I have to say it sounds to me like what all three of you are saying is it doesn't matter what the Taiwanese say or do, we know better than they do what they want.

Dr. FISHER. No, no. The Taiwanese—

Dr. WORTZEL. Oh, no, not at all. They know what they want. I think, given a free vote, without force, they'd be independent. Period.

Dr. GILL. I think that's right.

Dr. FISHER. That society is enormously dynamic, and there are political realignments going on right now that are of gargantuan proportion. As the KMT is dividing and the pieces are spinning out, and parts of it are coalescing with what was the opposition and others will try to go and form new alternatives, be a loyal opposition, it's enormously interesting, but it's also fantastically complex and nigh impossible to predict how it's going to turn out. But it's their democracy, it's their system.

So I just want to say that the degree of success that united-front tactics will have is still, at the end of the day, in terms of the PRC calculation, in terms of the Central Military Commission, is still going to be woefully insufficient and that they are going to return to military coercive measures before too long.

Commissioner REINSCH. I'm toast. Go ahead.

Vice Chairman LEDEEN. Are you happy?

Commissioner REINSCH. I'm finished with that line. Let's give somebody else a chance.

Commissioner MULLOY. I'll tell you the truth, I was struck by the same point that Commissioner Reinsch was struck by. I had always understood that since the Shanghai communique by President Nixon and then President Reagan was involved in another communique, that there was some recognition that Taiwan and China, both sides understood that they were China—

Dr. WORTZEL. No—

Commissioner MULLOY. Let me finish.

Dr. WORTZEL. That's fine.

Commissioner MULLOY. And that what we were worried about is that the thing should take place by peaceful means, the reunification. And I assure you that we did have witnesses in here, both on

June 14th and yesterday, to talk about the economic integration that's taking place there.

I thought one national security issue was raised by that is that we're so dependent upon the innards of our computers on what is being made in Taiwan that its migration into China raised an issue. But I still thought that if they were able to resolve their differences peacefully and integrate, that that was their decision and that did not involve our national security interests to stymie what they both might want to have happen.

Now, do you all disagree with that and think that we ought to have some policy that, regardless of what the Taiwanese want, that we're not in favor of that—

Dr. WORTZEL. The last part of your statement, Commissioner Mulloy, is absolutely true. Whatever decision has the assent of the people in Taiwan, the United States could, and will, and should live with.

Now, in—

Vice Chairman LEDEEN. That's enough, I think.

Dr. WORTZEL. Oh, no, because there's another part, this idea that the United States accepted that there was one China. The United States never took a formal position and has not to this day taken a formal position on the sovereignty of Taiwan. The United States, in this three communiques and in the Taiwan Relations Act, has said that it, depending on the Chinese translation, acknowledges or recognizes that people on both sides of the Taiwan Strait agree there is one China.

Now, that was a reasonably true statement at the time when the Guomindang, one of the two parties of the Chinese revolution or civil war, ran Taiwan as a dictatorship, but wasn't even true because there were still people who wanted Taiwan independence that were being arrested and killed. But it was a true statement.

Under a democracy, with four major political parties, now five, I guess, Lee Teng-hui has started a fifth party, that is not a true statement any more. Now the true statement is some people on both sides of the Taiwan Strait acknowledge that there is one China.

Commissioner MULLOY. Let me just, because I have a couple other questions, so I just wanted to get your view.

If this integration takes place, you don't think that we should stymie that in any way.

Dr. GILL. I, personally, don't think we should. But I think a part of our confidence in the past has been that we didn't see, in any near-term horizon, the likely resolution of this and that there would be continued de facto separation of the two. Now that it appears that this may come along soon, possibly, possibly, especially under a democratic system that can make the vote if it chooses—

Commissioner MULLOY. Right.

Dr. GILL. There are many people who are beginning to rethink—I think the basic question is this, and I think the Chinese have already decided for us. As far as the Chinese are concerned, we do not want Taiwan to be a part of China, period, because it is strategically against our interests to see that happen. Now that's what the Chinese have figured out for us. I don't think our national debate has decided that.

Commissioner MULLOY. Our national debate, as I understood it, would be if they wanted to have it happen—

Dr. GILL. Yes. I think that that is a policy at the official level. That's right.

Commissioner MULLOY. Okay. And what about you, Mr. Fisher?

Dr. FISHER. I agree with Larry. If the Taiwanese should elect through a free and open process to unify under whatever terms they find acceptable, then if it happens through a democratic process, we should support that, and we most likely will.

Commissioner MULLOY. Okay.

Dr. FISHER. However, I still see, observe, an enormous gulf, an enormous difference between what the Taiwan leadership, the Taiwan political elite, and the Chinese leadership and Chinese political elite see as the proper future for Taiwan. I think that there is still, and justifiably so, great fear in Taiwan that the mainland Communist Chinese view of their future is far less happy than they would want for themselves.

Commissioner MULLOY. I wanted to get that clarified. So I think I got what I needed.

Secondly, do you all agree that the trade and investment, and WTO and PNTR policies that we've been following toward China, and the resultant large imbalance in our trading account, and enormous amount of investment that goes into China has strengthened China's both economy and the resultant military capacity because of that enhanced economic standing? Quickly, if you can, do you all agree that that—

Dr. FISHER. Undoubtedly.

Commissioner MULLOY. Do you think that the policy that we've been following under the Clinton administration, which has now been endorsed by the Bush administration, is the right one for us to continue to exercise toward China; in other words, PNTR, WTO, and all that's tied up in that?

Dr. WORTZEL. I would continue a free-trade regime with China and encourage their entry in the WTO, but I would exercise very strong national security controls on exports.

Commissioner MULLOY. We can do that and still be consistent with—

Dr. WORTZEL. Yes.

Commissioner MULLOY. What about you, Bates?

Dr. GILL. I think the grand bargain that I think was kicked off by Richard Nixon, bringing China into the world, trying to develop pluralism through our economic engagement, will pay off in the transformation of that society. The bargain is still in our favor, so I would continue to advocate it and maintain the sort of hedging we have all along, militarily and through our export controls.

Commissioner MULLOY. Right.

Mr. Fisher?

Dr. FISHER. It's clear to me that the real lesson of the Cold War and policies of the Reagan administration was not that economic integration would automatically lead to the empowering of peoples under Communist so they could transform their countries. They needed help. It didn't happen in a vacuum or by simply free trade. We had a range of policies designed to help those who wanted to sacrifice and fight for freedom to obtain that freedom.

Commissioner MULLOY. But would you continue—do you endorse—

Dr. FISHER. I would continue our trade policy—

Commissioner MULLOY. The Clinton-Bush economic and trade policies?

Dr. FISHER. However, I would radically improve our export control mechanisms so as to bar the export of potentially militarily useful technologies. I would campaign with our allies to reinstitute multilateral military-related export controls, COCOM or something like it, and I would not assume that free trade will someday lead us to bliss.

Commissioner MULLOY. Okay. Now—

Vice Chairman LEDEEN. One second—

Commissioner MULLOY. I have one left.

Vice Chairman LEDEEN. Is there any disagreement on the need for some kind of export controls?

Dr. WORTZEL. No.

Vice Chairman LEDEEN. Desirability.

Dr. GILL. From a unilateral national perspective, I think there certainly is a need. I question our ultimate ability to see that achieved at a multilateral level amongst our allies.

Vice Chairman LEDEEN. But just as a policy matter, you'd like it.

Dr. GILL. We can sure try.

Vice Chairman LEDEEN. If we could do it, you'd like it.

Dr. GILL. Yeah.

Commissioner MULLOY. Okay. Now, my final question comes down to we had an interesting witness yesterday, I think a fellow named Gordon Chang, who has written that the economic policies that we've been following and that the Chinese have been following of engagement are making it impossible, he thinks, for the party to maintain its control in that society and that the party will pass from the scene within five to ten years.

Do you think that regime, the party, wants to stay in power just for the sake of staying in power or do you think in their own minds that they believe that they've been good for China and having rescued it from that 150 years of instability and putting on the road to economic strength. So, in other words, they think that they're good for China because of what they've been able to accomplish. I would be interested in that.

Are they staying in power, in your view, just to hold onto power or do they think that they have a role in keeping China together and moving it forward?

Dr. WORTZEL. I haven't seen that book. I've heard the thesis. Let me offer the second freest economy in the world is Singapore, if you look at the Heritage Foundation, Asian Wall Street Journal Index of Economic Freedom.

Commissioner MULLOY. Right.

Dr. WORTZEL. It is not the freest country. So I would argue that economic freedom is a necessary condition for that sort of political freedom, but it's not a sufficient condition. So there's no necessary, you know, sort of teleological process that says if you've got a free economy, you're going to be a democratic state.

I think that the Chinese Communist Party are a bunch of Communists. They're really Leninists.

Commissioner MULLOY. Yes.

Dr. WORTZEL. Many of them, and most of them, are, and they want power, and they want to hold onto power, and they will hold onto power. And the demonstration that a very authoritarian party that can control the forces of repression, can continue to do that is Singapore.

Dr. GILL. I still believe that—I don't think that I'd adhere to Mr. Chang's thesis necessarily because I think we've had predictions in the past of the ultimate near-term demise of the Chinese Communist Party. So I don't know if I'd put it as starkly as that, but I would maybe qualify it by saying that the socioeconomic forces at work in China today will overwhelm over time the ability of this one-party state to survive. I don't know if it would be in five years, but it will certainly—it's doing it now.

It's eroding its ability to be an effective, to even be effective as a government, let alone as a kind of dictatorial, one-party ideological state. Its ability as a government to act and provide services and doing the things that governments are supposed to do is coming under enormous pressure. So, even in that sense, I think there is an undermining going on because of the socioeconomic transformation.

To answer the second part of your question, why do they want to stay on the top of this heap? Yes, I believe they, personally, believe they've done a lot of great things for China.

More importantly, though, I think if you asked the typical person on the street in a private moment, sure, they don't like the corruption, they think Jiang Zemin is a buffoon, but there's no alternative. That's their real source of power. The typical Chinese does not want to see chaos in the streets. And either they're indoctrinated to believe or they truly genuinely believe it when they try to parse it all out, that if the party were to be removed from power through some act, that they'd have chaos.

There's no other body. There's nothing. This party has prevented any other viable organization or structure to arise. There's nothing. There's no Gorbachev, you know. There's no Vaclav Havel. There's no leader out there who could step up and say, "Okay, calm down everybody. I'm here, and we're going to piece this all together, and we're going to maintain some stability." There's nobody like that.

Dr. FISHER. There are 23 million leaders living in Taiwan who have proven that a monopoly of power is not necessary for prosperity. This is why a key goal of American policy should be to preserve Taiwan's freedom, until a peaceful resolution can be achieved, to preserve Taiwan as an example for democratic evolution on the Mainland.

I would hope, Commissioner, that Dr. Chang's thesis indeed will work out and that the party will be overwhelmed by its ability to control all the forces around it. But I would strongly urge you to consider that this same Party has been slaughtering its own people now for 50 years. Anybody who dares stick their head up gets a mallet on their head real quick. And any organized political opposition is dealt with harshly, severely, immediately.

Consider the utter insanity of mounting a national campaign against an exercise group that has harmless notions of spirituality about their bellies. For a regime to be fearful of the Falun Gong demonstrates that it is utterly afraid of its own people, and that their real legitimacy is paper thin. But the degree to which they own all the guns and are willing to use them gives me cause not to write them off so quickly. They're infinitely resourceful in the business of power, and they will hold, they will use all the means at their hands to ensure that they stay in power.

Vice Chairman LEDEEN. I'd just like to implore my fellow commissioners not to ask questions to which there are no answers.

[Laughter.]

You never know the intentions of people in power at the end of the day. You never know them.

Dr. WORTZEL. If I can add, that's a very important point.

Vice Chairman LEDEEN. It's a very important point. It doesn't matter, from the standpoint of analysis.

Dr. WORTZEL. Chiang Ching-Kuo, the son of Chiang Kai-shek, was just as much an authoritarian leader of a single-party, Leninist-structured party state that his father was and that Jiang Zemin is until one day he said, "Eh, let's let these political parties go, and we're not going to run over the wife of Chen Shui-bian with trucks any more." So you never know when that might happen, but you've got to handicap the outcomes.

Commissioner MULLOY. I think three was a lot of urging from the United States—

Dr. WORTZEL. Oh, of course.

Commissioner MULLOY.—to move in that direction.

Dr. WORTZEL. But you've got to handicap the outcomes.

Vice Chairman LEDEEN. Listen, I mean, trust me, I've been an historian now for about 40 years, and you never know. You just aren't ever going to know. I mean, even guys who have lived and died, and we have all of their papers, and records, and so forth, you don't know their intentions. What's important are the parameters within which they operate and what the various positions, and pressures, and so forth are. Those are the things you have to look at, but please don't ask about their intentions.

Why do they like power? Because everybody in power always likes it.

Commissioner MULLOY. I think if you—

Vice Chairman LEDEEN. That's all. We're not going to know.

Commissioner MULLOY. My view is if you're holding on to power just for the sake of holding on to power, I think your ability to sustain yourself in a tough situation is not as good as if you think you're doing it for some broader reason that's good for your country.

Dr. WORTZEL. If you've got the guns, I don't think it matters.

Vice Chairman LEDEEN. There's no reason to believe that or the opposite of that. We don't know—

Commissioner MULLOY. Well, I mean, you can give me that advice, but that's what I've read. I've been around a pretty long time, and I've read a lot. I mean, that would be my perception of what goes on.

Commissioner BRYEN. I think in those kinds of systems, if you show weakness, your decline may be precipitous than not.

Commissioner MULLOY. Yes.

Commissioner BRYEN. I mean, it's a kind of trap.

Vice Chairman LEDEEN. Anyway, I'm sorry. I shouldn't have said that.

Do you have more?

Commissioner MULLOY. No.

Vice Chairman LEDEEN. There are two quick questions from Commissioner Dreyer, who had to go to Miami because it wasn't hot enough here.

For Rick, the weapons buildup you're talking about is going to cost a lot of money. Yesterday we heard from Gordon Chang, and we've heard from other people, that there are terrible strains within the Chinese political and economic fabric. Do you think it is reasonable for the Chinese economic system to undertake such an expensive weapons buildup without causing terrible internal stresses and strains?

Dr. FISHER. My answer would be simply I hope it does cause stresses and strains because the amount of money being spent is growing. There's a cottage industry of analysts, inside and outside government, who try to estimate the size and the direction of the PLA budget, but the reality is, and I offer my updated Weapons Purchase Chart as Exhibit A, these purchases are just growing this year, so far—

Vice Chairman LEDEEN. No, no, she agrees. She's not challenging the claim. What she's asking is, isn't it dangerous for the regime to undertake such—

Dr. FISHER. It's dangerous, but they appear to be oblivious or believe that it's not a danger.

Vice Chairman LEDEEN. Larry, you said PRC likes to proliferate weapons. Isn't it silly, she asks, since every time China sells nuclear weapons to another country, it implicitly cheapens the value of its own deterrent and makes China relatively weaker?

Dr. WORTZEL. I don't see how the possession of nuclear weapons by many of those countries cheapens or undermines the value of the Chinese nuclear deterrent. Now, Bates has done far more work than me on their overall sort of nuclear strategy and calculus.

My own research and view is that they have what I would call a natural equilibrium that they gained and will maintain with respect to Russia, Japan, and India, and will those numbers grow, too, with respect to the United States, that's roughly the ability to put somewhere between 150 and 250 nuclear warheads on a population that they consider to be a threat. They achieved that with Japan, they achieved that with Russia, they achieved that with India, and I think that they're very comfortable with that level of deterrence. And I think they will grow to that point with the United States.

Vice Chairman LEDEEN. Bates do you want to add something?

Dr. GILL. No.

Vice Chairman LEDEEN. Are you happy? Is everybody happy?

Dr. GILL. Very happy.

Vice Chairman LEDEEN. This was an outstanding session. The three of you are invaluable resources for us. We will undoubtedly

honor you even more as we get closer to writing our report. Thank you very much again. It was really an educational session and a pleasure to be with you.

Dr. WORTZEL. Thanks for having us.

Dr. GILL. Thank you.

Dr. FISHER. Thank you.

[Whereupon, at 4:45 p.m., the proceedings were adjourned.]