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# China: Restoring the Middle Kingdom

RICHARD HALLORAN

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In a competition for influence in Asia, China has surged ahead over the past year with a clear strategy intended to reach discernible objectives while the United States has struggled with a vague doctrine that seemed to lack purpose. In short, Beijing has flourished while Washington has floundered.

The ambition of Chinese leaders is to restore their nation to its traditional place as the Middle Kingdom, the suzerain of Asia to which other nations must render homage. As to their strategy, Chinese leaders have evinced little intention of conquering their neighbors with military force but rather to acquire such political and economic power that no major decision would be made in any Asian capital without Beijing's approval.[1]

In contrast, the Clinton Administration, which began its second term with promises of raising the level of US attention to Asia, has articulated no comprehensive policy about that region, particularly toward China. Washington policymakers, seemingly unaware of China's ambitions and strategy, have propounded a vague doctrine of "engagement" and have been caught off-guard by events, notably the Asian financial crisis that began in July 1997.

As President Clinton prepares for a trip to China in late June 1998, the strategic equation between the United States and China is asymmetric:

- . Militarily, the Chinese appear to have come to realize the superiority of US armed forces, at least for the next few years. China continues to modernize its forces but has not beaten the war drums for two years and seems eager to avoid a confrontation with the United States.
- . Politically, China has engaged in what a US official called "an explosion of diplomacy" as Beijing has sought to secure China's borders in a complete circle. President Jiang Zemin's visits to United States, Canada, and Mexico in 1997 were an extension of that campaign.
- . Economically, China has stolen a march on the United States and Japan to emerge as the major power most concerned with helping Asian nations overcome their financial crises. China has begun to reform its own economy and has pledged to be a "safe island" for its stricken neighbors.

In sum, China's leaders appear to be positioning their nation to dominate Asia by political, not military, power and intend either to ease the United States into withdrawing or to permit US interests to prosper only on Beijing's sufferance. The buzzword in Asia today is "hegemony," and even as Beijing denies seeking such preeminence, its actions are drawn from a concept as ancient as China itself.

Indeed, the ideographs for the name of China, Chung Kuo, mean the Middle Kingdom, a concept originating in the Spring and Autumn Annals of the eighth century B.C., when the Chinese began to fashion the notion of a kingdom superior to others surrounding it. Through the centuries, belief in the Middle Kingdom has endured even as the Chinese were made subservient in turn to the Mongols, the Manchus, and the West. American scholar John King Fairbank foresaw the emergence of a modern Middle Kingdom 40 years ago when he wrote that China's communist leaders "are the heirs of the imperial tradition of the Middle Kingdom--they refuse to be a second-rate nation."

Chinese strategy to restore the Middle Kingdom began to take shape about two years ago, after the People's Liberation Army (PLA) had conducted land, sea, and air exercises, plus missile firings, on the shores opposite Taiwan, the island that Beijing considers a breakaway province. Those maneuvers were intended to intimidate Taiwan into foregoing a declaration of independence. But the United States, which has insisted for a quarter century that resolving the Taiwan question must be peaceful, dispatched two aircraft carriers to the waters east of Taiwan while vigorous diplomatic warnings were sent to Beijing. The Chinese backed down, partly because they lacked sufficient amphibious forces to cross the Taiwan Strait. In addition, China had been surprised by Southeast Asian resistance to its probes into the South China Sea, where several nations have small but effective modern navies. Altogether, that seems to have caused Chinese leaders to realize that their People's Liberation Army would not be a credible threat for a decade and possibly longer.

Even so, Defense Minister Chi Haotian stunned American officers in December 1996 by delivering what many considered to be a bellicose speech at the National Defense University in Washington.[2] Moreover, visible evidence says the Chinese remain intent on their long-term ambition to make the PLA into a world-class force. General Zhang Wannian and Defense Minister Chi told the National People's Congress in March 1998 that plans to dismiss 500,000 troops in favor of a better equipped, more modern force would proceed on schedule over the next three years. Zhang said the PLA would "persevere in strengthening the army through the use of science and technology," while Chi pledged that officers would "be qualified politically, competent militarily, sound in their style of work, well-disciplined, and assured of adequate logistical support." [3]

In addition, China continues to import jet fighters, submarines, destroyers, and military technology from Russia. China has reportedly been seeking to buy aircraft carriers abroad, the latest speculation being that Beijing will acquire the incomplete 33,600-ton carrier *Varyag* from Ukraine. Press reports from Hong Kong said an obscure company in Macao, the Portuguese colony across the Pearl River estuary, had bought the carrier for the unlikely purpose of turning it into an amusement center. Earlier, the Chinese were reported to be negotiating with France to acquire the carrier *Clemenceau*, which is to be retired shortly and replaced with the nuclear-powered carrier, *Charles de Gaulle*. [4]

In response to China's military plans, US military leaders have sought to dissuade the Chinese from miscalculating. General John M. Shalikashvili, then Chairman of the Joint Chiefs of Staff, cautioned PLA officers in Beijing a year ago that the Taiwan crisis might have had "unpredictable consequences." Three times he urged them to seek ways to "lessen the chances for miscalculation." Admiral Joseph W. Prueher, commander-in-chief of US forces in the Pacific, echoed that thought before a similar audience in December 1997, asserting that more Sino-US military exchanges would "reduce the potential for misunderstanding and miscalculation." [5]

Secretary of Defense William S. Cohen was forceful in an address to the Academy of Military Sciences in Beijing in January 1998, saying the United States was open about its armed might because that served American interests. "Allowing others to see our peaceful intentions and our military capability," he said, "helps to avoid misunderstanding and miscalculation resulting from either unfounded fear or misinformed folly." [6]

A critical element in this US effort has been inviting 200 Chinese senior defense officials and military officers to see American soldiers drive M1A1 tanks and fire their guns with stunning accuracy, aviators fly jet fighters in tight formations and hit simulated targets with precision, and sailors aboard ships in Pearl Harbor in Hawaii operate high-tech sensors that can detect and lock on to distant targets at sea. [7]

"I think," Admiral Prueher concluded in an interview at his headquarters above Pearl Harbor, "the Chinese . . . understand the strength of our military forces." The admiral said his command is "not in the mode of breast-beating about the strength of US military forces," and he did not see a benefit in "constantly trumpeting how strong our military is." He paused, then acknowledged quietly: "Every now and then it is useful to demonstrate a data point." [8]

Some analysts in the Pentagon's Office of Net Assessment aren't so sure the Chinese have got the point. In a report called "Dangerous Chinese Misperceptions," they alluded to a Chinese notion that the United States is a declining power and China is poised to leapfrog over the US to build technologically advanced armed forces. Those analysts, a small cluster who have access to all US intelligence and report directly to the Secretary of Defense, argued that the Chinese think weaker powers can often defeat stronger powers. Their report, disclosed by *The Washington Post* in

February 1998, expressed concern that the Chinese think Americans inherently lack the will to fight, which could contribute to a dangerous Beijing decision to attack Taiwan.[9]

The outlook of Chinese military officers depends on their generation within the PLA. The old soldiers who fought alongside their revolutionary leader, Mao Zedong, against the Japanese and Chinese Nationalists have faded away. The PLA is led today by a Korean War generation that has done battle against the United States, South Korea, India, the Soviet Union, and Vietnam--and has known defeat. Many have traveled abroad and seen other armies. In contrast, the young colonels who will lead the PLA in the 21st century have not fought, have not gone abroad, and are considered by many Chinese and Westerners to be nationalistic and narrow-minded even as they recognize US technological superiority. The United States is thus anxious to make contact with them but has so far been blocked for reasons unclear.[10]

Seeing that immediate military measures against the United States were unlikely to be effective, China's leaders have fashioned a political campaign in a classic Chinese manner. From the ancient strategist Sun Tzu to the modern revolutionary Mao Zedong, Chinese have seen war and politics as inseparable. Mao said: "Politics is war without bloodshed while war is politics with bloodshed."

The targets of Beijing's diplomatic campaign to secure China's borders have been Russia, North and South Korea, Japan, the Association of Southeast Asian Nations (ASEAN), India, Pakistan, and the new republics of Central Asia. President Jiang's trips to North America were intended to enhance China's international standing, and they showed audiences at home that he meant to be a star performer on a world stage.

President Jiang conjured up a fresh image of the Middle Kingdom when he addressed the 15th National Party Congress in Beijing in September 1997, asserting that it was imperative for Beijing to have "good relations with surrounding countries." [11] China sought peaceful coexistence with Russia during a visit to Moscow by President Jiang in April 1997 and another by China's top military officer, Liu Huaqing, four months later. Russian President Boris Yeltsin visited Beijing in November, and Li Peng, then Premier and now Chairman of the National People's Congress, returned the visit in February this year. Yeltsin and Li's joint statement called for "the multipolarization of the world and the establishment of a new world order," diplomat-speak for trying to prevent the United States from dominating the international scene.[12]

With Japan, Chinese relations have remained tense but functional. Prime Minister Ryutaro Hashimoto of Japan traveled to China in September 1997 only to be reminded by President Jiang that Japan should reflect on its wartime atrocities in China and resist joining the United States in trying to contain China. A senior Japanese official lamented privately: "The Chinese are trying to confine us to an inferior position."

Amid the middle-sized powers in East Asia, China has attempted to expand its political and economic relations with South Korea even as it has retained its ideological and military alliance with North Korea. Beijing has become a major player in Korean affairs, especially in the four party talks with the United States and the two Koreas that are intended to pave the way for a formal peace treaty ending the Korean War of 1950-53.

In particular, Beijing has cultivated the Southeast Asians. Premier Li Peng sought to reassure Southeast Asians on China's claims to the South China Sea last summer by saying in Kuala Lumpur: "China does not want to see this problem aggravated so that it will affect diplomatic ties." Beijing's influence in Thailand, both officially and through Thai-Chinese businesses, has been so effective that one Thai complained facetiously: "Thai foreign policy is made in Beijing." Beijing's influence in Burma was said to be extensive even though the ruling junta in Rangoon was considered rightist. President Jiang was prominent at a summit of Asian leaders who gathered in Malaysia in December to ponder their economic ills. Jiang said: "The financial turbulence has taught us a lesson: Economic security should cover financial security." [13]

Vietnam has presented a special case for Beijing because of the short Sino-Vietnamese war in 1979 that ended somewhat ignominiously for China. When Jiang Zemin was host in July 1997 to the now retired general secretary of the Communist Party of Vietnam, Do Muoi, he referred elliptically to that conflict, saying "certain remaining historical matters" could be settled so long as both sides were far-sighted, understood each other, and consulted in a fair and reasonable way.[14]

In South Asia, relations with India improved with a visit by Jiang to New Delhi in late 1996 to set a tone that continues. Unresolved border disputes have been set aside for the moment but Beijing and Delhi have a built-in rivalry over who will dominate South Asia, who will have access to sources of energy, and who will succeed in trade competition. Meantime, China's traditionally good relations with Pakistan were on solid ground as high-level officials frequently visited back and forth. Prime Minister Mohammed Nawaz Sharif went to Beijing in February 1998 for his third visit to China.

China closed the loop by negotiating agreements with newly independent Central Asian republics that would reduce military forces along China's long western frontier. Trade increased on the Southern Xinjiang Railway connected with the Kyrgyzstan Railway; a new railway is under construction to handle six million tons of goods by the end of this century. Delegates from Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, Tajikistan, and China met in western China in September 1997, where a senior Chinese trade official, Liu Xiangdong, said: "China and central Asian countries can greatly complement each other in economic structure." [15]

Internally, Chinese leaders have portrayed the United States as an enemy determined to "contain" China and hinder China's emergence into what Chinese consider their rightful place in the sun. A scholar in Beijing leaned forward in his chair to ask an American visitor: "Why is the United States trying so hard to contain my country?" A researcher in Shanghai asked the same thing: "Why should America be afraid of China becoming stronger and our people living better?" In a gathering of Chinese in Shanghai's Peoples Park to practice English with native speakers, a young man said he listened to the Voice of America in both English and Chinese and was annoyed by what he considered anti-Chinese broadcasts. Another pointed to what he called anti-Chinese legislation working its way through the US Congress. When asked to identify responsible American political leaders who advocated the containment of China, most Chinese said they didn't know their names. Pressed to say why they thought the United States wanted to contain China, they pointed to the government-controlled press: "It's in all the papers." [16]

In contrast to Chinese diplomacy, Washington underscored its apathy by long delays in naming an assistant secretary of state for East Asia and ambassadors to South Korea and Japan, supposedly key allies. Secretary of State Madeleine Albright made an exploratory trip to Europe, Russia, and Asia soon after taking office but has since paid little attention to Asia except for a meeting of the ASEAN Regional Forum where she got into angry exchanges with Asian leaders over human rights and economic issues; she was scheduled to visit China, Japan, Korea, and Mongolia in advance of the President's journey to China. President Clinton's meeting with President Jiang in Washington in October 1997 produced worldwide publicity for the Chinese leader but little substance other than agreements to continue dialogue, increase exchanges of military officers, and prevent mishaps at sea. Secretary of Defense Cohen signed that agreement, similar to the long-standing pact with the Russians to avoid incidents at sea, in Beijing in January 1998.

Some influential Asian observers have been harsh in their criticism of the President. "The image of Clinton in Asia," said Nayan Chanda, editor of the *Far Eastern Economic Review*, "is that of an indecisive President so preoccupied with domestic scandals that he has allowed special interest groups to drive US foreign policy." Writing in the winter issue of *Foreign Policy*, Chanda said: "The President's flip-flops highlight how Asia is merely a matter of tactics in his domestic policy wrangles, not of foreign policy strategy." [17]

The chief diplomatic correspondent of Japan's *Asahi Shimbun*, Yoichi Funabashi, writing in the same pages, charged that Washington policymakers had antagonized China and Japan, been unwilling to halt what has been widely perceived as Asia-bashing, and been tepid in responding to Asia's economic turmoil. Funabashi gave President Clinton credit for linking strategic and economic goals but saw no comprehensive regional strategy coming from the White House. [18]

Domestically, the Administration appears to have been caught between liberals who urge it to hammer China for violations of human rights, conservatives who want the United States to support Taiwan, political critics who seek to cripple the Democratic President with allegations of improper Asian campaign contributions, and business executives who push the Administration to obtain more access to China's market. In trying to find a middle ground that would satisfy everyone, policymakers have vacillated and satisfied no one. In March, the Administration let it be known that it would not sponsor a United Nations resolution critical of China on human rights--but won few points for that

decision.

On the economic front, it has become evident that China has considerable leverage as Asian nations try to recover from financial shocks. This is the first time since the Peoples Republic of China was declared in 1949 that Beijing has been in a decisive position in an international crisis. During the rule of the revolutionary leader, Mao Zedong, China was riven with the internal strife of the Great Leap Forward and the Cultural Revolution. Then, in 1978, Deng Xiaoping succeeded Mao and set China on a path of economic reform that was damaged by the Tiananmen episode in 1989 in which unknown hundreds of democratic activists were killed. Deng died in February 1997 and was succeeded by Jiang Zemin.

In exploiting the economic turmoil for political gain, the Chinese have pledged not to devalue their currency from its present 8.3 renminbi to the US dollar. Doing so would make China's exports more competitive and thus would undercut the exports of Asian neighbors. Privately, the Chinese have left an escape hatch by telling diplomats they would not devalue "within this year." [19]

Beijing can afford this position because it has \$143 billion in foreign exchange reserves on which it can draw to assist distressed Asian nations and to absorb Chinese export losses, if any; exports rose nearly 16 percent during the first two months of this year. China's reserves are second only to Japan's \$220 billion and are more than those of Germany (\$77 billion) and the United States (\$59 billion) combined. The Director-General of the Department of Foreign Trade and Economic Relations, Bao Kexin, said in January 1998 that China would be a "safe island" providing financial stability in the region. [20] An unspoken incentive: Large parts of Southeast Asian economies are controlled by overseas Chinese.

China has played something of a double game in Southeast Asia, having earlier contributed to its economic turmoil and later helping to overcome it. China devalued its currency by 33 percent in 1994, which undercut the export earnings of other Asians and made China partly responsible for later currency and stock market woes. As soon as the current economic crisis began, however, China pledged \$1 billion to Bangkok as part of an international package intended to shore up Thailand's economy. Later Beijing promised \$1 billion to Indonesia if Jakarta agreed to reforms demanded by the International Monetary Fund.

In contrast to China's swift response, Washington was slow to react. At first, the White House brushed off the troubles and showed more interest in Bosnia while the Treasury confined itself to platitudes. The Administration's position was perhaps best expressed by the Secretary of Commerce, William Daley, who told the *Chicago Tribune*: "The bottom line is that those economies and those governments have got to take steps to give confidence to their own citizens, their own companies, and to the world's business communities. We can't do that for them."

By January 1998, however, policymakers began to realize that the crisis could hurt the United States. The President telephoned President Suharto of Indonesia to encourage reform and called Prime Minister Hashimoto to urge Japanese action. Mr. Clinton sent the Deputy Secretary of the Treasury, Lawrence Summers, to Singapore, Indonesia, Thailand, Malaysia, China, and South Korea to urge much-needed changes. In his address on the State of the Union in February, the President sought to build support for helping Asian economies, asserting that "preparing for a far-off storm that may reach our shores is far wiser than ignoring the thunder until the clouds are just overhead." Secretary of Commerce Daley set off for Tokyo, Seoul, and Singapore, saying: "I am traveling to Asia to reaffirm President Clinton's commitment to help nations willing to undertake serious economic reforms." The former Vice President and ambassador to Japan, Walter Mondale, went to Jakarta in March to press a reluctant President Suharto to comply with requirements set down by the IMF. The Senate voted to replenish IMF coffers with \$18 billion, but as of April 1998 approval by the House was still questionable. All of Washington, moreover, seemed distracted by the legal wars between the White House and Special Prosecutor Kenneth Starr.

Washington did not see the train wreck coming for several reasons, one of which was what a political analyst called "a Bosnia-centric policy." Officials said the Central Intelligence Agency and other intelligence agencies concentrated on political and security analyses, not on economic affairs. Said a government economist: "We should have been monitoring things better." The press, academics, think tanks, and the business and banking and investment communities were no better. Several economists acknowledged that the signs were there but few gave them heed. "This

is like an earthquake," said an economist at a conference arranged by the Asia Pacific Center for Security Studies, a US government institute in Honolulu. "You can hear all the rumblings and see the sensors telling you the plates are moving around. But no one can say what will trigger the earthquake or when it will hit or how much damage it will do." [21]

Similarly, Paul Krugman of the Massachusetts Institute of Technology, an economist who earlier denigrated the "Asian economic miracle," wrote: "It seems safe to say that nobody anticipated anything like the current crisis in Asia." He asserted that pessimists like himself expected a currency crisis but this has been a "much more severe downturn than even the most negative minded anticipated." [22] An exception was *Business Week* magazine; on 2 December 1996, it published a cover story titled, "Asia: Time for a Reality Check." Among the warning signs were overcapacity, weak capital markets, rising costs, poor infrastructure, widespread corruption, and inadequate training. The *Far Eastern Economic Review*, published in Hong Kong, and the *Economist* of London printed similar warnings more than a year ago.

A pivotal strategic issue between Washington and Beijing is the fate of Taiwan. Japan has been neutralized, as much by its own passivity as by China's actions. Beijing's influence on the Korean peninsula has risen in perhaps the only place where, in the short run, the interests of China and the United States run parallel. But Southeast Asia has become a battlefield over vital sea lanes through the South China Sea.

When President Jiang was in Washington, he reemphasized the priority China has assigned to the conquest of Taiwan. At his insistence, a joint statement after the meeting with President Clinton said: "China stresses that the Taiwan question is the most important and sensitive central question in China-US relations." The President did not dispute the point.

Mr. Clinton, however, put American relations with Taiwan on an equal footing with those with China. In prepared remarks, he said US policy "has allowed democracy to flourish in Taiwan and provides a framework in which all three relationships can prosper--between the United States and the PRC, the United States and Taiwan, and Taiwan and the People's Republic of China." He reiterated the US position that any change in the status of Taiwan should be peaceful. President Jiang did not respond.

The Taiwan question may take on a new look as a younger generation of Chinese comes into authority over the next ten years; they may be less insistent that Taiwan be conquered. "I'd like to see Taiwan become part of China," said an editor in Shanghai, "but it's not worth fighting over." A teacher said, "Let the Taiwanese decide for themselves what they want to do," an opinion that would be rejected outright by his rulers today. A scholar from Beijing agreed: "Nobody really cares about Taiwan. They have too much else on their minds trying to get better work." A graduate student, asked what his friends talked about over a beer, shot back: "Jobs."

A sampling of the thirty-something Chinese in Shanghai's Peoples Park suggested little interest in Taiwan. Asked what was the most important issue facing China today, one said: "Good international relations." Another: "Good relations with the US and Russia." A third: "Getting new technology from the West." A fourth: "Better government in China." A fifth: "More trade." Among more than a dozen young men and women, no one mentioned Taiwan. [23]

Ascertaining a statistically accurate picture of such views is impossible in a nation of 1.2 billion people where the polls are controlled by the government. And while many Chinese expressed their views privately, no one wanted to be identified for fear of retribution. Even so, the anecdotal evidence was striking. Chinese leaders are apparently aware of this sentiment as a senior Chinese official acknowledged to an American visitor that younger people lacked the fervor of his generation.

If Taiwan is central to Sino-US relations, Japan has been moved to the periphery despite repeated American pronouncements that Japan is the "linchpin" of US policy in Asia. Politically, Japan has been paralyzed by a lack of leadership as successive prime ministers have been sitting atop shaky coalitions for five years--and no end is in sight. Economically, Japan suffers from a psychological malaise even though Tokyo has the world's largest foreign exchange reserves, low inflation, and low unemployment. American and Asian leaders have called on Japan to draw in more imports from neighbors but the Japanese seem so concerned with internal problems that they have given little thought to disruptions beyond their shores. Prime Minister Hashimoto has said: "Japan needs to worry about its own self-

interest. We are certainly not arrogant enough to think that we can take the role of locomotive for Asia." In March 1998, Mr. Hashimoto went to Jakarta to persuade President Suharto to compromise with the IMF, but that may have been as much to protect a thousand Japanese investments and trading partners as to urge reform.[24]

Nor is Japan likely to play much of a role in Asian security in the foreseeable future. China, the two Koreas, and other Asian nations to a lesser extent have asserted that new defense guidelines negotiated with the United States would launch Japan into a military buildup and that Japan was once again about to become a militarized nation. The real question, however, is whether Japan has the political will and armed forces to fulfill its obligations under the new guidelines. The answer is: Not likely.

Japan's Self-Defense Force is shrinking by about 20 percent under a new National Defense Program Outline as Tokyo has decided that a more "compact" force would be adequate. More to the point, the Self-Defense Forces were having difficulty recruiting as Japanese voted against militarism with their feet. The Ground Self-Defense Forces are being cut to 145,000 regular personnel from 180,000, with an additional 15,000 ready reserves staffing some units. The Maritime and Air Self-Defense Forces are cutting units that would provide minesweeping and aerial surveillance in emergencies envisioned by the guidelines. Prime Minister Hashimoto's cabinet has trimmed the next five-year defense budget by nearly four percent.[25] "This is the first time since the Defense Agency was established in 1954 that military spending will be reduced from the previous year's level," said a report from the Japan Economic Institute, a research unit in Washington funded by the Japanese government.

In Korea, China's influence in both Pyongyang and Seoul is expanding as Beijing and Washington share parallel interests, for the short term at least. China and the United States are eager to prevent a new war from erupting. Both seek to preclude North Korea from acquiring nuclear arms that would surely upset the balance of power in East Asia. Chinese officials have quietly told US officials that Beijing will not permit North Korea to collapse, despite its disastrous economy, because that would lead to unification under Seoul. Beijing does not want a unified Korean army led by South Koreans sitting on its Manchurian border along the Yalu River. The United States has agreed, implicitly. Although Washington pays lip service to Korean reunification, going along with China supports a top Clinton Administration priority, which is to prevent North Korea from going nuclear. South Korea's economic troubles have put reunification off even further because the cost to Seoul to revive the catastrophic North Korean economy would be prohibitive.

In Southeast Asia, China and the United States are potential head-on competitors astride the South China Sea, a waterway vital to the economies and security of East Asia. Much attention has been paid in Asian and Western capitals to a complex of sovereign claims in that sea, partly caused by possible deposits of oil and natural gas. Only recently, however, has the United States given much thought to the South China Sea's maritime and military value. A study by the Center for Naval Analysis in Washington said that "more than one third of the world's ships" sailed through the South China Sea in 1993. "Shipping traffic through Malacca is several times greater than traffic through either the Suez or Panama Canals," the report said, referring to the strait between Singapore and Indonesia that is the southwestern passage into the sea.

China's leaders evidently understand that controlling those shipping lanes would give them a stranglehold on East Asia, especially regarding shipments of oil from the Persian Gulf through the Indian Ocean and the South China Sea to South Korea, Japan, and Taiwan. As China has industrialized, moreover, keeping those shipping lanes out of hostile hands has become critical to China, which has become a net importer of oil. If tankers from the Persian Gulf bound for East Asia were forced to sail far south around Australia, the cost of oil would go sky high.

For now, Beijing's leaders have chosen political patience rather than military belligerence to gain the upper hand in that region. For the longer run, they are building a deep-water navy that will permit them to project power into the South China Sea. They have claimed and partly occupied the Paracel and Spratly Islands; they have built an airfield in the Paracels and could mount missiles in both places to cover relatively narrow shipping lanes. In response, the United States issued a tepid caution several years ago asserting that the South China Sea was an international waterway and that freedom of navigation should be preserved.[26]

Altogether, the United States is not doing well in this competition with China, largely because Washington does not



seem to be aware of the game that is afoot. China has shifted the rules of engagement as Beijing has embarked on a strategic great leap forward that relies on political and economic maneuver as instruments of national policy. The United States clearly remains the predominant military power in Asia, but that armed might is less relevant when China is playing a political and economic game.

President Clinton will have an excellent opportunity to begin redressing the balance of political and economic power when he visits China. That will require clear definition of national objectives in Asia, particularly with regard to China, and an articulated strategy that will generate a national consensus behind it. The well-turned rhetorical phrases of the past on engagement, human rights, and trade issues will not be adequate.

In the longer term, the United States has an opportunity rarely given in history. Most military observers in Hong Kong, Taiwan, Japan, the Pacific Command in Hawaii, and on the US mainland believe that it will take the Chinese at least ten years before they can acquire enough military power to threaten US interests in Asia. If the Clinton Administration and whatever administrations succeed it can keep their wits about them, prevent the defense budget from dropping further in real dollars, and get more military power from defense spending, the United States can stay ahead of the Chinese even as they close the gap over the next decade.

The combination of a political strategy to compete with the Chinese on their own ground and a military strategy to continue deterrence could channel China into making a constructive contribution to stability and progress in Asia. A failure to do so could have Americans awaken one Sunday morning a decade or more hence to the sound of air raid sirens signaling another Pearl Harbor attack on American interests somewhere in Asia.

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## NOTES

1. This conclusion has been drawn from numerous conversations over the past two years with Chinese in Beijing, Shanghai, Hong Kong, Taipei, and Honolulu, plus discussions with Western and Japanese "China hands" in Asia and the United States. Not all, however, would agree with this finding.
2. For a text of Chi's address, see "Chinese Views of Future Warfare" published by the Institute of National Strategic Studies at the National Defense University.
3. Xinhua, 3 March 1998.
4. Associated Press, Hong Kong, 20 March 1998. On the purchase of an aircraft carrier from France, see Nayan Chanda, "No-Cash Carrier: France May Be Buckling on Chinese Arms Embargo," *Far Eastern Economic Review*, 10 October 1996.
5. For texts, see Defense Department press releases, 14 May 1997 and 11 December 1997.
6. For text see Defense Department press release, 27 January 1998.
7. From background discussions with officers at Pacific Command and in Washington, D.C.
8. Interview with author, 18 February 1998.
9. John Pomfret, "Even Up Close, China's Vision of U.S. Is Out of Focus, Defense Officials Indicate," *The Washington Post*, 15 February 1998, page A10.
10. Discussions with Chinese and Westerners who asked not to be identified. For a recent study of Chinese military officers, see James C. Mulvenon, "Professionalization of the Senior Chinese Officer Corps: Trends and Implications," National Defense Research Institute, RAND, 1997.
11. Xinhua, 11 September 1997.

12. Xinhua, 18 February 1998.
13. Xinhua, 16 December 1997.
14. Xinhua, 14 July 1997.
15. Xinhua, 5 September 1997.
16. Conversations with the author in Beijing and Shanghai, October 1997.
17. Nayan Chanda, "Clinton's Foreign Policy: A Victim of Globalization? A View from Asia (II)," *Foreign Policy*, 109 (Winter 1997-98), 67.
18. Yoichi Funabashi, "Clinton's Foreign Policy: A Victim of Globalization? A View from Asia (I)," *Foreign Policy*, 109 (Winter 1997-98), 51-54.
19. "Escape Clause," *Far Eastern Economic Review*, 12 March, 1998, p. 8.
20. Xinhua, 24 January 1998
21. Background comments during workshop sponsored by the Asia-Pacific Center for Security Studies, Honolulu, 12-14 January, 1998.
22. Paul Krugman Web Site, January 1998: <http://web.mit.edu/krugman/www>
23. Discussions with the author, Beijing and Shanghai, October 1997.
24. For a discussion of Japan's economic ties with Indonesia, see Kazunari Yokota and Sei Sasaki, "Economic Ties with Indonesia Strained," *Nikkei Weekly*, 23 March 1998, page 1.
25. Japan Self-Defense Agency home page: <http://www.jda.go.jp>
26. For a discussion of issues in the South China Sea, see Reynolds B. Peele, "The Importance of Maritime Chokeyoints," *Parameters*, 27 (Summer 1997), 61-74.

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