

THE EMERGENCE OF CHINA AS A MILITARY POWER

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Introduction

In the case of China, we need, first of all, to be more specific as to which emergence as a military power we propose to look into. For all of recorded history, and certainly for the past 2500 years, China has been the dominant strategic entity in East Asia, decisively larger in terms of population, territory and wealth than any other tribe or community in this neighbourhood. Equally, military power has played a decisive role in China's history for all of this time. In times of particularly strong national coherence, as in the Han, Tang and Ming/Qing dynasties, imperial armies pushed the boundaries of the empire out quite dramatically. The more consistent targets of these expansionary impulses have been modern Vietnam, Korea, Manchuria, Inner and Outer Mongolia, Xinjiang and Tibet. The scale of China's asymmetric strategic weight is reflected in the fact that, on the two occasions that foreign entities succeeded in conquering China – the Mongols in the 13th century and the Manchu's in the 17th century – it took the invaders 30-40 years to complete the task.

This is not the place to probe too deeply into China's fascinating and spectacular past. Our primary interest, rather clearly, is to consider how China's armed forces have travelled in the modern era of 'reform and opening up' and what this might suggest for the decades immediately ahead. There are, however, two considerations that can be extracted from this extraordinary story that have continuing relevance today.

First, historically, China's strategic preoccupation (and its military tradition) has essentially been that of a continental or land power. China's current security focus on its maritime approaches is essentially without precedent. This matters because China's continental orientation remains as an irreducible reality; those extensive land borders will always be there as a potential achilles heel to qualify whatever requirements or aspirations it may have for maritime power.

Second, China's leaders in the past incurred prodigious costs in blood and treasure to acquire and regain surrounding territories. The most recent slide in China's 'comprehensive national power' began in the first half of the 19th century, saw the collapse of the imperial system in 1911 and continued on through the era of the Republic of China and the early part of the era of the People's Republic of China. But post-imperial China, despite being weakened by a century of relative decline, secured sovereignty over nearly the full extent of the former imperial territories at zero cost. To cut a long story short, it was a gift of the international system in the opening decades of the 20th century (when the US was rising rapidly), reaffirmed in 1945 (when the US was the dominant power). This broke a pattern that started with the Han dynasty two millennia ago. It also means that regaining former territories is not part of the PLA's tradition.

The Modern PLA

In 1949, the PLA was a formidable guerrilla army but not remotely a modern military force. Moreover, having missed the industrial revolution and China was essentially devoid of the technological and industrial capacities needed to transform the PLA into such a force. Convinced of American determination to reverse his revolution, Mao reluctantly but determinedly sought a security pact with the USSR and developed the concept of 'people's war' as an external security

posture for China. People's War played to China's two strengths: lots of people and depth of territory. The defining threat was a full-scale assault by a superpower, including the use of nuclear weapons, to which China would respond through trading people and space but eventually creating opportunities to smother the invader in a PLA-led people's war of attrition. This posture had the additional virtue of requiring dispersed deployment of the PLA and facilitating the performance of its internal security role. Rapid industrialisation with extensive Soviet technical assistance included the emergence of large PLA-managed enterprises producing older-generation Soviet equipment in great numbers: light armour, coastal submarines and combat aircraft (regarded by the PLA leadership as long-range artillery). These circumstances, coupled with the PLA being repeatedly drawn into the maelstrom of CCP politics, had the almost inevitable result: a PLA that was bloated (close to 5 million personnel in the 1970s), inefficient, and moving ever further away from being a modern military force. It was also very costly with official US estimates suggesting that it absorbed upwards of a debilitating 15% of GDP in the 1970s [see Chart 1].

We understand that Deng Xiaoping was a trenchant critic of the PLA even when Mao was still alive. His reservations were confirmed when, as the new paramount leader, he ordered an incursion into Vietnam in 1979 to 'teach it a lesson' for invading Cambodia the previous year. Although presented as a sharp, limited intervention to send a political message, the PLA very nearly suffered an undisguisable defeat. By this time, however, Deng had succeeded in engineering the decisive re-orientation of China's aspirations under the catch-phrase 'reform and opening up (which, roughly translated, meant 'it's the economy, stupid')'. Deng's determination to give absolute priority to economic development included scrapping Socialist prescriptions for the creation and distribution of wealth in favour of free markets and sacrificing China's ageless preference for autonomy in favour of interdependence with the global economy.

As a heavy consumer of China's limited resources and a critical asset in ensuring the CCP's grip on power, the PLA was necessarily a key factor in Deng's strategic re-orientation. He had to sell the proposition that China confronted a strategic window of opportunity, an indefinite period of comparative tranquillity on the security front defined by a reliable stalemate in the superpower confrontation, with China usefully positioned between them and able to pivot one way or the other to sustain that stalemate. The available evidence supports the contention that Deng entered into a compact with the PLA under which the PLA would accept a diminishing share of GDP in the short to medium term on the understanding that it would later have an appropriate share of a much larger and faster growing GDP. Accordingly, the PLA was among the four priorities areas for reform and modernisation that Deng identified but ranked last behind agriculture, industry and science & technology.

Even Deng could not trifle casually with Mao's legacy but the simple innovation in the early 1980s to characterise the PLA's mission as 'people's war under modern conditions' was sufficient to license China's security community to begin to debate where the PLA should go. By the mid-1980s, Deng was confident enough to declare that the threat that had defined PLA thinking for more than three decades, the full scale strike by a superpower, should be scrapped in favour of roles and missions more responsive to China's contemporary and emerging security challenges. At about the same time, the PLA decided to downsize, initially demobilising 1 million personnel, with later decisions cutting a further 700,000, resulting in the current establishment

of some 2.3 million. More than one-third of the manpower cut from the PLA appears to have been diverted to China's several para-military organisations, notably the People's Armed Police so the reduction in capacities to ensure internal stability was less drastic.

Operation Desert Storm in 1991, characterised by the limited but still graphically effective application of precision guided munitions and network-centric warfare, sharpened the debate in China in two main ways. First, it underscored how remote the PLA was from the cutting edge of contemporary warfare. Second, it highlighted that decisively important objectives could be won (or lost) with extent forces in timeframes that precluded mobilisation and even the massing of extent forces from surrounding theatres. In 1993, the PLA proclaimed the aspirational objective of 'winning limited/local wars under hi-tech conditions', further refined a decade later as 'winning limited/local wars under conditions of informationisation' and adding some indicative interim milestones: achieving the foundations for a modernised military by 2010; significant progress toward the objective by 2020; and achieving the objective itself by 2050.

These brief observations are intended to support three initial observations about the trajectory of China's military power.

First, China is engaged in the patient and methodical development of its armed forces to capability levels appropriate to its determination to regain the status of a first-rank global power. Motivated by defence imperatives, power and influence, prestige and symbolism, China has aspired from the outset to acquire military and related capabilities that match in every way those of the other advanced states, above all, the United States.

Second, to help reconcile this aspiration with China's overall economic weakness and patchy skills in R&D and advanced industrial capacities, the PLA was persuaded to accept a declining share of the nation's resources and to, as far as possible, direct the resources it did receive to improving the quality of its personnel and developing, whether indigenously or through other means, the R&D/industrial support base needed to underpin a modern and competitive military force. Most particularly, the PLA was encouraged (directed?) to preference these objectives over the 'normal' practise of re-equipping its forces with successive generations of new systems that, although improved, would still be inferior to those employed by others.

Third, we should not lose sight of the fact that all of this involved a transformative change in China's security paradigm from a continental to a maritime focus. At another level, it involved transforming a military establishment that had become more political than professional. At yet another level, it involved transforming a force utterly dominated by the Army to one in which the Navy, in particular, but also the Air Force commanded increasing power, influence and budgets.

These propositions are consistent with several of the more conspicuous characteristics of China's military program.ⁱ The quantitative development of Chinese forces, for example, has been comparatively modest to date with production runs for indigenous combat aircraft and naval surface platforms, in particular, staying relatively short, suggesting that the platforms in

question are still regarded as stepping stones to capabilities deemed cost-effective for major investment. Table 1 broadly confirms these observations in respect of naval forces.

At the other extreme, so to speak, there are capabilities that China deemed at various points in the past to be so central to its political-military aspirations that they could not be deferred until they emerged naturally from the nation's wealth and technological competence. The outstanding examples include (1) nuclear weapons and ballistic missile delivery systems and (2) a capacity to exploit the military and commercial potential of space and to counter the offensive potential of foreign space assets. China is re-enacting the milestones of the manned space programs carried out by the US and the USSR. Equally, it is putting in place the full suite of commercial and military space assets pioneered by the superpowers. China's demonstration, in 2007, of an anti-satellite capability and of a hit-to-kill ballistic missile defence capability in 2009 reflect many years of heavy investment in the component technologies. A third and more recent example might be the J-20, a twin-engined stealth combat aircraft unveiled in January 2011. Seen alongside China's other recent indigenous combat aircraft programs - the J-11, a rough match for the American F-16 of the 1970s, and the J-11B and J-15 (both somewhat controversial 'adaptations' of the Russian Su-27 and Su-33 respectively) - the J-20 appears to be a bold attempt to jump to more contemporary combat aircraft technologies. Finally, in respect of cyber warfare, a novel arena resulting from the information revolution (which roughly coincided with China's 'reform and opening up' program), China is widely considered to be at the cutting edge, in practise as well as theory.

Finally, the case of the nuclear-powered ballistic missile submarine (SSBN) highlights the point that even some capabilities deemed critical remained out of reach for some time. The SSBN is a package of technologies that emerged during the Cold War as the centrepiece of a secure nuclear deterrent, far less likely to be found and destroyed than bombers or land-based missiles. All of the original nuclear weapon states except China developed and deployed this system. China completed its first SSBN, the Xia class, in 1983 but it appears to have been a major disappointment. Only one boat was built and there is no evidence that it conducted a single operational patrol. Nearly 25 years passed before China began construction of a follow-on SSBN, the Jin class, and had sufficient confidence in the package to produce a small fleet of them: 3 have either been launched or are under construction and the expert speculation is that a total of 5-6 will be built.ⁱⁱ

A similar inference could be drawn from the high-profile weapon systems acquired from Russia since the end of the Cold War, that is, capability gaps that were perceived to be urgent but out of reach of China's technological and industrial capacities. The key examples are 4 large Sovremenny-class destroyers (8000 tons) armed with an advanced anti-ship missile (the SS-N-22 Sunburn); 12 Kilo-class conventional submarines, relatively quiet, suited to shallow seas and armed with SS-N-27 Sizzler anti-ship missiles; and several variants of the Su-27/30 twin-engined multi-role combat aircraft. All of these systems compromise Soviet/Russian technologies from the 1980s but they were developed to cope with the USN and USAF. It could also be noted that China still relies on Russian or Ukrainian sources for gas turbines (major surface warships) and high-performance jet engines (combat aircraft).

Anti-Access/Area Denial

As is well known, the RAND corporation conducted a major study, published in 2007, which endeavoured to infer China's strategic objectives and intentions from the observable capabilities the PLA was putting place.ⁱⁱⁱ The study concluded that the anti-access/area denial (often shortened to A2/AD) objective coupled with a focus on asymmetric means of countering enemy capabilities both made sense from a Chinese perspective and seemed to 'explain' much of what the PLA was actually doing. Under the A2/AD concept, China has only to significantly delay the ability of the US to bring its military capacities to bear to secure an objective close to China and transform the issue (adversely, from the US standpoint) from deterring or defeating a Chinese attack to ousting an occupying Chinese force. The optimal outcome for China would be to deter the US from intervening at all by convincing Washington that the costs would be prohibitively or, at least, disproportionately high.

The focus of this thinking, of course, is Taiwan. Whatever the merits of our thesis that, from the early 1980s, the PLA was encouraged to think in terms of a patient and methodical (ie long-term) process of acquiring a comprehensive suite of competitive military capabilities, the Taiwan crisis of 1995-96 does appear to have injected some disruptive urgency and focus. Beijing was sufficiently alarmed by the political mood in Taiwan in favour of independence to engage in a crudely blatant program of military coercion only to decide that it had to desist in the face of a plausible US threat to inject 2 carrier task forces into the arena. Beijing concluded, it would appear, that the gap between its political rhetoric on Taiwan and its military capacity to back up that rhetoric was unacceptably large and had to be narrowed urgently. There were two dimensions to this challenge. One was to negate Taiwanese capabilities to sink an invasion force. The other was to prevent or at least sufficiently delay any US endeavour to come to Taiwan's assistance. The responses to the first challenge included deploying a formidable force of accurate short-range ballistic missiles on the mainland adjacent to Taiwan, (these currently number around 1200 and are thought to have the primary mission of destroying or grounding Taiwan's air force) and acquiring advanced long-range (or area defence) surface-to-air missile systems to secure air superiority over the Taiwan Straits.

The second challenge was more demanding and attracted a more diversified response, which the Chinese refer to as counter-intervention. Both Chinese and US analysts seem to agree that the most critical force-multiplying capabilities on the US side are its aircraft carriers, its space assets that perform communication, intelligence and targeting functions, and its information distribution nodes in the region. China has worked energetically over the past 15 years to acquire the offensive firepower, the airborne and space –based Intelligence, surveillance and reconnaissance capacities to direct this firepower, and to develop Navy and Air Force capacities to conduct joint operations that, collectively, would require Washington to think much more carefully about committing its forces to a Taiwan contingency. The firepower consists predominantly of an array of anti-ship missiles launched from submarines, aircraft and surface ships. A long-range, ground launched cruise missile capability is also imminent. Perhaps the most innovative system – a world first, in fact - is an anti-ship variant of the DF-21 medium range ballistic missile (range ca 2000km). This system has a warhead (which could be high-explosive, generate a localised electromagnetic pulse to disable a ship's electronic systems, or nuclear) that can manoeuvre in its terminal stage to compensate for changes in the position of the target during its flight time, perhaps 15 minutes. The Pentagon has detected test flights of this missile and considered, in 2011, that it was approaching operational status.

In the background to these capability developments, China's security community debated strategy and doctrine. In its Defence White Papers and elsewhere, China has highlighted its concept of active defence, a position intended to signal that, once China is attacked, it will, as necessary, take offensive initiatives to defeat the enemy. Some participants in China's internal debates have contended that active defence should be interpreted to include pre-emption. The 2007 edition of *The Military Power of the PRC*, a Congressionally-mandated Pentagon assessment of military developments in China, took the view that China did consider pre-emption to be a legitimate option within the concept of active defence. If taken seriously, this position compounds American difficulties. Forward bases, notably Guam but perhaps also Okinawa, could be struck in the first indication that hostilities were underway. Similarly, politico-military manoeuvring of forces as part of an effort to manage and defuse the crisis could trigger a pre-emptive strike.

Clearly, geography, technology, and capability differentials have inclined China toward a posture for a Taiwan contingency that is difficult to characterise as prosecuting a limited or local war and which could prove to be correspondingly more prone to further escalation. The same impulses can be seen at work on the US side. To defeat China's A2/AD posture, America's still ill-defined Air-Sea Battle concept looks in the first instance at the key capabilities on the Chinese mainland that enable and support this posture.^{iv} Again, notions of a limited, local conflict become hard to sustain when the homeland of one of the protagonists comes under attack.

All of this invites a question not often asked. As the foregoing commentary makes clear, there has been a tendency to view the past 10-15 years as a particularly energetic and fruitful period for the development of PLA capabilities but an effort that has been significantly skewed toward a Taiwan contingency. But to what extent should the PLA's capability gains over this period be regarded as specialised for a Taiwan contingency and thus a diversion from whatever broader aspirations the PLA may have developed before 1996? The answer, it seems to this author, is not that much. Apart from the specialised units needed to transport a large number of troops across the straits, a capability that China has not expanded significantly, the rest is either generic or applicable to all the spaces that are comparably proximate to China.

Aircraft Carriers

China's first aircraft carrier—the Liaoning—was commissioned and began sea trials in September 2012. It had no aircraft embarked but a J-15, a Chinese adaptation of the SU-33, made the first landing on the vessel in December 2012. The Liaoning was under construction in the former Soviet Union as the Varyag, sister ship to the Knuznetsov-class 'heavy aircraft-carrying cruiser', a 65,000 ton vessel with a pronounced 'ski-jump' bow rather than steam catapults to launch its aircraft. Construction was suspended when the Soviet Union broke up in 1991 and the vessel was later stripped of its armaments, electronics and engines. Chinese interests acquired the hull in the early 1990s, allegedly with the intention of converting it into a floating hotel for casino patrons in Macau, only to conclude that the water at the proposed location was not deep enough. In 1998, the vessel was acquired by the PLAN.

Since the 1980's, snippets of intelligence have leaked into the media suggesting exploratory PLAN interest in acquiring carriers: for example, satellite photography of carrier decks painted onto the runway at military airfields and of a raised platform constructed in a lake to simulate a

carrier deck. Admiral Liu Huaqing, PLAN Commander 1982-88 and a Deputy Chairman of the Central Military Commission from 1989 was a carrier devotee. He is associated with a 1982 plan proposing that the naval dimension of the nation's active defence strategy comprise a three-stage carrier-dependent endeavour to end US military dominance in the Pacific and Indian Oceans. In stage one (2000-2010), China would establish sea control within the first island (Okinawa-Taiwan-Philippines), move on to the second chain (Ogasawara-Guam-Indonesia) in 2010-2020 and then consolidate its primacy in the entire western Pacific and Indian Oceans over the period 2020-2040.

China approached this pivotal decision cautiously, although one could reasonably infer from the official justifications offered in recent times that it was understood in the internal debate that it was a question of when and how rather than whether China should acquire a carrier force.^v In the 1980s, it is likely that costs and technological limitations drove deferral of the program. These considerations would have remained strong into the 1990s, supplemented, perhaps, by (1) the urgency attached to acquiring Taiwan-focussed counter-intervention capabilities and the low relevance of carriers to this contingency, and (2) the prominence that the CCP elected to give over the decade 1995-2005 to declaratory positions on foreign and security policy intended to reassure neighbours in Asia. An aircraft carrier, the quintessential military instrument for power projection, would have cut across this declaratory message. Hu Jintao, however, President from 2002, appears to have been persuaded of the centrality of the PLAN to China's security needs and aspirations. He delivered a speech in 2004 that spoke of (and thereby legitimised) the notion of 'far seas defence', that is, China's emerging global interests and responsibilities. The US Office of Naval Intelligence reported that senior Chinese officials appear to have been authorised in early 2006 to begin making public statements anticipating the introduction of an aircraft carrier, suggesting that the decision to refurbish and commission the Varyag/Liaoning was made in 2005.^{vi} The Pentagon anticipates that China will proceed to construct additional carriers and some commentary refers to intelligence that one such indigenous carrier is currently under construction.^{vii}

As noted above, China's re-emergence over the past 30 years is characterised by a patient and methodical determination to rebuild China's power in a comprehensive and balanced manner, minimising the nation's vulnerabilities. The commitment to the Liaoning is most unlikely to be an exploratory move or a token gesture. China has taken at least 25 years to test and confirm the hypothesis that it needs aircraft carriers to achieve its security aspirations and the Liaoning almost certainly represents a commitment to a carrier-based navy. With three fleets, this could mean at least 4-5 carriers if each fleet is to have an operational carrier at all times.

China's Military Expenditure

Chinese governments have never been, and are not now, attracted to transparency. Indeed, secrecy is a deep-seated and powerful tradition, one directed equally at internal and external audiences. And as in all states, this tradition is practised most zealously in the military sphere. Over the two decades up to 1980, China did not divulge so much as a single figure on its military expenditure. It is no surprise, therefore, that China's military expenditure is a bone of contention. China now publishes its defence budget each year, and insists that this budget covers all the categories of expenditure that other states include in their military expenditures.

Unfortunately, China has no visible processes of internal review. The budget is not justified to or approved by any independent agency. Nor is there sufficiently detailed information either on China's central government expenditures or its national accounts to allow economists to confirm the probable broad magnitudes accounted for by the military effort. Many states and analysts contest the view that China reports all its military expenditure, and adopt varying techniques to estimate the missing expenditures. Together with the options available to adjust for inflation and to convert expenditures to a common currency, this produces a wide range of estimates that can be hazardous for analysts to compare. Published estimates of China's military expenditure range from 2X to 10X the figures published by China's government.^{viii} This credibility gap is regrettable. Comparisons of the level and rate of change of military expenditure seem like a convenient surrogate for the complexities of evaluating military capabilities and, for this reason, are very influential in shaping broad judgements about whether another state is taking reasonable and prudent steps to provide for its security or is aspiring to disruptive changes in the existing order.

The levels and trends in Chart 1 support the explanation offered above on how costly the PLA had been in the 1960s and 1970s and how it fared in the different phases of the modern reform era. These data are valuable because they were generated by a single source – the US Arms Control & Disarmament Agency – which had access to intelligence information and which took the trouble to ensure overlap whenever it adjusted its methodology. Chart 2 highlights the extent of the 'credibility gap', with official US estimates (likely to have been prepared by the Defense Intelligence Agency) of China's military expenditure in recent years running at more than double the official figures provided by the Chinese government.^{ix}

Between 1970 and 1990, China's defence expenditure, adjusted for inflation, was essentially static.^x Since that time, however, China's military expenditure has grown steadily at about 10% per year (in real terms) for a period that already exceeds two decades. This combination of speed and duration, although submerged in the growth of China's GDP, constitutes a military build-up without precedent among the major powers in modern times.

US Images of China

Among the more obvious techniques for assessing the trajectory of a country's military capability is to look at what other countries say about them. Since 1949, China-US relations have occupied just about every location on the spectrum between partner and enemy. Following the establishment of the PRC, the negotiation of security alliance with the USSR and the rapid transformation of North Korea's invasion of the South into a US-China war, the US depicted the Sino-Soviet bloc as a single entity for purposes of deterrence and war planning. The enmity was kept sharp by crises over Taiwan in 1954-55 and 1958 and China's ideologically-driven endeavours to spark revolutions, particularly among the emerging states of Southeast Asia, which contributed to the concerns encapsulated in the Domino Theory and America's slide into Vietnam in the early 1960s. By the mid-1960s the US was satisfied that the Sino-Soviet split was deep and genuine and within a few years the notion of testing the scope to re-calibrate US-China relations was being spoken of publicly in Washington. There is some evidence that, when Sino-Soviet tensions erupted into major border clashes in 1969, Washington privately warned the Soviet Union not to consider widening the conflict, particularly in the direction of attacking

China's still narrowly based nuclear weapons capability. The nuanced and guarded rapprochement engineered by Nixon/Kissinger and Mao/Zhou in 1971-72 proved to be a strategic coup within the primary US-USSR confrontation. The shocks of the Tiananmen Square massacre in June 1989 and the dissolution of the USSR in December 1991 proved too great, it seems, and the two states have not since succeeded in removing the doubts and ambiguities that plague their relations.

China appeared to take some comfort from the markedly modest posture initially proposed for the post-Cold War world by President Bush Sr. The notion central to China's grand strategy, that of a window of strategic opportunity during which China could focus its energies on economic renewal, seemed to remain valid with the US expected to be a benign hegemon during a transition to more multi-polar arrangements for global governance that was widely projected to be relatively quick. A noteworthy development occurred when a group of neo-conservative officials in the Pentagon were given the opportunity by then Defense Secretary Dick Cheney in 1991-92 to develop a vision for what the US should do with unipolarity. In rather sharp contrast to the thinking in the White House and the National Security Council, these officials advocated a determined effort to develop and protect this status indefinitely with Washington being prepared to more clearly present itself as the global leader. China appears to have had no visibility to this group. To the contrary, to the extent they detected challenges to unipolarity, they emanated primarily from Japan and Germany. This report was leaked to the media, disowned by the President amidst a fierce backlash, and essentially disappeared for a decade.

China's economic fortunes continued to flourish during the 1990s. There was scope to begin funding the PLA more lavishly (on average, 10% real growth per year since the end of the Cold War) without defence spending accounting for a rising share of GDP. America also enjoyed a prolonged boom, a condition that probably contributed to a fateful propensity to act as though China was just another export-led tiger economy that the US could take in its stride, an attitude that progressively de-stabilised the US economy and increased its vulnerability to later shocks. China's leader's faced challenges to the window-of-opportunity thesis in the form of the 1995-96 Taiwan crisis and the 1999 Kosovo crisis (because the US and its NATO allies skirted certain Chinese and Russian vetoes in the Security Council to penalise and stop Serbian ethnic cleansing in Kosovo plus, of course, the accidental bombing of the Chinese embassy in Belgrade) but persisted with the concept into the early years of the new century.

Speaking to the Australian Parliament shortly after winning a second term in November 1996, Bill Clinton foreshadowed an intensified focus on Asia and China, saying that "...how China defines its greatness will help determine whether the 21st century will be one of cooperation or conflict." Events frustrated that intention, although Clinton and Jiang Zemin did end up characterising their relationship as a 'strategic partnership'. As is well known, this label was contested by George Bush in the 2000 Presidential elections, with Bush contending that China was in fact a strategic competitor. Less well known now is that the Bush administration followed up with a Quadrennial Defence Review (QDR) that constituted a decisive pivot toward Asia, reversing America's traditional ranking of strategic priorities. In the QDR 2001, the familiar priority order of Europe, Near East, and Asia became Asia, Near East, and Europe, with China referred to elliptically in terms of "...the potential for a regional military power to harness its own and regional resources and emerge as a peer competitor." The reason this is now forgotten

is that QDR 2001 was released 20 days after 9/11 and the declaration of the Global War on Terror. Asia and China slipped off American radar screens until Bush's second term, and then returned only intermittently, keeping open China's 'window of opportunity' and leading to a drastic weakening in America's economic fundamentals.

The Bush administration's second QDR, appearing in 2006, was no longer elliptical about China. Specifically^{xi}:

China has the greatest potential to compete with the US...and offset traditional US advantages absent US countermeasures. (p.29);

PRC capabilities, the vast distances of the Asian theatre, China's continental depth, and the challenge of en-route and in-theatre US basing place a premium on forces capable of sustained operations at great distances into denied areas. (p.30)

By this time, however, the horse had truly bolted. The cumulative impact of over 25 years of spectacular growth had transformed the political landscape of Asia in that China was now the decisively important economic actor. The global financial crisis of 2008 telescoped into an instant what would probably have been a more gradual process of getting used to the fact that China was, once again, this hugely asymmetric strategic weight in greater Asia. China, too, seems to have been unsettled at how these massive shocks have accelerated the development of its relative 'comprehensive national power', finding it difficult to resist trying to capture the strategic gains that seemed, prematurely, to be within reach. In very broad terms, this was the context for the most recent development in this saga, the Obama Administration's commitment in 2011-12 to re-balance America's political, economic and military energies and capacities toward Asia.

Neither China's instincts to keep a low profile and prolong the window of opportunity nor American reluctance to acknowledge that China had joined it as a state with disproportionate power and influence is surprising. But that phase is past. China has never measured itself against anybody other than the US but can no longer pretend that this is not the case because only the US is left. The US, similarly, has stopped playing mind games and seems fully cognisant that China is a thoroughly traditional Realist power and a real contender for many of the titles that the US has carried for more than half a century. An interactive process of capability acquisition has taken root and efforts to manage and contain this trend through dialogue have had limited success.

Assessment

What conclusions might be drawn from these various strands of analysis? I believe that the following propositions can be advanced with some confidence.

First, China is engaged in a methodical and determined program to field military capabilities fully commensurate with its status as one of a small number of leading states and, potentially, the first among equals in this elite group. This endeavour is informed by an expanding set of perceived security challenges and aspirations but appearances, that is, considerations of status and prestige, appear to also be important factors.

Second, China set out to achieve this strategic objective around 1980 from a very low base in terms of general scientific, technological and industrial competencies. China has made rapid progress in filling key gaps and raising its general level of competence but still has much to do before it can confidently expect to match other major powers in this arena and field fully competitive indigenous military capabilities. That said, China will lack neither the will nor the resources to continue to close the remaining gaps in its capacities. China will certainly overtake the US as the largest economy in the world during the 2020s, and go on to become substantially larger, albeit at a slowing pace. For all the uncertainty about the true economic dimensions of China's military effort, this effort is not unsustainably large and could readily be expanded/accelerated if China's government so decided.^{xii} Clearly, this latent potential is itself a formidable source of 'sausive' power.

Third, in the context just of the states of East Asia, China's consolidation of a pronounced quantitative edge in military capability over the next two decades or so seems essentially inevitable. Whether China intends to go on and, in some fashion, match or exceed the capabilities that the US deploys, or could deploy, in the Western Pacific is not known. It could be that a general expectation to this effect is already in place. Alternatively, this may be viewed as a decision point that is still decades away. China will not seek to replicate America's global military posture. Indeed, it will avoid doing so. But China is, I believe, determined to be recognised and accepted as America's comprehensive peer, able to ensure that Washington has no easy options when it comes to diverting Beijing from pursuing its core security interests. We do need to bear in mind, however, that the PLA is undergoing a cultural transformation away from an Army-dominated continental power and has limited practical experience (certainly no combat experience) with both the maritime domain and the advanced technologies it is seeking to master and to make routine within the PLA. Moreover, that continental perspective, together with the PLA's role in preserving regime security, will always be there as significant determinants of how the PLA is structured and deployed.

There are some other important considerations that further temper this prognosis. There is little prospect that China will ever experience the degree of global strategic preponderance that the US possessed in the late 1940s and early 1950s. Even with an economy that is statistically No.2, the US will remain a decisively important power with qualitative strengths that will offset China's quantitative edge for a long time. Japan certainly faces relative diminution but will remain a substantial, wealthy and technologically-advanced power for many decades. The European Union, Russia and Brazil are, or are relatively likely to become, additional poles of significant economic power. Further, China is not unique as a massive and ancient civilisation (MAC) reclaiming a prominent position in the global hierarchy on the basis of a major economic revival. India is the other MAC, also located in Asia and also learning to make fast economic growth a routine, and with aspirations no less grand than those of China.

China's military modernisation seems still, for the most part, to be characterised by restraint and discipline, focussed on developing its research, development and industrial capacities and the avoidance of major investment in platforms or capabilities likely to be deemed sub-standard. That said, it remains the case that the ultimate shape of the PLA will be influenced strongly by the political aspirations of the CCP and its views on the role of military power in realising these aspirations. It seems beyond doubt that Deng Xiaoping and his successors took very seriously the

contention that failure to control the military or being compelled by external developments to make a disproportionately large investment in military power constituted a major risk to the sustained revival of the Chinese state. The collapse of the Soviet Union, in large part because it aspired to outdo the West in military power with an economy that was never larger than about 40% that of the US alone, provided powerful reinforcement of this basic judgement. On the other hand, there is little sign that Beijing discounts the importance or utility of military power. The concept of 'comprehensive national power'(CNP), an analytical device favoured by Socialist states and one that still has some currency in China, emphasises the importance of balance. A low score on a single major parameter essentially erases all relative strengths. Japan, therefore, always fared poorly in international comparisons of CNP, even back in the 1970s and 1980s, because it lacked nuclear weapons, had deliberately constrained its conventional military strength and had accepted strict limits on its capacity to manipulate its military power for political and strategic gain.

These are critical questions for the East Asian community, not least because they play so directly into the outlook for stable coexistence between China and the US. In practical terms, these questions come down to what sort of maritime environment in the Western Pacific China both desires and considers achievable. Even more specifically, these questions subsume the issue of the first and second island chain and distil down to China's attitude toward America's alliance relationships in East Asia.

We know that China's security community shared the widespread view in academic and policy circles immediately after the Cold War that alliances could be expected to 'naturally' lose their appeal and eventually wither away. By and large, this does not appear to have happened although it is certainly the case that managing alliance relationships through the fallout from this geo-political watershed required a great deal of statesmanship and diplomatic creativity. We also know that China, as part of its standard rhetoric, characterises these alliances as anachronistic Cold War relics. This is still very different, however, from a determination that these alliances are incompatible with China's aspirations and having the policy intent to unravel them.

We do not, of course, have a clear answer to these questions but an assessment of the indicators yields a mixed prognosis that many, including this author, would regard as worrying. We have stressed the view that modern China, the China of the era or 'reform and opening up' has single-mindedly focussed on the US as its benchmark. The patience and methodical development of its 'comprehensive national power' and the energetic endeavours to avoid the limelight, bide its time and keep open the strategic window of opportunity to skew its energies toward economic development was relatively conspicuous until around 2005. By that time, China was reaping the natural rewards of influence and respect that flow from being everyone's primary trading partner and was confident of soon displacing Japan as the world's second largest economy even if the US still seemed in every respect to be a distant aspirational benchmark.

China is not waiting until the military component of its 'comprehensive national power' is fully in place. China has both a cultural propensity, traceable to Sun Tzu, to prefer deploying power well below the threshold of military force to shift the parameters of an issue in its favour or, in other words, to gradually erode overt resistance to its preferences. Moreover, Beijing is beginning to

appreciate that its system of governance affords it a strong comparative advantage in deploying power in this fashion. China can assemble packages of pressure (with political, diplomatic, trade, investment, tourism and para-military elements), and change the mix, far more adroitly than other governments. It has done so with particular vividness in respect of Japan and selected ASEAN states with claims in the South China Sea, notably, the Philippines and Vietnam.

In 2010, China floated the idea that the South China Sea was a 'core interest', a posture that informed other states that contesting China position could attract a determined response up to and including the full scale use of military force. The idea was allowed to lapse but every Foreign and Defence ministry in the region was left with the message that this was an option for China, and one that had been considered at the highest levels. This message was re-iterated in late 2012 when the Minister for Defence asserted, ostensibly to offer reassurance, that China had not *formally* declared the South China Sea to be a 'core interest'.

In sum, it seems to this author that the only sensible working hypothesis is that China will inevitably acquire military capabilities commensurate with its status as the world's largest economy. China displays little sign, however, of imbuing its posture with that invaluable quality which will incline its neighbours to even accept gracefully, let alone welcome, this inevitable filling out of its power. Already, the slogans of new security concept, peaceful rise/development and harmony, so forcefully prominent over the period 1995-2005, have fallen off to a whisper. Perhaps the sequence of the 911 attacks, Washington's ill-fated Iraqi venture, and the Global Financial Crisis created the sense of a strategic opening to achieve gains formerly considered to be possible decades into the future, if at all, proved irresistible and overwhelmed the caution of China's leaders. As things stand, the task of maintaining stability and peace during a prolonged transitory phase in the geopolitics of East Asia remains as daunting a challenge today as it did when it was first exposed by the end of the Cold War.

ⁱ For a fuller exposition of the points to follow see, Ron Huisken, *Introducing China: The World's Oldest Great Power Charts its Next Comeback*, Canberra Papers on Strategy and Defence, No.176, ANU E-Press 2010.

ⁱⁱ Each of China's SSBNs carries 12 single-warhead JL-2 missiles and a fleet of 5 boats would support 1-2 on operational patrol at all times. In addition, since around 2007, China has been deploying new solid-fuel, road mobile ICBMs, notably the DF-31A. Taken together, these new programs probably mean that China has more than doubled its capacity to threaten targets in the US with nuclear weapons compared to its modest force of 20 liquid-fuelled DF-5 ICBMs dating from the 1980s and 1990s.

ⁱⁱⁱ Roger Cliff, Mark Burles, Michael S. Chase, Derek Eaton, Kevin L. Pollpeter, *Entering the Dragon's Lair: Chinese Antiaccess Strategies and Their Implications for the United States*, RAND Corporation, 2007.

^{iv} See, for example, Admiral Jonathan Greenert, *Sea Change*, Foreign Policy, 2012 (http://www.foreignpolicy.com/articles/2012/11/14/sea_change) and Andrew Davies & Benjamin Schreer, *Whither US Forces? US Military Presence in the Asia Pacific and the Implications for Australia*, Australian Strategic Policy Institute, Policy Analysis, 8 September 2011, and US Department of Defense, Joint Operational Access Concept (JOAC), 17 January 2012.

^v See Nan Li & Christopher Weuve, *China's Aircraft Carrier Ambitions: An Update*, Naval War College Review, Winter 2010, Vol.63, No.1.

^{vi} Cited in Ronald O'Rourke, *China Naval Modernisation: Implications for US Navy Capabilities – Background and Issues for Congress*, Congressional Research Service, 23 March 2012, p.17.

^{vii} Op. cit, *China Naval Modernisation*, p.19.

^{viii} The key sources include the Yearbooks published by the Stockholm International Peace Research Institute, *The Military Balance* prepared by the International Institute for Strategic Studies and estimates prepared by US intelligence agencies (see Chart 2).

^{ix} US Department of Defense, *Military and Security Developments Involving the People's Republic of China, 2010*, Annual Report to the Congress, Washington DC, 2010.

^x *World Armaments and Disarmament, SIPRI Yearbook 1991*, Stockholm International Peace Research Institute, Stockholm, Sweden, p.157.

^{xi} US Department of Defense, *Quadrennial Defense Review*, Washington DC, 2006.

^{xii} Readers wishing to explore this issue in greater depth could start with Larry M. Wortzel, *China's Military Potential*, Strategic Studies Institute, US Army War College, 2 October 1998; Paul H.B. Godwin, *China's Defence Modernisation: Aspirations and Capabilities*, [available at <http://www.comw.org/cmp/fulltext/0003godwin.htm>]; David Shambaugh, *China's Military Modernisation: Making Steady and Surprising Progress*, Strategic Asia 2005-06; *Chinese Military Power*, Council on Foreign Relations, New York, 2003; and Tai Ming Cheung, *Dragon on the Horizon: China's Defence Industrial Renaissance*, *The Journal of Strategic Studies*, February 2009, pp.29-66.

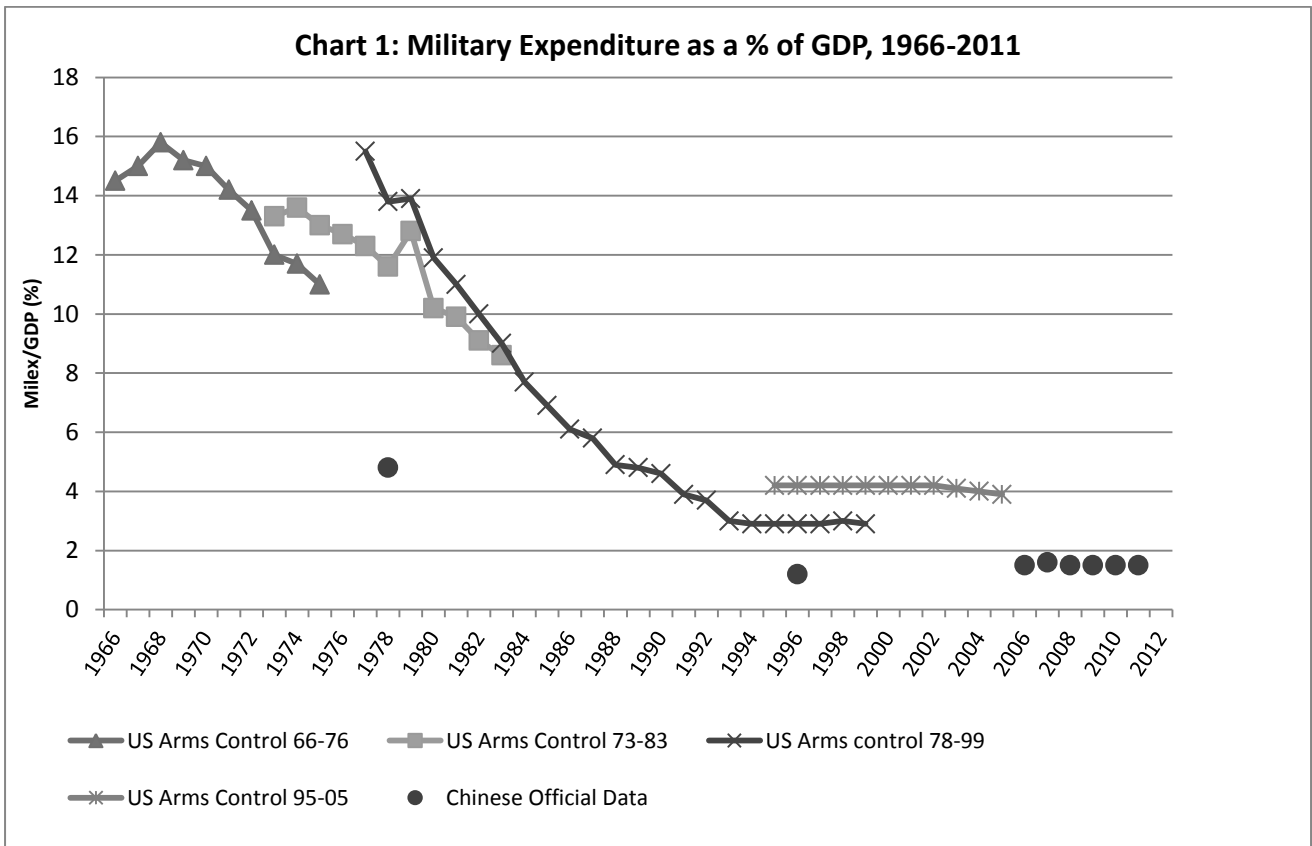
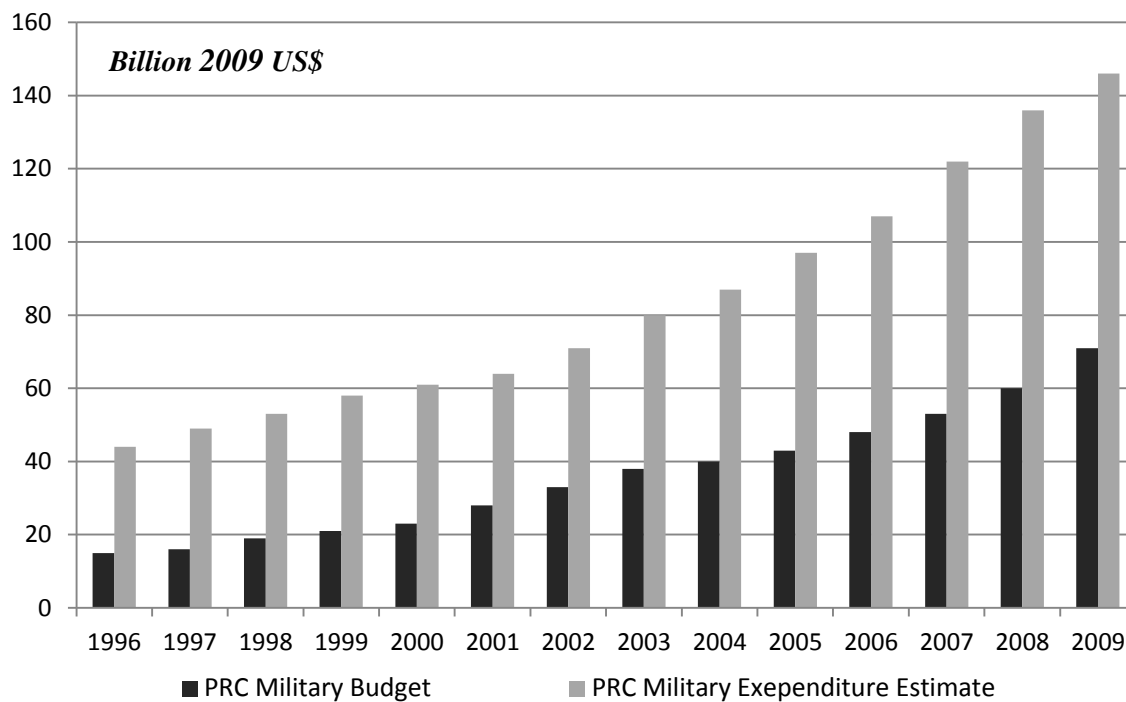


Chart 2: Official U.S. Estimates of Chinese Military Spending



China's Annual Real GDP and Military Budget Growth, 2000 - 2009

Table 1: Numbers of PLA Navy Ships and Aircraft Provided by Office of Naval Intelligence (ONI)

	1990	1995	2000	2005	2009	Projection for 2015	Projection for 2020
Ships							
Ballistic missile submarines	1	1	1	2	3	4 or 5?	4 or 5?
Attack submarines (SSNs and SSs)	80	82	65	58	59	~70	~72
SSNs	5	5	5	6	6	n/a	n/a
SSs	75	77	60	52	53	n/a	n/a
Aircraft carriers	0	0	0	0	0	1?	2?
Destroyers	14	18	21	25	26	~26	~26
Frigates	35	35	37	42	48	~45	~42
Subtotal above ships	130	136	124	127	136	~146 or ~147?	~146 or ~147?
Missile-armed attack craft	200	165	100	75	80+	n/a	n/a
Amphibious ships	65	70	60	56	58	n/a	n/a
Large ships (LPDs/LHDs)	0	0	0	0	1	~6?	~6?
Smaller ships	65	70	60	56	57	n/a	n/a
Mine warfare ships	n/a	n/a	n/a	n/a	40	n/a	n/a
Major auxiliary ships	n/a	n/a	n/a	n/a	50	n/a	n/a
Minor auxiliary ships and support craft	n/a	n/a	n/a	n/a	250+	n/a	n/a
Aircraft							
Land-based maritime strike aircraft	n/a	n/a	n/a	n/a	~145	~255	~258
Carrier-based fighters	0	0	0	0	0	~60	~90
Helicopters	n/a	n/a	n/a	n/a	~34	~153	~157
Subtotal above aircraft	n/a	n/a	n/a	n/a	~179	~468	~505

Source: Prepared by CRS. Source for 2009, 2015, and 2020: 2009 ONI report, page 18 (text and table), page 21 (text), and (for figures not available on pages 18 or 21), page 45 (CRS estimates based on visual inspection of ONI graph entitled "Estimated PLA[N] Force Levels"). Source for 1990, 1995, 2000, and 2005: Navy data provided to CRS by Navy Office of Legislative Affairs, July 9, 2010.

Notes: n/a is not available. The use of question marks for the projected figures for ballistic missile submarines, aircraft, carriers, and major amphibious ships (LPDs and LHDs) for 2015 and 2020 reflects the difficulty of resolving these numbers visually from the graph on page 45 of the ONI report. The graph shows more major amphibious ships than ballistic missile submarines, and more ballistic missile submarines than aircraft carriers. Figures in this table for aircraft carriers include the ex-Ukrainian carrier Varyag, which is likely to enter service before any new-construction indigenous carrier. The ONI report states on page 19 that China "will likely have an operational, domestically produced carrier sometime after 2015." Such a ship, plus the Varyag, would give China a force of 2 operational carriers sometime after 2015.

The graph on page 45 shows a combined total of amphibious ships and landing craft of about 244 in 2009, about 261 projected for 2015, and about 253 projected for 2015.

Since the graph on page 45 of the ONI report is entitled "Estimated PLA[N] Force Levels," aircraft numbers shown in the table presumably do not include Chinese air force (PLAAF) aircraft that may be capable of attacking ships or conducting other maritime operations.