

THE NIXON CENTER

**A Big Power Agenda
for East Asia:
America, China, and Japan**

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**DAVID M. LAMPTON
GREGORY C. MAY**

FOREWORD BY JAMES SCHLESINGER

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by David M. Lampton and Gregory C. May

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Introductory Note

This monograph is the second to be produced by The Nixon Center's Chinese Studies Program and represents a natural extension of the conclusions of the first document, *Managing U.S.-China Relations in the Twenty-First Century*. Prepared by the Center's Director of Chinese Studies, David M. Lampton, this study addresses important regional influences on the U.S.-China relationship, including in-depth discussion of an evolving Taiwan, an assessment of the potential implications of theater and national missile defense, and an examination of the complex relationship between China and Japan. Mark T. Fung, the Center's new Assistant Director and Research Fellow in China Studies, played a key role in the production of the final draft.

Forthcoming Center monographs include a monograph edited by Geoffrey Kemp, the Center's Director of Regional Strategic Programs, to examine Iran's nuclear options, including its ability to produce both nuclear weapons and appropriate delivery systems. Kemp's study will be released in winter 2000-01. In the spring of 2001, the Center will release a report by National Security Program Director Peter W. Rodman on the foreign policy implications of national missile defense and a monograph by Center Director Paul J. Saunders on U.S.-Russian relations.

Dimitri K. Simes
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The Nixon Center

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David M. Lampton
Gregory C. May
December 2000

Foreword

By James Schlesinger

This monograph provides a valuable contribution to the ongoing national debate regarding the U.S. stance toward relations in East Asia. With no serious threat to overall stability in Europe, the U.S.-China relationship has emerged as the most crucial one in terms of world stability. The authors of this monograph have properly chosen to place that relationship in broader context including China's relations with her neighbors, most prominently Japan. As hinted above, East Asia continues to have the world's greatest potential for serious instability. In this study the authors wisely steer between the Pollyanna and the Cassandra schools of thought, one suggesting that the future is unquestionably bright, assuming that the United States continues to expand trade with China; the other insisting that conflict is virtually inevitable. While readers will not necessarily agree with all parts of the analysis—nor, even more, with the recommendations—they will concur that this provides a realistic assessment both of current conditions in East Asia and of possible lines of evolution.

Underneath the substantive reasons for concern about the tensions in East Asia lie differences in the national character of the three principal players. The United States is proud of its “pluralism,” reinforced by “the separation of powers” and by the freedom of the press. That makes it difficult, save under conditions of clear threat, to establish discipline in our strategic direction. All this seems “inscrutable” to the Chinese—and they tend to believe the worst. The Japanese have been reluctant to acknowledge their excesses during World War II—and with the passage of time become less inclined to do so—and that has become increasingly intolerable to the Chinese. Both from past experience and from present interpretations, the Chinese themselves have been hyper-suspicious to the point of paranoia—sometimes real and sometimes pretended. It is an unfortunate mix.

In the United States, it is pointed out that if we presuppose the “worst case” outcome for the tensions between a rising China and a status quo United States that we would ensure the very outcome that we fear. Yet, the Chinese do precisely the same with respect to Japan—projecting a “worst case” outcome for what remains a very peaceful Japan—and thus would ultimately lead to the outcome that they fear regarding Japan. Overall, Chinese resentment of the preponderant position of the United States in the post-Cold War world (“hegemony”) is exceeded by a deep-seated and abiding hostility toward Japan, perhaps psychologically understandable but politically destructive.

All in all, it is a worrisome mixture, calling for caution and forbearance. Such psychological differences underlie most international confrontations. “What kind of people do they think we are,” cried Winston Churchill about Germany during World War II. But such differences in national outlook worsen the substantive problems that divide countries, what the authors call the three “drivers.” These are the confrontation in the Taiwan Straits, American interest in ballistic missile defense and its impact on the Chinese missile buildup, and the frictions between China and Japan. Mutual restraint on the part of both Beijing and Taipei must continue or there likely will be a blow up. Dialogue with the PRC is mandated before a missile defense deployment occurs. In addition, a Japanese willingness to be somewhat more open about its actions during World War II is a prerequisite for a reduction of Chinese distrust about Japan. None of the substantive problems are subject to easy resolution. Nonetheless, it should be a goal to prevent the differences in national perceptions from becoming explosive.

A word should be said about Russia, which, while unmentioned in the title, has potential over time despite its present weakness, to become a much fuller player in the region. Even now, Russia plays a significant role particularly in relation to arms control. Arms control efforts have an important role in East Asia, but such efforts originate elsewhere. The PRC has embraced the ABM Treaty as a cornerstone of international stability—even though China itself is not a signatory to the Treaty. Moreover, China has apparently joined Russia in insisting on preserving the present state of the Treaty, which is dubiously sustainable over time. The Chinese do not seem to acknowledge that the Treaty has been modified before and can be modified again--and without further adjustments will probably not last beyond the next turn in American-developed technology. Also, the Missile Technology Control Regime, which has only a limited impact on Chinese actions, is another example of arms control which originated outside of China and which the Chinese confront only derivatively. But the PRC must come to understand that arms control is not something that limits the actions only of others. Otherwise, there is little hope that others, in this case particularly the United States, will pay much attention to their attitudes or to their demands. Here, again, as the authors urge, there needs to be serious strategic dialogue.

In this volume, there is solid analysis intermittently associated with brilliant insights. It includes some generally sensible recommendations. No reader needs to agree with all of those recommendations in order to accept them as appropriate food for thought—or to agree that the overall assessment in the volume strikes a good balance. From it a reader will learn a great deal about present conditions and future prospects in East Asia.

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Executive Summary

For more than a decade since the June 1989 violence in Beijing, the focal point of debate between the Executive and Legislative branches was over granting Normal Trade Relations to China. With the late 2000 passage of Permanent Normal Trade Relations (PNTR) by comfortable, bipartisan margins in both houses of the United States Congress, that particular debate has concluded. With that preoccupation gone, the focus for policy makers in the new administration should shift to two sets of issues.

The first set of issues concerns China's integration into the World Trade Organization (WTO). The process of making the People's Republic of China (PRC) a fully compliant member of the rules-based trading regime will profoundly (and positively) affect China. However, integration will not be easy for either China or its trading partners. Achieving compliance in the vast Chinese bureaucracy that stretches from the pinnacle of Beijing through multiple layers into over one million villages will require one to two decades and will test the patience, perseverance, and skill of the United States and China's other Western trade partners.

The second set of issues, and the concern of this study, is strategic in character--the implications of China's increasing power for America and the rest of East Asia. We believe that big power relations between the United States, China, and Japan should be at the very heart of American policy in East and Northeast Asia.

The U.S.-China relationship is a broad, protracted, and therefore fundamental foreign policy issue facing the new U.S. administration in 2001 and beyond. The character of U.S.-China relations will affect all of the principal big power relationships in East Asia, particularly U.S.-Japan and Japan-China ties. The character of these bilateral relationships, as well as the three-way relationship as a whole, will, in turn, affect how productively every other challenge in the region can be addressed, whether it is proliferation, peace on the Korean Peninsula, sustained economic growth in the region, Taiwan, or "softer" transnational issues.

Internal developments in the PRC, cross-Strait relations, and the character of the Sino-American and Sino-Japanese relationships in the

decade ahead will determine whether or not East Asia is fundamentally stable. This report describes the current security environment in the region, identifies the principal trends and developments, and proposes recommendations for the new U.S. administration.

In terms of personnel, the PRC maintains the largest standing army in the world with an estimated 2.48 million¹ men and women in uniform, though in qualitative terms, the People's Liberation Army (PLA) takes a distant back seat to the Japanese Self Defense Force, not to mention the U.S. military. More broadly, eight of the world's 11 largest military forces (in terms of manpower and/or expenditure) are located in the region.² Proficiency in missile-related technology is spreading beyond the PRC and Russia. Japan has an advanced civilian space-launch program that has raised eyebrows in the region (though there is no evidence Japan intends to use its launch vehicles for military purposes). North Korea is developing a missile of intercontinental range and engaged in a provocative test of its Taepo Dong missile in August 1998, though as this study went to press Pyongyang and Washington were negotiating terms of a possible halt to this effort. South Korea, meanwhile, recently tested a new short-range missile and Taiwan's leaders are debating a revival of their surface-to-surface ballistic missile program abandoned in the 1990s.

In terms of societies that could "go nuclear," the neighborhood also is tough—North Korea, Japan, and Taiwan could probably acquire such weapons in a short period of time, were there a decision to do so. (Indeed, Seoul believes North Korea already has the ability to assemble one or two crude nuclear weapons.)³ In addition, around China's periphery there are three declared nuclear states—Russia, India, and Pakistan, not to mention the United States at greater distance. In short, there is lots a dry tinder lying around the region.

The first section of this report examines the current military situation in Northeast Asia. While several disturbing developments are noted, particularly China's increasing reliance on theater missiles to compensate for its overall military weakness, it is not correct to say that the region is experiencing a feverish arms race that is inevitably headed toward conflict. Reasons for cautious optimism include:

- *China's military modernization, though indisputable, is occurring at a gradual pace. Beijing's emphasis on the idea of "comprehensive national power," in which economic might is just as important as military power, means that the PRC, unlike pre-war Japan, is not necessarily destined to become a military hegemon as more alarmist*

observers sometimes argue. Others in the region, including the United States, will have time to respond to the People's Liberation Army's growing capabilities.

- *Most militaries in the region, including the PLA, are actually becoming smaller. Indeed, a “modernization race” is perhaps a more accurate description of what is occurring in Northeast Asia rather than an “arms race.” With the seeming exception of North Korea, the Northeast Asian countries are trimming aggregate force levels and investing in high-tech equipment designed to fight localized wars on the sea and in the air. Although military budgets have expanded in absolute terms over the course of the 1990s, they have generally declined as a percentage of GDP (though China's still inadequate transparency on military spending means this trend may not be as dramatic in the PRC as official figures suggest).*
- *The Korean Peninsula, though still dangerous, may be becoming less so. While a healthy suspicion of Pyongyang is warranted, the historic Kim-Kim summit of June 2000 offers hope for a peaceful and gradual evolution of political relations between North and South Korea, as do the direct Washington-Pyongyang discussions that occurred during the waning days of the Clinton Administration.*
- *Nuclear and missile proliferation risks are largely contained in Northeast Asia. Worrisome technology appears to be flowing primarily south and west from China into the Subcontinent and the Middle East. The Agreed Framework of 1994 appears to be holding and Pyongyang has not engaged in further missile tests. Though there are murmurs on Taiwan about developing a ballistic missile and perhaps nuclear capability, there is no evidence that Taipei has restarted its nuclear program. Finally, despite the musings of some right-wing politicians, Japan's commitment to forgo nuclear weapons and stay under the American strategic umbrella is unchanged.*

The Three Drivers of the Military “Modernization Race”

However, while the present situation is still manageable, the region could quickly become less so. The second section of this report identifies three key “drivers” of instability in the region: increasingly tense cross-Strait relations; China's missile buildup and U.S. missile defense plans; and deep and lingering Sino-Japanese animosity. In late-2000, U.S.-China relations appear to be making modest, tenuous progress (when assessed from the lows reached in the second half of 1999). Looking more deeply, however, some trends are not reassuring, though

growing Sino-American economic interdependence is perhaps the most significant stabilizing element in the relationship. Three broad trends need to be the focus of attention by the next administration, beyond issues of WTO compliance mentioned at the outset of this Summary.

Trend No. 1: Stalemate in the Taiwan Strait

- *The greatest risk to U.S. and allied interests is isolated conflicts escalating into major-power clashes. Conflict in the Taiwan Strait, for example, could erupt if either Taiwan or mainland China misjudges the other or miscalculates Washington's intentions. Taipei could push the independence envelope too far if its leaders believed Washington had given it a carte-blanche security guarantee. Beijing might be tempted to employ military muscle if it believed Washington was irresolute about its requirement that there be a "peaceful resolution" to cross-Strait issues. The gradual buildup of PRC short-range missiles in the area of the Taiwan Strait is fueling calls on Taiwan for an offensive-strike capability. If this action-reaction dynamic proceeds very far, there will be progressively less stability in the Taiwan Strait and the risks of American involvement will rise accordingly.*
- *Faced with a modernizing PLA and a tense cross-Strait political relationship, Taiwan is improving its forces, albeit with difficulty. The Chen Shui-bian Administration emphasizes the need to defeat the PLA off Taiwan's shores rather than repel an attack once it has reached Taiwan's soil. For its part, PLA doctrine also has emphasized offshore force projection, although current capabilities are quite limited. Each side's move toward offshore-strike capability adds to instability, it puts forces on a hair trigger, and Taiwan's acquisition of offensive weapons raises difficult choices about future U.S. weapons sales to the island, given the Taiwan Relations Act's requirement that America provide Taipei only weapons of a defensive character.*
- *For Taipei, strengthening security ties to the United States and Japan is taking on increased urgency with Taiwan's military advantages expected to diminish in the latter half of the decade as the economic size and technological prowess of the PRC gradually increase.*

Trend No. 2: PRC Missiles and American Missile Defense

- *Missiles (short-, intermediate-, and long-range) are the one area where the PRC's military capabilities are comparatively robust.*

China is relying on this force to compensate for its lack of conventional military force projection capacity, hoping to raise the potential costs of American intervention to “unacceptable” levels in what Beijing views as a risk averse Washington.

- *Even a limited U.S. national missile defense (NMD) system could cause China, currently with only about two dozen ICBMs, to lose what may be left of its minimum deterrent vis-a-vis America. Although the NMD system currently under development is designed primarily to stop a small attack from “states of concern” such as Iran, Iraq, or North Korea, China’s ICBM force also is vulnerable. If Washington moves toward NMD (in the absence of some understanding with Beijing), the PRC can be expected to substantially increase the size and quality of its strategic forces beyond the target levels of its current modest modernization effort. This should not come as a surprise to Washington nor should it elicit a U.S. overreaction that further feeds an escalatory cycle.*
- *China is modernizing its missiles, but there is no evidence of a change in its basic nuclear doctrine of minimum deterrence and no first use. Some American analysts, however, perceive a move toward a limited deterrence concept that includes acquiring the capacity to flexibly respond to an attack, rather than relying simply on indiscriminate retaliation against a few major urban areas. Implementing a limited deterrence strategy would require China to have a better early warning capability and a more survivable missile force with more, and more accurate, warheads. To the degree that these improvements enhance China’s sense of security and contribute to stability in crisis, they are not completely unwelcome.*
- *Theater missile defense (TMD) is principally a political/sovereignty issue for the PRC because of Taiwan’s possible inclusion. China possesses a relatively large array of intermediate and short-range missiles that could overwhelm any probable TMD system on Taiwan. The PRC’s principal political concern is the increased military cooperation between Washington and Taipei that upper-tier TMD would require. If the United States moved in this direction, in Beijing’s eyes it would undermine one of the three bases on which “normalization” occurred in 1979—termination of the U.S.-Taiwan security alliance.*
- *Further, if Taiwan was in the process of acquiring an upper-tier TMD capability from the United States, the dangers of PRC preemption against that imminent capability would increase considerably.*

Finally, China cannot continue to build up its missile forces indefinitely without eliciting reactions from the United States, Japan, India, Taiwan, and perhaps others.

- *China's reactions to TMD and NMD will vary according to the choices the United States might make in basing modes, scale, system recipients, and whether America's offensive nuclear weapon stockpiles decline as defensive systems come on line. However, Beijing has not indicated that it would show restraint on offensive capability if Washington demonstrated restraint on missile defense.*

Trend No. 3: The "Normalization" of Japan

- *Sino-Japanese relations are not stable over the long term. Japan understandably wishes to become a "normal" country in security and diplomatic terms and Beijing finds this contrary to its interests, in part because genuine post-World War II reconciliation between the two has yet to occur. This underlying distrust finds expression in issues surrounding the U.S.-Japan security alliance, Taiwan, and theater missile defense.*
- *Japan no longer feels a strong obligation to help China catch up with the rest of the region economically or technologically. Japan is becoming increasingly concerned about indirectly assisting in the PRC's military buildup. Public opinion data in Japan show growing skepticism about China. Friction-laden China-Japan relations are counter to U.S. interests and, indeed, contrary to the long-term interest of Tokyo and Beijing.*

RECOMMENDATIONS

Overall, the situation in East Asia is still favorable to America. The objective of U.S. policy should be to strengthen the current relatively stable circumstance and to discourage adverse developments. The United States, by maintaining a modest contingent of around 100,000 forward deployed troops has managed to contribute to a stable balance of power and peace in the region's powder kegs, namely the Taiwan Strait and the Korean Peninsula. This should continue to be the focus of U.S. government policy attention, though, as explained below, Washington needs to think creatively about how to best maintain a stable balance in the years ahead.

Currently, cross-Strait tensions present an unacceptably high risk of spiraling out of control; policy assessment is needed in Washington, and this should be among the new administration's highest foreign policy priorities. The United States now is viewed by the predominant coalition of forces in Beijing as presenting the greatest challenge to its national interests, particularly regarding reunification with Taiwan. At the same time, Beijing also considers productive relations with the United States to be essential to achieving its overriding development objectives. In short, just as Washington is ambivalent about a rising China, Beijing is ambivalent about an ascendant America.

The PRC's preoccupation with, and "deterrence" posture toward, Taiwan is hampering its ability to reassure neighbors in the Asia-Pacific of China's peaceful intent. China's military buildup will undoubtedly shape the policies of other Asia-Pacific actors, including the United States, a fact Beijing does not acknowledge. Beijing generally sees itself as reacting to the initiatives of others, rather than others reacting to its moves. The PRC's gradual build-up of short-range missiles to "deter" secessionist tendencies on Taiwan is a classic example of how Beijing's self-conception of reacting is feeding responses on Taiwan, in the United States, and more broadly in East Asia.

Others in the region worry that China, as its overall economic and military strength continues to grow, will become less respectful of the interests of others. For its part, China is worried about what it views as the "hegemony" of the United States which, at the start of the twenty-first century, enjoys the widest disparity in national power (defined economically, militarily, and culturally) the world system has ever witnessed.

With the above in mind, the authors offer the following recommendations both to the new U.S. administration and to leaders in the region:

- The new administration should do its best to involve China in bilateral and multilateral arms control efforts. Global nuclear issues need to be addressed in a U.S.-China-Russia framework, rather than along the Cold War Moscow-Washington axis. Regional issues (e.g. TMD and North Korea), meanwhile, should be handled in a forum that includes (but is not necessarily limited to) the United States, China, and Japan.*
- China's reactions must be given important weight in the U.S. debate about missile defense. A missile defense deal with Russia that*

- excludes China (without even having tried to win Beijing's cooperation) would be damaging to stability.*
- *Beijing will have a qualitatively improved and quantitatively larger nuclear force in the future, no matter how benign American decisions may be. Nonetheless, this basic trend will be exacerbated considerably if the United States deploys NMD and/or high-altitude TMD in the region, particularly to Taiwan. This is not to say the United States should terminate missile defense programs, only that Washington should not overreact when Beijing takes the logical step of improving and expanding its own nuclear forces to insure minimum deterrence in the face of TMD and NMD.*
 - *The United States should make it clear to Beijing that continued deployment of increasing numbers of short- and medium-range missiles across from Taiwan make an American TMD response in the area of the Strait almost inevitable. The new administration should seriously explore with Beijing negotiating restraint in China's behavior in exchange for restraint in American and Taiwanese behavior. Taipei would likely welcome initiatives aimed at demilitarizing the Strait so long as it does not perceive the U.S. to be jettisoning its historic security role.*
 - *Washington should press ahead with Moscow on Strategic Arms Reduction Talks (START). To move ahead with missile defense while dragging heels on nuclear force draw downs would be the most unsettling combination of policies and would ensure the most negative response from Beijing (and probably Moscow as well).*
 - *Out of consideration for their own interests, Beijing and Tokyo should move toward genuine reconciliation. Japan needs to credibly reassure China and the rest of Asia that it has come to terms with its imperial past. And, China must credibly assure Japan that it will not perpetually seek to use World War II-era guilt to exert leverage in negotiations. Until there is such durable reconciliation, Sino-Japanese cooperation will be tenuous at best; a high degree of Sino-Japanese friction is not in U.S. interests under current circumstances. Over the long run, Chinese opposition to Japan's resumption of a "normal" diplomatic and non-nuclear security posture is untenable. For its part, Tokyo must do more to prepare the region for changes to the peace constitution that are likely to come.*
 - *China's concerns about the U.S.-Japan alliance must be addressed if Beijing is to accept a "normal" Japan. The United States and Japan*

should state unequivocally that the independence of Taiwan is not a goal of their alliance. For its part, Beijing should stop rhetorical and diplomatic efforts to undermine the alliance and acknowledge that it can play a stabilizing role in the region.

- *American presidents in the future should not permit Chinese entreaties to determine their travel schedule as was the case when President Clinton overflew Japan on his way to the 1998 summit in China.*
- *As part of a process of building confidence among the three major powers, annual trilateral meetings of the Japanese, Chinese, and American defense and foreign ministers should be institutionalized. Further, a Northeast Asian Regional Forum similar to ARF (with initially modest expectations), should be established, or adapted from existent “track two” dialogue mechanisms.*
- *There is a need for Washington to place less emphasis on the 100,000 troop benchmark and rather focus on American capabilities to project power in the region quickly. This might allow a gradual evolution of the U.S. forward presence as the situation evolves on the Korean Peninsula, across the Taiwan Strait, and as multilateral forums take root. If developments move in a positive direction, one possible scenario is that U.S. security links with its allies remain (as in NATO), but progressively fewer troops are forward-based.*
- *Finally, to conduct such a policy in Asia, the new administration will need congressional cooperation. Such cooperation can only occur if the new president and his administration works early and hard to nurture a congressional leadership that is on the same approximate foreign policy wave length. This will not be easy in an era when domestic politics is trump and an unusually contentious body politic has been created by the 2000 general election. But the president should frequently invite key congressional foreign policy leaders to the White House, exchange views often, and do so before crisis requires cooperation for which no foundation has been established.*

Part I

The Current Situation

China's Military Modernization

China has clear reasons for wanting to modernize its military forces. The mainland faces a circle of potential instability that runs counterclockwise from its northeastern coastal border with North Korea to the Taiwan Strait—it has 14 land neighbors and several more in nearby seas. To the west, the PRC is concerned about the growth of Islamic fundamentalism in Central Asia and the assistance Islamic groups are giving to Uighur rebels in China's Xinjiang Autonomous Region (Uighur militants have been recruited into the Taliban army and are still receiving arms and funding through their connections to various groups in Afghanistan).⁴ To the south, China faces a nuclear-armed India—just prior to India's May 1998 nuclear tests Indian Defense Minister George Fernandes cited China as his country's "potential threat number one"⁵—and instability generally in South Asia. Also to the south and southeast, China faces inflows of narcotics from the golden triangle region (in 1999, Chinese police seized 5.3 metric tons of heroin compared with just under 0.7 tons seized by the U.S. Drug Enforcement Administration⁶) and is competing with several nations for predominance in the South China Sea. Finally, along its east coast, China is anxious about what it views as Taiwan's drift toward independence, a changing and modernizing Japanese Self Defense Force, and possible instability on the Korean Peninsula. Completing the inspection of China's periphery, while the PRC currently has a "strategic partnership" with Moscow, distrust between Moscow and Beijing is never far from the surface and an excessively weak and unstable Russia can be as great a danger to China's security as a muscular Russia.

The PRC also has concerns that are not confined to a particular area or section of its border. First among these external problems is an overall concern about the overwhelming power of the United States. China sees a unipolar world led by the United States as contrary to its interests. America, in the eyes of Chinese leaders, has grown into an unwelcome hegemon, one that increasingly uses military force to interfere in the internal affairs of other countries. The expansion of NATO to the

west and the strengthening of the U.S.-Japan security alliance to the east are cited by Beijing as evidence that Washington seeks global dominance and permanent preeminence. This view wins a sympathetic ear in Russia (and France), though Moscow frequently accommodates to Washington, much to Beijing's dismay.

Given these broad and enduring security challenges, the PRC's military is ill-equipped and ill-trained. With the Cold War threat of a massive continental invasion from the Soviet Union gone, the PLA has been slow to adapt to its new mission of fighting "local, limited war under high-tech conditions"—a doctrine China adopted after the Gulf War⁷—which, in plain language, means fighting high-intensity, local conflicts in areas beyond China's borders, seeking to defend high-value, coastal Chinese cities from naval or air attack, and to at least make credible Chinese claims to the South China Sea and Taiwan. The PLA has had difficulty with both components of this doctrine. Although local, limited war calls for a nimble, highly mobile force, China's military continues to concentrate resources in its land army, which, at 1.8 million troops⁸ is the largest in the world. Simply feeding and clothing this many soldiers diverts large sums that could be more productively spent on equipment modernization. High-technology has also proved elusive for the PLA, which remains armed mainly with 1950s and 1960s era weapons despite accelerated purchases from abroad.

China's military modernization drive exhibits three distinct characteristics:

1) Very Limited Success in Across-the-Board Equipment Modernization and Modernization of the Domestic Defense Industry

Despite its best efforts, China's defense industries have had very limited success in producing arms comparable to equipment made in the United States or Russia. The poor quality of Chinese weapons is one reason why the PRC's share of the global conventional arms market has shrunk since sales peaked in the mid 1980s⁹ (though PRC weapons sales rebounded somewhat in 1999, largely because of deals with Pakistan)¹⁰ and it is the principal reason that China is buying weapons from a Russian defense industry that, itself, is falling progressively farther behind the frontiers of technology (more below). The structure of China's defense industries has been a core weakness. China's military factories often are located in remote areas (a result of Mao Zedong's effort to deny an enemy concentrated strategic targets), harbor all of the inefficiencies of the PRC's state-owned enterprises, and have limited ability to absorb advanced

technologies from the civilian sector. In 1999, Beijing ordered the PLA to break-up each of its five defense conglomerates (China Aerospace, Aviation Industries Corp., China North Industries Corp., China National Nuclear Corp., and China State Shipbuilding) into two for-profit companies. The idea is that these ten “new” defense companies will eventually be internationally competitive and introduce higher levels of technology and R&D to China’s weapons industry.¹¹ It will take years to tell if this restructuring will produce more cutting-edge defense products or, like other such reforms applied to state-owned industries, will prove largely cosmetic.

Under Mao’s “people’s war” doctrine, China’s defense industries were geared to producing vast quantities of weapons based on Soviet designs of the 1950s and early 1960s. The PLA inventory still reflects years of procurement based on quantity over quality. For example, the PLA has 8,300 main battle tanks and 14,500 pieces of towed artillery, more in each case than the United States.¹² But China still lacks the complex naval and air force equipment, integration skills, and technology that would allow it to project power at significant distances from its shores, or even move that equipment around China itself efficiently. To acquire these technologies, China presently has no option but to purchase them from abroad. Which leads to the second trend....

2) Growing Reliance on Foreign Arms Purchases

Almost all significant new capabilities obtained by the PLA are the result of foreign arms purchases from Russia¹³ and, to a lesser extent, Israel. In qualitative and quantitative terms, Russia’s sales to China in the 1990s (running at between \$1 billion and \$2 billion annually) exceeded those during the 1950s when Moscow and Beijing maintained a formal alliance.

In many instances, China’s purchases relate to the PLA’s new mission of fighting “limited, local war under high-tech conditions.” The Taiwan Strait is the most likely area where the PLA could be involved in such a conflict and much of China’s foreign purchases are designed to allow the PLA to fight in and around the island 100 miles off the PRC’s coast. Recent purchases from Russia include 250 Su-27 fighters (50 fully assembled plus a license to build 200 more from kits), 40-50 Su-30 fighters,¹⁴ 28 Mi-17 helicopters,¹⁵ four Kilo-class submarines, and four Sovremenny destroyers (the first of which was delivered in February 2000). The Sovremennys are equipped with supersonic, surface-skimming Sunburn anti-ship missiles that were designed to defeat the American

Figure 1: China's Military Troop Levels

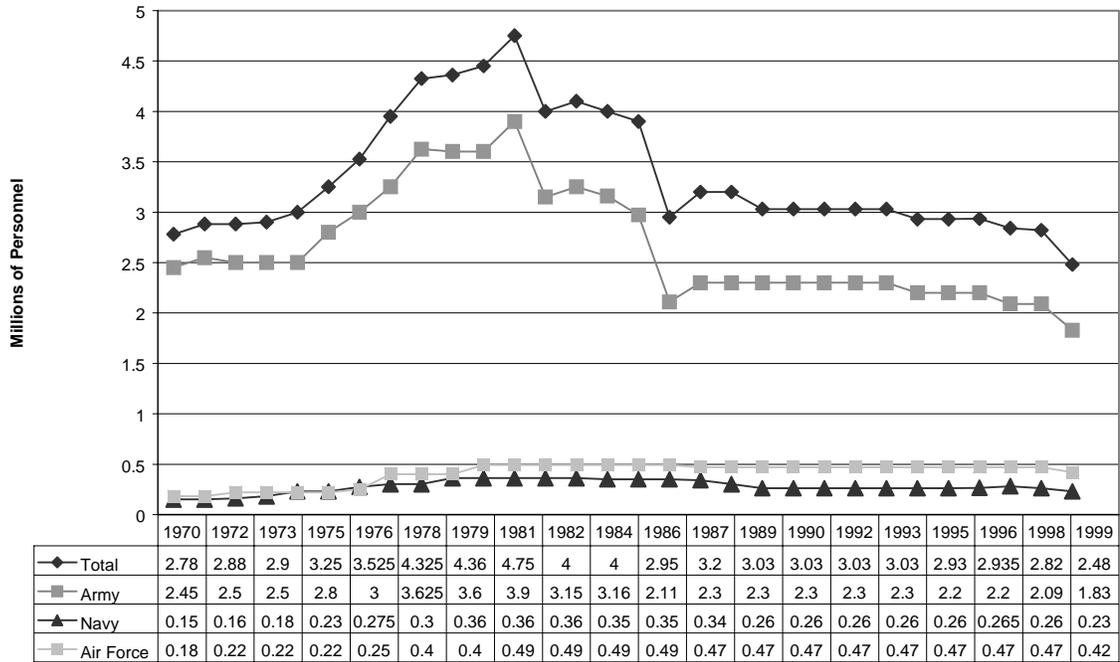
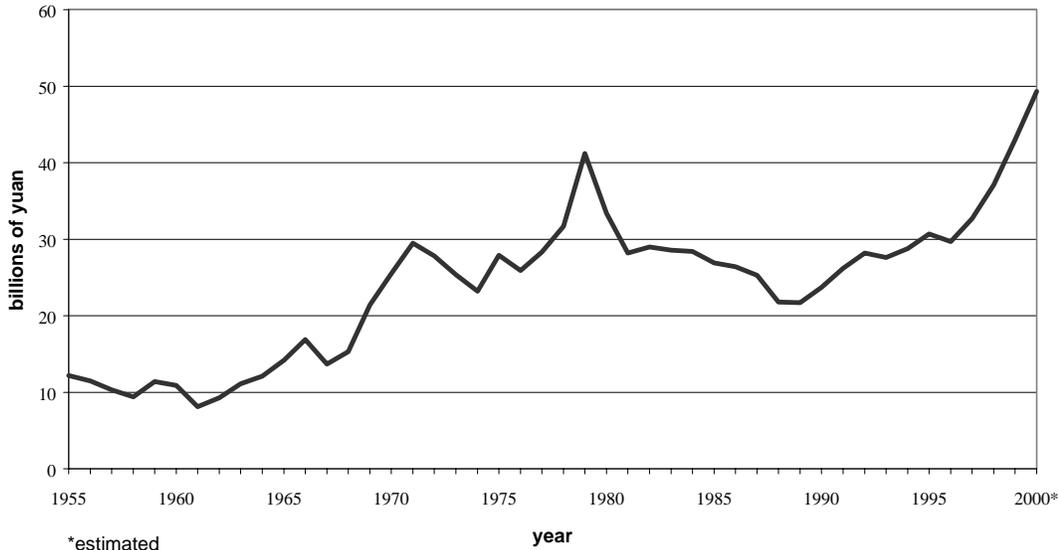


Figure 2: PRC Military Expenditure
(official figures in constant 1988 yuan)



*estimated

Source: 1955-1990 figures from SIPRI Yearbook 1991, p. 157. 1991-2000 figures calculated from official defense spending and inflation statistics.

navy's Aegis ships. Their acquisition appears designed to instill caution in a Washington that Beijing views as highly casualty averse.

But just because China can afford such advanced equipment is no guarantee that the PLA can use it to its full potential. China's Su-27 pilots, for example, fly as few as 60 hours per year (compared with twice that for Taiwan's combat pilots) and fly their aircraft very conservatively to avoid damage and expensive wear and tear.¹⁶ Two of China's four Kilo submarines were idle in 1998 because of crew-training and maintenance problems.¹⁷ Moreover, these purchases alone do not give China a significant power projection capability. China's Su-27s are not set up for in-flight refueling though this capability could be added later.¹⁸ The Sovremennys, by far the most formidable ships in the Chinese navy, are not designed to operate alone on the high-seas and are highly vulnerable outside the umbrella of land-based air defenses because the "ship's outdated steam-powered propulsion systems and poor defenses make it a sitting duck on its own."¹⁹ China has expressed interest in obtaining big-ticket power-projection items, including long-range bombers and an aircraft carrier, but so far such purchases have not been realized. China has purchased four surplus carrier hulls which could provide the PLA with design information but are otherwise of little military value. Chinese buyers of two of the carriers, in fact, plan to refurbish them into tourist attractions (see Table 1).

Nonetheless, China's abandonment of a policy of strict self-reliance in weapons production and aggressive foreign purchases have improved the PLA's ability to meet its new mission. Although China continues to lack the ability to project power at great distances from its shores, its more limited goals of achieving dominance of the air and waterways around Taiwan is at least plausible over the next decade,²⁰ as is its objective of being able to inflict rising costs on the United States in a local conflict. Further, China will almost certainly gradually acquire a more formidable military presence in the South China Sea to protect its extensive sovereign claims.

3) Reliance on Ballistic Missiles to Compensate for Overall Weakness

Missiles (short-, intermediate-, and intercontinental-range) are the one area where China's projection capabilities are comparatively robust and Beijing is relying on this force to compensate for the shortcomings noted above. In addition to gradually increasing its coastally deployed short-range missiles in the Taiwan theater, Beijing has clear strategic reasons for wanting to upgrade its missile forces, particularly those of intercontinental-range. China's single ICBM model, the Dong Feng 5,

first deployed in 1981, resembles the large liquid-fueled missiles produced by the Soviet Union and the United States in the 1950s and 1960s. For a variety of reasons—including China’s improving ties to the United States beginning in the 1970s, its unambitious nuclear doctrine of minimum deterrence, and the sheer futility of attempting to match the massive strategic forces of the superpowers—China deployed the DF-5 in very limited numbers. Currently China only has around 20²¹ DF-5s in service even though the PRC has the industrial capacity to build many more. (China prefers to use its rockets for civilian space launches. Since 1970, China has built and launched over 60 Long March rockets, many based on the DF-5 design, for its civilian space program.²² This suggests that Beijing would rather earn money through commercial space launches than

Table 1: Aircraft Carrier Hulls Purchased by China

carrier	year purchased	use	military value
Melbourne	1985 from Australia.	scrap	The PLA Navy constructed a practice carrier airfield on land with the same dimensions as the Melbourne.
Minsk	1998: South Korean company purchased the Minsk in 1995 and then sold it in 1998 to a Chinese scrap firm. A Chinese entertainment company purchased the ship before it was cut apart.	tourist attraction	Russia removed all weapons systems and engines prior to sale, though the ship could provide the PLA Navy with design information.
Kiev	1998: Sold to US/Chinese scrap firm, Maritime Suppliers LLC and arrived in Tianjin, August 29, 2000.	scrap	Due to Kiev’s age (launched in 1972), China will likely scrap the carrier as planned rather than give it an expensive refit. Kiev would likely provide design information.
Varyag	1998: Unfinished Ukrainian carrier sold to Macao firm with links to PLA reportedly left Ukraine for China in June 2000.	hotel/tourist attraction	Carrier is 80 percent complete but is in very poor condition (work stopped on it in 1992), little value beyond design information.

Sources: *Deutsche Presse-Agentur*, “Unfinished Ukraine Aircraft Carrier en Route to China,” June 15, 2000; Michael Laris, “China’s First Aircraft Carrier Anchors in ‘Fun Zone’”, *Washington Post*, January 25, 1999, p. A16; *Agence France Presse*, “Russia Sells Aircraft Carrier to China,” May 5, 2000 (via Lexis-Nexis); Guo Nei, “Russian Carrier to Become Chinese Scrap,” *China Daily*, August 30, 2000, p. 2; *Jane’s Navy International*, “Mystery Surrounds Chinese Carrier Deal,” vol. 105, no. 5, June 1, 2000 (via Lexis-Nexis).

build expensive missiles to sit in silos.) This small ICBM force is also vulnerable to a preemptive strike as the DF-5 takes two to four hours to fuel and prepare for launch.²³

A decade after the collapse of the Soviet Union, China's perceived threats have changed. Once a strategic partner with China in the Cold War, the United States now is perceived by Beijing to present the greatest challenge to China's interests, particularly regarding reunification with Taiwan. Also, U.S. contemplation of a national missile defense (NMD) system (discussed at length in the next chapter) has raised concerns in the PRC that its small force of DF-5s is not enough to ensure even minimum deterrence after a hypothetical U.S. first strike. China currently is building two new solid-fueled, road-mobile ICBMs. The first, the DF-31, has a range of 5,000 miles and will likely be deployed by 2005 (though some sources say the missile has already been fielded in small numbers).²⁴ The second, the DF-41, has a longer range of 8,000 miles that would enable it to strike most of North America. The DF-41 probably will be operational sometime between 2005 and 2010.²⁵ The introduction of mobile, solid-fueled ICBMs—technologies the United States and the Soviet Union developed in the 1960s—will help increase the survivability of China's longer-range missiles and give China a more credible deterrent. While not in all respects a welcome development from the U.S. perspective, the coming deployment of these new missiles does mean that the PRC can afford to have less of a hair trigger in crises, knowing that its retaliatory force is not entirely vulnerable.

There is still no evidence, however, that China's missile modernization reflects a change in China's nuclear doctrine of minimum deterrence and no first use, though some American analysts believe a change toward a more escalatory, war-fighting doctrine is underway.²⁶ While Beijing demands to be taken seriously as a nuclear power, it is highly improbable that China will attempt to achieve parity with the United States or Russia in terms of nuclear warheads and delivery vehicles in the next decade or two. This is partly due to financial constraints. Although the extent of China's defense spending is difficult to judge due to Beijing's lack of transparency, the PRC's official defense budget underwent substantial cuts in the 1980s and had barely recovered in real terms by the mid-1990s (see Figure 2). ICBMs are expensive (the United State's Peacekeeper ICBM is estimated to cost \$65 million per copy)²⁷ and building a sizeable strategic missile force would place an onerous financial burden on the PLA.

A more likely change in China's nuclear doctrine, if there is one at all, will be from minimum deterrence to limited deterrence.²⁸ While minimum deterrence offers China's leaders only a single option—a small

punitive strike against an attacker—limited deterrence would allow for a range of retaliatory responses depending on the size and nature of the attack against China or its interests—similar to what the United States called “flexible response” in the 1960s. Under a limited deterrence doctrine, China could launch a very small punitive strike then escalate with a larger response if the first failed to stop the aggressor. With minimum deterrence, China can only target urban centers with large, inaccurate “city buster” warheads in an all-or-nothing effort to punish an enemy. Limited deterrence would allow the Chinese command authority to select among a range of targets from major cities to military installations. Implementing a limited deterrence strategy would require China to have a more survivable missile force with more, and more accurate, warheads, in addition to greater penetrative capacity against missile defenses.

A desire to implement limited deterrence would likely accelerate efforts by China to equip its missiles with multiple independently-targetable reentry vehicles (MIRVs), which the United States estimates China could do within a few years.²⁹ Such developments also would help overcome American missile defense systems. China’s new, nuclear-powered missile submarine (the Type 094), which will be launched in 2005 at the earliest,³⁰ and possibly long-range cruise missiles, almost certainly would be part of such a strategy.³¹ However, other requirements of limited deterrence, such as space-based early warning systems and real-time command and control capabilities that would allow Chinese commanders to anticipate the size of a strike and order an appropriate response, will remain out of China’s reach for many years.³²

Moreover, even if China were to move from a minimum to a limited deterrence doctrine, this would not alter the fundamental strategic balance between the United States and China any time soon. Even assuming that the United States and Russia fully implement provisions of the START III treaty and reduce their respective arsenals to 2,000-2,500 warheads, this would still be several times greater than any likely Chinese force over the next decade or more. (Nonetheless, to regional neighbors, China’s arsenal looks entirely different, as discussed below.) Also, minimum and limited deterrence are both purely defensive doctrines and there are no indications that the PRC seeks to develop an offensive nuclear option. The PRC wants any potential nuclear opponent to understand that a strike against the Chinese homeland or vital interests will not go unpunished. To maintain this calculus in the face of possible advancements in missile defense technology by the United States, China will perceive the need to build an improved long-range nuclear force with penetration aids even *if* its only goal is to maintain a credible minimum deterrence option.

While China's missile modernization is unlikely to significantly diminish America's overwhelming nuclear advantage, the regional consequences of this buildup are harder to gauge and potentially destabilizing—what is not threatening to the United States can cause considerable regional alarm. While China has chosen to keep its ICBM and IRBM force small (see Table 3), its quiver of short-range missiles³³ (SRBMs) has increased significantly. China currently has 66 IRBMs capable of striking Japan.³⁴ The PRC's buildup of SRBMs opposite Taiwan has been (and continues to be) more dramatic. Without adequate sea or airlift capacity to mount an amphibious invasion and with still limited ability to impose a naval blockade,³⁵ China has turned to its growing arsenal of short-range missiles as the quick and relatively cheap fix to its substantial problems. China has at least 200 missiles deployed in the vicinity of the Taiwan Strait and is increasing this force at a rate of about 50 per year,³⁶ meaning that China could have as many as 650-700 missiles pointed at Taiwan by 2005 if the current rate of buildup continues. These missiles are likely tipped with conventional warheads, though they are reportedly capable of carrying nuclear payloads as well.³⁷ Beijing's missile "exercises" in July 1995 and March 1996 demonstrated that missiles can be a tool for political intimidation, even if, to a considerable extent, the tests proved politically counterproductive both in Taiwan and in the region.

But the military significance of such an arsenal of SRBMs is a point of debate. Some American analysts believe that by launching wave after wave of missile attacks, China could do substantial damage to Taiwan's airfields and naval bases, achieve air superiority over the Strait, and force Taiwan to enter negotiations on Beijing's terms.³⁸ Other observers note that China's DF-11 and DF-15 missiles do not have pin-point accuracy and that missiles alone would be insufficient to wipe out Taiwan's entire military infrastructure, much less force the entire island into subjugation.³⁹ Further, past experience—for example, Hitler's "buzz bomb" attacks on London or Saddam Hussein's Scud launches against Israel—suggests that such attacks merely increase a society's will to resist and such resistance might spell the death knell for any possibility of reunification short of large-scale and protracted war. And further, the potency of conventionally-armed missiles can be degraded substantially by relatively cheap and easy passive defense measures—like building hardened bunkers for aircraft.

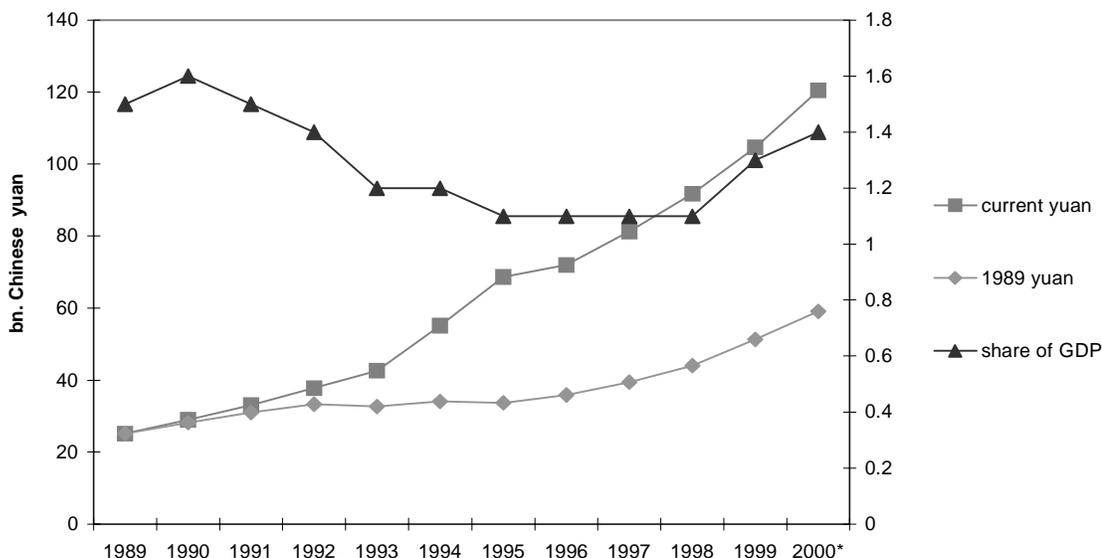
Taiwan's Response to a Stronger PLA

Faced with a modernizing PLA, and a very tense political relationship with the PRC, Taiwan has engaged in its own military modernization program. In many ways the Taiwan effort has been more successful than that of the PLA, though as a recent RAND report points out, Taipei's effort also has been flawed by wasteful procurement, poor maintenance, inadequate force training, and lack of integration among air, land, and sea forces.⁴⁰ At the beginning of the 1990s, venerable F-104 Starfighters were readily seen taking off from Taiwan airbases. Now, Taiwan has modernized its fighter fleet with 150 American F-16s, 60 French Mirages, and 130 of Taiwan's own Indigenous Defense Fighters (IDF). Taiwan has also added several modern surface ships to its navy, including eight Knox-class frigates leased from the United States, seven Perry-class frigates built domestically with American technology, and six French Lafayette frigates. Finally, Taiwan has been upgrading its air-defense systems with E-2T early-warning aircraft, Patriot missiles, and, soon, an early warning "Pave Paws" radar that Washington agreed to sell Taiwan in April 2000. (Washington, however, has so far denied Taiwan's request for four Arleigh Burke-class destroyers equipped with Aegis, a battle management system that could be upgraded to provide anti-missile defense.)

Thus, unlike the PRC, Taiwan has achieved a significant, across the board improvement in its military forces, though it still has a long way to go. This has been accomplished with fairly modest real increases in Taiwan's defense spending (largely as a result of the big-ticket purchases of advanced fighter planes from the United States and France) and a decline in military expenditure as a percentage of GDP (see Figure 4). Costs associated with the September 21, 1999, earthquake prevented military spending from rising in 2000, but in November 1999, Taiwan's Defense Minister (thereafter Premier for a short period in 2000) Tang Fei announced that the military would seek to increase military spending in fiscal 2001 to \$9.45 billion, or about 3 percent of GDP, in response to an increased threat from China.⁴¹

Even Taipei's limited and only partially successful equipment modernization has raised its own set of problems. The greatest immediate problem facing the Taiwan military is a lack of skilled manpower, skill that is hard to get and retain because of the short service obligation of inductees and the thriving civilian economy—Taiwan's economy was affected far less by the Asian financial crisis than many others in the region, with economic growth hitting an annual rate of 6.6 percent in the first six months of 2000.⁴² Although all Taiwanese males are required to perform two years of military service, this period is insufficient to train conscripts in the use of advanced weapons systems. The air force,

Figure 3: PRC's Military Expenditure
(official figures)



Source: Stockholm International Peace Research Institute, *SIPRI Yearbook, 1999* (Oxford: Oxford University Press, 1999), p. 348 (chart). 1999 and 2000 defense figures as reported in Robert Karniol, "China Boosts its Budget Yet Again," *Jane's Defence Weekly*, vol. 33, no. 11, March 15, 2000 (via Lexis-Nexis).

* 2000 figures estimated based on China's first quarter consumer price inflation rate (0.1%) and GDP growth rate for first half of 2000 (8.2%).

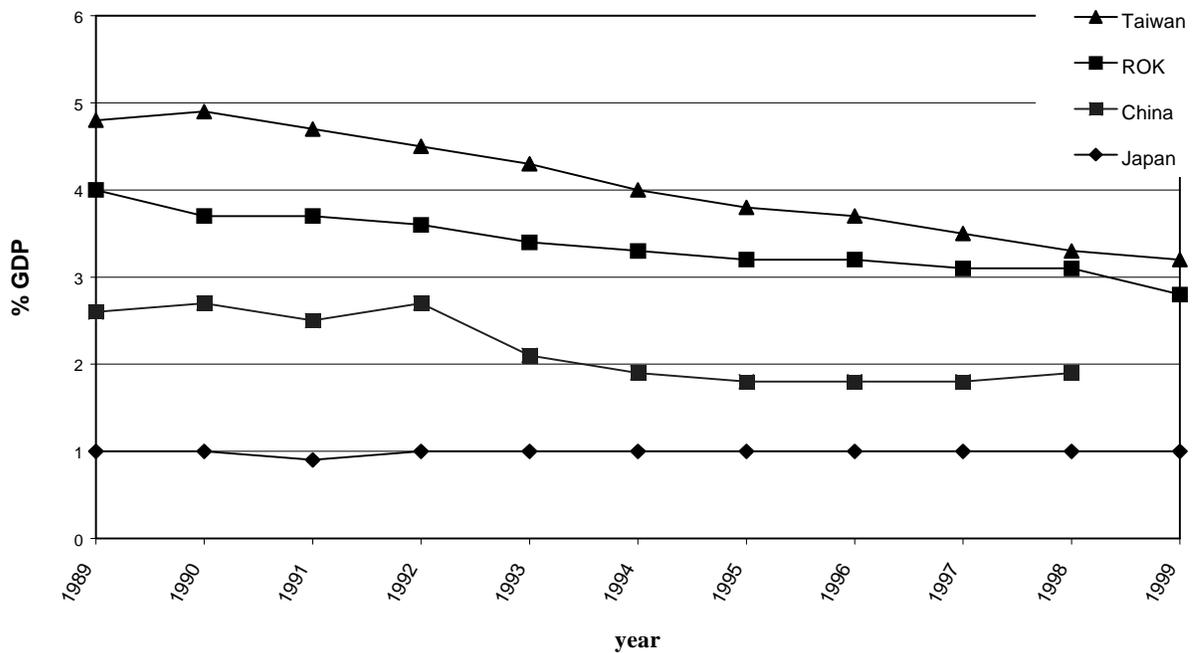
according to some Taiwan media reports, has only half its required number of pilots to fly its F-16 and Mirage 2000 fighters.⁴³ Taiwan also has difficulty recruiting and training a corps of professional officers. A Reserve Officers Training Corps (ROTC) program launched in 1997 managed to attract just 12 college students, causing the Ministry of National Defense to suspend its sponsorship of the program.⁴⁴ Low salaries and the military's past association with the authoritarian Kuomintang (the Nationalist Party or KMT) regime are among the reasons why military careers have not been attractive to many of the island's young people (though the military is working on raising pay and more aggressively recruiting non-commissioned officers).⁴⁵

These manpower difficulties have exacerbated the overall problem Taiwan's military has had with integrating so much new hardware. According to David Shambaugh, an expert on the Chinese military, Taiwan has yet to make full use of the advanced systems it already possesses. As evidence, he cites the high crash rates of the new F-16s and Mirage 2000s, the low sea training times of the new frigates, and a lack of joint-service training.⁴⁶ Moreover the already-mentioned RAND report on Taiwan's defense policy making process by Michael Swaine argues:

...evidence suggests that advanced weapons systems are sometimes desired and/or acquired from foreign sources without full consideration of the appropriate operational and maintenance requirements of such systems. Indeed, procurement decisions are at times significantly influenced by a host of factors other than pure warfighting needs, including the political objectives of the president [Lee Teng-hui]. This results in considerable confusion over the motives behind Taiwan's individual weapons procurement decisions and resulting foreign purchase requests and a lack of confidence among many outside observers in the ability of the ROC military to gain the maximum benefit from the more advanced weapons systems it acquires from the United States and elsewhere.⁴⁷

The May 2000 change in Taiwan's political leadership after 50 years of KMT rule raises the possibility that Taiwan's military will undergo dramatic reforms in the next few years. In November 1999, during the last presidential election campaign, the Democratic Progressive Party (DPP) issued a defense white paper. While President Chen Shui-bian will not necessarily be able to implement all of the policies outlined in that document—especially since many top security/defense posts in his government are held by KMT figures—the white paper does indicate the likely direction of Taiwan's defense and military modernization including: 1) shifting resources to the navy and air force (possibly including an offensive, missile deterrent); 2) seeking to reduce military tensions across the Strait; and 3) trying to strengthen Taiwan's security ties with the United States and Japan.

Chen and the DPP have long been critical of Taiwan defense spending priorities, arguing that, among other things, too much emphasis is placed on the army at the expense of the air force and navy. In 1999, the white paper notes, the army received 19.7 percent of the budget compared with just 12.3 percent and 10.1 percent for the navy and air force respectively⁴⁸ (with the remaining 58 percent going to combined service expenditures, the Ministry of National Defense, coast guard, etc.).⁴⁹ The DPP paper emphasizes the need to defeat mainland Chinese forces in the Taiwan Strait rather than merely prepare to repel an assault on Taiwan's shores. In this vein, President Chen Shui-bian announced in his first weeks in office a subtle but significant change in Taiwan's defense doctrine from "solid defense, effective deterrence" to "effective deterrence, solid defense."⁵⁰ Eventually, according to the DPP white paper, sea and air denial will become Taiwan's primary defense mission. As part of this effort, the DPP advocates reducing the total number of military personnel from the present 430,000 to around 260,000 (including a reduction of land forces from the current 260,000 to a maximum of 120,000) and investing the savings in modernizing the air force and navy. The ROC military already plans to cut personnel to 380,000 by 2001.⁵¹

Figure 4: Defense Spending as % of GDP

Source: SIPRI Yearbook 1999, pp. 319, 348. Additional 1998 and 1999 figures calculated based on official defense spending and GDP figures.

Table 2: Military Expenditure
(Millions of Constant 1995 US\$)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
S. Korea	11,253	11,666	12,638	13,130	13,002	13,625	14,424	15,481	15,564	15,182	15,022
Taiwan	8,886	9,584	9,952	10,023	10,324	9,996	9,858	10,163	10,471	10,620	9,324
Japan	47,409	46,984	47,676	48,819	49,377	49,632	50,112	51,092	51,320	51,285	51,184
PRC*	9,900	10,800	11,400	13,800	12,700	12,200	12,500	13,700	14,900	16,900	18,400

Note: As estimated by the Stockholm International Peace Research Institute. These figures are higher than China's official military spending.

Source: SIPRI Yearbook 2000. Figures are in constant dollars using market exchange rates.

As Taiwan contemplates the notion of “active defense,” the island’s leaders appear to be giving more consideration to developing an offensive deterrent, including ballistic missiles. This debate is fueled by the PRC’s missile buildup and a general perception, reinforced by a year 2000 Pentagon report to Congress, that the military balance across the Taiwan Strait may shift to Beijing’s favor after 2005.⁵² In a December 1999 speech, then Vice President Lien Chan (who, in March 2000, was soundly defeated when he ran to succeed President Lee Teng-hui) stated that Taiwan should acquire long-range surface-to-surface missiles to “develop a reliable deterrent force, and strengthen our second strike capability.”⁵³ The DPP white paper gives an even stronger endorsement to offensive missiles:

Under the principle that “attack is still the best defense,” the military, in addition to strengthening electronic resistance and information warfighting abilities, must develop and deploy intermediate- and short-range surface-to-surface missiles, cruise missiles, and other such long-range strike weapons systems and should develop the ability to conduct precision strikes deep in the enemy’s territory....⁵⁴

There have been numerous reports that Taiwan is debating whether or not to revive the Tien Ma (*Sky Horse*) ground-to-ground missile program, which Taipei abandoned in the mid-1990s under U.S. pressure.⁵⁵ With a range of 1000 km, the Tien Ma would be able to strike major Chinese cities, including Guangzhou and Shanghai. An active ballistic missile program, coupled with Taiwan’s overall naval and air force modernization program, would likely lead to significant defense budget increases even if Taiwan achieves the personnel reduction goals laid out by President Chen during his campaign.

So far for Taipei, doctrinal changes apply to a *conventional* deterrent, but discussion of nuclear weapons has occasionally bubbled to the surface. In July 1995, Taiwan President Lee Teng-hui said that the question of whether Taiwan needs its own nuclear weapons would “require long-term study.”⁵⁶ Though officially Taipei firmly denies it would ever produce a nuclear device,⁵⁷ many outside observers believe Taiwan could develop a nuclear weapon on short order based on past research (Taiwan abandoned its nuclear weapons program in 1988 after a defector alerted the United States). The former chairman of the Legislative Yuan’s Defense Committee, DPP lawmaker Parris Chang, said in 1998 that Taiwan has the “expertise and financial resources” to develop a nuclear device and might be motivated to do so “[i]f Taiwan were to perceive no alternative guarantee to its security and a possible sell-out of Taiwan by U.S. President Bill Clinton in his efforts to develop a U.S.-China strategic partnership....”⁵⁸ The editors of *Jane’s Foreign Report* recently speculated that, although there is no evidence of a current Taiwan

nuclear program, Taipei could probably produce a nuclear bomb within “three months to a year” of deciding to do so.⁵⁹

Taiwan’s talk of building up its deterrent capability coincides with a debate over ways to reduce military tensions and normalize military-to-military relations across the Strait. The DPP defense white paper proposes a range of bold confidence-building measures including the establishment of a cross-Strait hotline; exchanges involving military personnel; establishing disengagement and “thin-out” zones; restricting the size and scope of military exercises; allowing observers at each other’s exercises; and agreements against the use of missiles and nuclear, biological, and chemical weapons. Eventually, the DPP envisions these mechanisms evolving into a formal set of agreements including a cross-Strait peace accord, routine meetings between military commanders, and on-site inspections.⁶⁰

Even the most optimistic observer of cross-Strait relations would have to admit that a formidable set of obstacles stands in the way of better military-to-military relations. Foremost among those barriers is the fact that such exchanges look like the kind of state-to-state activities which Beijing categorically rejects as incompatible with the “one China” concept. The fact is that Taipei and Beijing have yet to establish anything close to a robust mechanism for discussing core political differences. Until political relations improve, the PRC is likely to continue to view managed tensions and military pressure on Taiwan as an essential part of its effort to “deter” Taiwan independence. Because Beijing seeks to deter independence by *increasing insecurity on Taiwan*, the PRC fundamentally finds confidence-building measures undesirable. Of course, until they are secure, it is unlikely that the citizens of a democratic polity in Taiwan will wish to talk about fundamental political issues. In short, the confidence building that is needed for Taiwan to be secure enough to talk about political issues is unacceptable to Beijing because, in its view, the absence of threat makes a declaration of independence more likely. Ironically, therefore, while deterrence may well prevent independence, it cannot achieve peaceful reunification and it creates the possibility of a cross-Strait arms race with broader regional effects.

A final goal of Taiwan’s defense policy is to strengthen security ties to the United States and, secondly, to Japan. Despite the qualitative advantages Taiwan’s forces currently enjoy, the island could not expect to hold off concerted and protracted attack from China indefinitely, meaning securing intervention from the United States would be essential for ultimate victory. In any event, even an “unsuccessful” PRC attack could prove economically devastating and hence the U.S. deterrent remains

important in this regard as well. Strengthening security ties to the United States and Japan, therefore, is taking on increased urgency with Taiwan's military advantages expected to diminish in the later half of this decade as the economic size and technological prowess of the PRC increase. According to Swaine, the desire to secure more extensive military cooperation with the United States is one reason why Taiwan is pursuing participation in a future theater missile defense (TMD) system.⁶¹ Upper-tier TMD (discussed in greater detail in the next chapter) might markedly increase the level of military cooperation between Taipei and Washington and could explicitly include Taiwan in a region-wide defense system that covers Japan and possibly others.

South Korea: More At Ease with China

Of all the U.S.-aligned countries in East Asia, South Korea currently manifests the fewest anxieties about rising Chinese power. Improvements in the PRC's economic and military strength in the 1990s have come as the ROK-PRC relationship has blossomed following normalization in 1992. Furthermore, although the PRC remains one of the DPRK's last patrons of sorts, China's military relationship with North Korea has been in precipitous decline throughout the 1990s. No new commercial arms deals have been concluded between China and North Korea since the late 1980s, even though deliveries of previously ordered systems continued into the 1990s⁶² and the PLA still supplies ammunition, spare parts, and training to the North Korean military.⁶³ One sign of the strain between the PLA and the Korean People's Army is that the KPA does not allow PLA officers to board its naval vessels purchased from China.⁶⁴ Beijing says it was not informed beforehand of Pyongyang's August 1998 missile test that over flew Japan.⁶⁵ In private, Chinese officials have expressed annoyance with Pyongyang because the test set off a wave of anxiety in Japan thereby increasing support in Tokyo for cooperation with Washington on missile defense. In short, the "lips and teeth" relationship that once existed between the PRC and the DPRK is now simply rhetoric, with a veneer of Chinese food aid to keep the Pyongyang regime from collapsing and thereby threatening Chinese security interests. The July 2000 visit of Russian President Vladimir Putin to the DPRK and Kim's expected trip to Russia⁶⁶ are further indications of stress between Pyongyang and Beijing with Kim playing the old game of gaining leverage with Russia and China by playing to each other's anxieties.

In sharp contrast to Taiwan, which feels increasingly threatened by a modernizing PLA, South Korea has seen its security situation steadily improve thanks, in part, to China. Nonetheless, the ROK is by no means

complacent about the North Korean threat that remains. According to the ROK's 1999 defense white paper, "North Korea has the quantitative upper hand in troops and weaponry, and it possesses strong capabilities for conducting mobile warfare designed to succeed in a short-term blitzkrieg."⁶⁷ The ROK defense ministry claims that the DPRK is capable of producing "one or two crude nuclear weapons"⁶⁸ in addition to having active chemical and biological weapons programs.⁶⁹ The North's faltering economy, severe food, equipment, and energy shortages, and, most importantly, weakening military backing from Russia and the PRC, mean that North Korea is fundamentally weaker than it once was. Further, through its food aid, the PRC has helped to prevent the kind of implosion that could prompt Pyongyang to launch a desperation attack, or flood Northeast China with refugees. Meanwhile, North Korea's nuclear program has been slowed, if not entirely halted, by the 1994 Agreed Framework. Diplomatically, South Korea is enjoying improved relations with China and Japan—symbolized, respectively, by the January 2000 visit to Seoul by PRC Defense Minister Chi Haotian (the first by such a high-ranking PRC military official) and Japan's October 1998 written apology for its past colonization of Korea. Finally, all of this has taken place as the basic foundation of South Korea's security, the alliance with the United States, remains sound.

Like most militaries in the region, South Korea is engaged in a modernization effort aimed at reducing manpower in favor of more high-tech equipment. As a percentage of South Korea's total GDP, Seoul's defense spending has decreased from 4.7 percent in 1985 to 2.8 percent in 1999.⁷⁰ But in absolute terms, in light of South Korea's impressive economic growth up until the Asian financial crisis that began in mid-1997, the ROK defense budget increased annually by an average 15.3 percent between 1985 and 1997. The Asian financial crisis caused defense spending to plateau with the budget increasing just 0.1 percent in 1998 and then decreasing by 0.4 percent in 1999.⁷¹ However, with economic recovery underway, the ROK Ministry of National Defense envisions defense budget increases averaging 6 percent through the year 2004.⁷²

South Korea's defense modernization efforts include the development of short-range ballistic missiles, presumably for use against the North. Under a 1979 agreement with the United States, South Korea promised to keep the range of its missiles to 180 km (112 miles).⁷³ The United States has since agreed that South Korea could develop missiles with a range of 300 km (186 miles) which would be consistent with limits imposed on members of the Missile Technology Control Regime (MTCR) which South Korea has yet to join. Seoul has chafed under these restrictions and is irritated that Washington has allowed Japan to develop a

space-launch program for satellites while South Korea is restricted from doing so under the current arrangement.⁷⁴ In April 1999, South Korea test fired a missile some American officials believe is capable of flying close to 500 kilometers, though the missile was not fully fueled and the test flight was limited to only 50 kilometers.⁷⁵ Furthermore, according to the *New York Times*, American intelligence experts believe South Korea has hidden some elements of its missile program—including a secretly constructed rocket motor test bed—from the United States, a charge Seoul denies.⁷⁶ However, following the success of the June 2000 summit between North and South Korea, Seoul has reportedly put its longer-range missile program on hold.⁷⁷

In the brief period since normalization, PRC-ROK relations have flourished based on several mutual interests, namely: trade, a shared desire to prevent a North Korean collapse, and a shared suspicion of Japan. Unique among China's relations with other U.S.-aligned countries in the region is the depth of security cooperation between China and the ROK, particularly under President Kim Dae Jung and his "sunshine policy" toward the DPRK. Beijing and Seoul share a desire to maintain stability on the peninsula, prevent a messy collapse of the Pyongyang regime, and decrease the DPRK's economic isolation. Although China's influence over North Korea has diminished since the Cold War's end, Beijing has played a constructive role in moderating North Korea's behavior. For example, in October 1996 China joined other members of the UN Security Council in issuing a statement expressing "serious concern" for a North Korean submarine intrusion into the South one month earlier.⁷⁸ Beijing offered no support for Pyongyang, rhetorical or otherwise, when a June 15, 1999, naval skirmish between the two Koreas resulted in the sinking of a North Korean vessel and the death of an estimated 30 DPRK sailors. Chinese officials have indicated that the PRC-DPRK friendship treaty, though technically still in effect, does not necessarily require automatic intervention by Chinese troops in a Korean conflict.⁷⁹ In addition to discouraging provocative behavior by Pyongyang, China has become a crucial intermediary and facilitator of North-South talks. The talks between Pyongyang and Seoul that led to the breakthrough June 13-15, 2000, summit between Kim Dae Jung and Kim Jong-Il took place in China.

For China, South Korea is an attractive strategic partner. First, both share a distrust of Japan and have jointly pressured Tokyo to make amends for its imperial past. This was a main topic of Chinese President Jiang Zemin's November 1995 visit to Seoul, during which Jiang and then South Korean President Kim Young Sam scolded Tokyo for not owning up to Japan's past aggression.⁸⁰ From Beijing's perspective, Seoul has

also handled the Taiwan question well. The 1992 break in official relations between South Korea and Taiwan was particularly bitter with South Korea turning over Taiwan's embassy to Beijing and Taipei severing direct air links to the ROK.⁸¹ Since normalizing ties with the PRC, Seoul has, in contrast with the United States, severely limited unofficial contacts with Taipei and no cabinet-level ROK official has visited Taiwan since the split. Also, South Korea has shown no interest in participating in the United States' planned theater missile defense (TMD) system. And finally, Seoul has been lukewarm toward U.S. efforts to expand Japan's regional security role. Although the stronger U.S.-Japan alliance presumably improves America's ability to defend the ROK, in fact, many South Koreans share China's concerns about Japanese remilitarization.⁸² Finally, both the PRC and the ROK, particularly since Kim Dae Jung's implementation of his "sunshine policy," are following engagement policies designed to gradually draw the DPRK out of its diplomatic and political isolation. China sees itself as having many shared interests with South Korea, a fact that helps explain Beijing's relatively relaxed position on the continued presence of U.S. troops on the peninsula. Although China officially opposes the stationing of troops on foreign soil, private and public statements by Chinese officials indicate the PRC might be able to tolerate some residual presence of American troops in post-reunification Korea provided such a presence is accepted willingly by the host country and restricted only to bilateral matters—i.e. they would not get involved in the Taiwan Strait.⁸³

For the foreseeable future, North Korea will remain the ROK's principal security concern, meaning Seoul will be less preoccupied with China's increasing military power. Even looking to a post-reunification Korea, a stronger China is not necessarily to the ROK's disadvantage. Wedged between the region's major powers, and with a history of domination by both China and Japan—and with Russia an ever-present consideration as well—Korea would likely welcome a China that was strong enough to offset other powers, particularly an assertive Japan, but not so strong as to be domineering.

Japan: In Search of "Normality"

Unlike Taiwan or South Korea, which each have a single, clearly-defined threat, Japan is facing a range of security challenges from several directions. Most immediate in the minds of the Japanese public and leadership alike is the threat from North Korea, a challenge highlighted by North Korea's test firing of its Taepo Dong IRBM over Japan in August 1998 and again when two North Korean vessels (probably on a surveillance mission) intruded into Japanese waters in March 1999.

China's military buildup also concerns Tokyo, as do periodic PRC maritime intrusions. Although there appears little chance of a direct military clash between China and Japan in the foreseeable future—and both governments have worked to prevent the dispute over the Senkaku (Diaoyutai) Islands from escalating—friction and tensions will continue to infect the relationship.

In addition to a deep historically rooted animosity and distrust between the two (discussed at length in the next section), there is a risk that a conflict across the Taiwan Strait could morph into a China-Japan conflict given Japan's obligations under its alliance with the United States. Other Japanese security concerns include its unresolved dispute with Moscow over Russia's occupation of several islands to the north of Japan proper and competition between China and the ASEAN states for control of the South China Sea.

Even as it faces a wide variety of security concerns, Japan enjoys several advantages. First, its alliance with the United States and the protection afforded by the U.S. nuclear umbrella give Japan a level of security that would be impossible to achieve through a fully autonomous defense posture. Also, regionally Japan's military is second only to that of the United States. The Japanese Self Defense Force (SDF) is by far the best equipped in Asia and, constitutional restrictions aside, has the greatest potential to project force at long distances should Japan decide to acquire aerial refueling and greater air and sea-lift capacity. Although Japan's budgeting caps have kept its military spending at just under one percent of GDP throughout the 1990s, its military budget of \$36.9 billion in 1998 ranks fourth in the world behind the United States, Russia, and France and is the largest in East Asia, even in comparison to unofficial estimates of China's true defense spending.⁸⁴

As it faces a rising China, an unpredictable North Korea, and a potential conflict over Taiwan, Japan is following three basic defense strategies. These can be summarized as:

- **Continued modernization of the Self Defense Force;**
- **Strengthening security ties to the United States—including participation in TMD research; and**
- **Campaigning to develop an independent foreign and defense policy—i.e. become a “normal” country—as evidenced in Japan's growing activism in multilateral institutions, its desire to win a**

**Table 3: Deployed Missile Systems in East Asia
(excluding Russia)**

	Missile	Approx. number	Range (km)	Remarks
ICBM	China DF-5	15-20	13,000	
IRBM	China DF-4	20+	4,750	
	China DF-3	38+	2,800	
	China DF-21	8	2,150	
SLBM	China JL-1	12	2,150	China's single missile submarine rarely, if ever, leaves port.
SRBM	China DF-15	300	600	
	China DF-11	100	130	
	Taiwan Ching Feng	?	130	Based on America's Lance missile
	South Korea Nike-Hercules I	12	180-250	South Korea received this technology from the U.S. in return for cessation of South Korea's own missile R&D program.
	North Korea Scud (B)/(C)	30	300(B)-500(C)	Capable of manufacturing 150 per year

Sources: The International Institute for Strategic Studies, *Military Balance 1999/2000*; Todd Sechser, "Countries Possessing Ballistic Missiles (table)," Carnegie Endowment for International Peace (www.ceip.org/programs/npp/bmchart.htm#21) *Jane's Defense Weekly*; *Korea Times*, "Korea, US Move Toward Breakthrough in Missile Talks," February 11, 2000.

Table 4: East Asian Missile Programs

	Missile	Range (km)	Remarks
ICBM	China DF-31	8,000	test flown in August 1999; unveiled October 1, 1999; 3-stage missile; likely deployment by 2005
	China DF-41	12,000	likely deployment between 2005-2010
	North Korea Taepo Dong 2	3,500-5,500	North Korea agreed to suspend this program at talks with Washington in the fall of 1999.
IRBM	North Korea Taepo Dong 1	1,500-2,000	first test flown August 31, 1998; first time North Korea demonstrates multi-stage separation; stage 3 failed at test
	North Korean No Dong 1	1,500	last tested in 1993; Pentagon asserts this program is in its final stages of development; South Korea believes it is already operational
	North Korean No Dong 2	4,000+	tests conducted in the fall of 1996 for production version
	Taiwan Tien Ma	1,000	canceled in mid-1990s due to U.S. pressure
SRBM	Taiwan Tien Chi	300	Modified SAM
	South Korea Nike Hercules II	300	Also known as <i>Hyunmu</i> ; the ROK is believed to have the capacity to develop 500km version

Sources: The International Institute for Strategic Studies, *Military Balance 1999/2000*; Todd Sechser, "Countries Possessing Ballistic Missiles (table)," (table) Carnegie Endowment for International Peace (www.ceip.org/programs/npp/bmchart.htm#21) *Jane's Defense Weekly*.

permanent seat on the United Nations Security Council, and the debate in the Diet on revising Japan's peace constitution.

Strengthening the SDF

Ironically, it is Japan, a country so highly dependent on the United States for its security, that has been very successful in building a domestic defense industry capable of producing state-of-the-art hardware (albeit with large amounts of technology provided by the United States). Japan obtains 90 percent of its defense equipment domestically, often through licensed local production.⁸⁵ Japan currently is producing the F-2 (a modified version of the American F-16 fighter jet) and several classes of indigenously built surface warships. Japan also plans to launch four of its own reconnaissance satellites by 2003.

Currently Japan's active force numbers 236,300 personnel with 145,900 in the Ground Self Defense Force (GSDF), 43,800 in the Maritime Self Defense Force (MSDF), and 45,200 in the Air Self Defense Force (ASDF).⁸⁶ The MSDF has 55 principal surface combatants (compared with 39 for South Korea, 53 for the PRC, and 37 for Taiwan). Japan and Spain are the only countries outside the United States to deploy the Aegis combat system. Japan already has four Aegis destroyers and plans to add two more, at over \$1 billion per ship.⁸⁷ Overall the MSDF is a very new navy with 65 percent of the current fleet entering service after 1984.⁸⁸ The ASDF has 330 combat aircraft, including 40 F-1, 160 F-15Js, and 90 F-4Js (including 20 devoted to reconnaissance).⁸⁹ Also, in 1998 Japan added four Boeing E-767 early-warning aircraft.

Japan is following the regional trend by paring down the overall size of its armed forces while simultaneously upgrading technology. In November 1995, Japan adopted a revised version of its National Defense Program Outline (a document that sets long-term defense policy) to address changes created by the end of the Cold War. The new outline expanded the SDF mission to include not only the defense of Japan, but also assistance in natural disaster relief, counter-terrorism, and international security.⁹⁰ The need for a broader SDF role was highlighted by the Hanshin-Awaji earthquake of January 1995, the sarin gas attack on the Tokyo subway by Aum Shinrikyo cultists in March that same year, and Japan's growing role in UN peacekeeping operations (discussed below).

Under the revised National Defense Program Outline, Japan is engaged in a modest force reduction. Japan's Mid-Term Defense Program for fiscal years 1996 to 2000 will result in a reduction in authorized

ground troops from 180,000 to 160,000,⁹¹ of which only 145,000 would be active duty, and cutting the number of divisions from 13 to nine. The maritime self-defense force will have shrunk from 60 destroyers to 50 and from 220 to 170 aircraft. Finally, the ASDF is cutting its force down from 350 to 300 combat aircraft.⁹² The goal of this adjustment has been to produce a leaner, more technologically advanced force capable of meeting Japan's new security needs. Tokyo is thus following the smaller-but-better strategy adopted by other regional militaries, including the PLA.

The SDF's equipment purchases reflect this altered mission and doctrine. Japan is building a new replenishment ship designed to support U.S. forces operating in the region.⁹³ The SDF intends to obtain power-projection capabilities and Japan's next five-year defense plan, to be effective through 2005, will include funding for the purchase of tanker aircraft for in-flight refueling of fighters.⁹⁴ Also, Japan's new Osumi-class landing craft (the first of two was commissioned in 1998) is raising eyebrows among Japan's neighbors. The ship has a flat deck and resembles a small aircraft carrier. Though the Osumi can accommodate helicopters, Japan's MSDF firmly denies the ship could ever be used for other aircraft. However, Western military analysts believe it could be converted into a carrier for vertical take-off/landing aircraft such as the Harrier.⁹⁵ Regardless of the Osumi's potential capabilities, Chinese observers have bitterly denounced the introduction of the new "carrier."⁹⁶

Strengthening Security Ties to the United States

As it continues its gradual modernization of the SDF, Japan has also strengthened and clarified its alliance with the United States, drawing sharp protest from the PRC in the process. On May 24, 1999, the Japanese Diet passed legislation implementing the revised U.S.-Japan Defense Guidelines that were announced by Washington and Tokyo in September 1997. Whereas the previous 1978 Guidelines restricted Japan's SDF to defending Japanese territory, the new guidelines allow Japan to provide logistics and rear-area support to U.S. forces operating in the region. Japan's duties would include the transportation of personnel and the provisioning of fuel and other supplies (but not weapons or ammunition) to U.S. warships on the high seas.⁹⁷ Japan would also be able to gather intelligence, conduct surveillance, and sweep for mines in support of U.S. forces.⁹⁸ The implications of the new guidelines are immense as they would make Japan a direct party to any regional conflict that could involve the United States, including a war in the Taiwan Strait.

Theater missile defense is another new area of U.S.-Japan defense cooperation. In September 1998, just after North Korea's Taepo Dong

intermediate-range missile test, Japan officially agreed to join the U.S. in a TMD research program. In August 1999, Japan announced that it would contribute 20-30 billion *yen* over the next five to six years toward TMD research.⁹⁹ Tokyo has, by and large, dismissed China's complaints that the enhancement of the U.S.-Japan alliance is promoting Japanese remilitarization. Japan defense experts likewise reject China's complaints about TMD. In its report *East Asian Strategic Review 2000*, Japan's National Institute for Defense Studies noted that China "has not only been deploying and strengthening its ballistic missiles but it had exported ballistic missile and related materials in the past....The very fact that such a country criticizes a country like Japan, which does not have ballistic missiles, for conducting research into [ballistic missile defense] is misguided and unacceptable."¹⁰⁰ Moreover, Japan has steadfastly refused to accommodate PRC demands to explicitly exclude Taiwan from the operational scope of the U.S.-Japan alliance, instead maintaining the ambiguous phrase of "areas surrounding Japan."

Japan As a "Normal" Country

But as it works to strengthen security cooperation with the United States, Japan also has the somewhat contradictory desire to develop a more independent foreign and defense policy. Though the question of whether or not to revise the peace constitution or develop a military with power-projection capabilities is still highly controversial in Japan, there is a growing consensus that Japan must become more proactive in international security affairs rather than simply relying on the alliance with America. In January 2000, the Prime Minister's Commission on Japan's Goals in the 21st Century—a blue-ribbon panel of academics, business leaders, and writers—submitted a report to then Prime Minister Keizo Obuchi that decried Japan's lack of international responsibility, a result of being overly dependent on the United States. While the Commission argued that the alliance must continue to be the basis for Japan's security and Japan should not seek to become a military power, the panel concluded that Japan should be more willing to participate in multilateral actions and should no longer limit its participation in international peacekeeping to simple logistics support. "As a matter of principle," the report says, "Japan's involvement in military activities for international security must be affirmed. The Japanese people cannot say no to wars waged by members of the United Nations in the name of the international community to halt and punish countries or others conducting aggression, such wars being part of the basic framework of the UN Charter."¹⁰¹

Japan's tepid role during the Gulf War (the SDF sent mine sweepers to the Persian Gulf after the fighting ended) increased support in

Tokyo for a more vigorous security policy. In the words of one Japanese diplomat, “The Gulf War made it painfully clear to Japan that it could continue its ‘one-nation pacifism’ only at great cost to its world standing. We take this incident as a lesson that in the post-Cold War era, the international community expects Japan to go beyond financial contributions to maintain peace and stability.”¹⁰² In February 2000, two commissions of the Japanese Diet began debating possible revision of Japan’s peace constitution. The Japan MSDF’s expulsion of two North Korean vessels from Japanese waters in March 1999, the first shot Japan’s military has fired in anger since World War II, met with broad public support, which indicates a potentially significant constituency in Japan for a more pro-active defense policy. Simultaneously, Japan’s opposition Socialist Party, which has been the traditional defender of pacifist security policies, has lost influence to other opposition groups, such as the Democratic Party of Japan, that share the LDP’s support for a strong alliance with the United States and a more prominent Japanese security role.¹⁰³

Japan’s campaign for a permanent seat on the United Nations Security Council is part of this overall quest for a greater international voice. China, however, barely conceals its opposition to Japan becoming a permanent Security Council member, stating that UN constitutional revision would be very “complicated.” As the world’s second largest economy, a stable democracy, and the second largest contributor to the United Nation’s budget (providing nearly 20 percent as opposed to China’s .99 percent), Japan is obviously less than satisfied with being a “global ATM machine.”

As Japan contemplates a larger role for itself on the international stage, the taboos regarding the dispatch of Japanese troops abroad are gradually fading. The SDF’s dispatch of four Hatsushima-class minesweepers to the Persian Gulf in April 1991 to assist American, British, and Australian sweepers represented the first overseas deployment of the Japanese military since World War II. Japan has since participated in UN peacekeeping operations in Cambodia, the Golan Heights, Mozambique, and Honduras, but only in a very limited capacity. For example, in Mozambique, the SDF dispatched troops to assist in transportation logistics.¹⁰⁴ Japanese lawmakers still severely limit the missions that can be assigned SDF personnel involved in peacekeeping operations, limiting them mainly to support roles—e.g., medical care, transportation, election monitoring, food distribution, etc.¹⁰⁵

Japan also is becoming more active in multilateral military exercises. In addition to participating in the 2000 RIMPAC exercises with

the United States,¹⁰⁶ Japan also joined Singapore, South Korea, and the U.S. in a submarine search-and-rescue drill in the South China Sea October 2-14, 2000.¹⁰⁷ The exercise represents the first military training Japan has conducted with nations other than the United States. When Japan announced its intention to participate, China's *Liberation Army Daily* warned that Japan is "casting off its peace constitution" and "the ghost of Japanese militarism is stirring on the Japanese archipelago."¹⁰⁸

As least to some degree, Japan's efforts to develop a more independent defense and foreign policy could be seen as hedging its bets. Though there is a consensus in Japan that the alliance with the United States remains the bedrock of Japan's security, there are concerns that Japan may fall victim to shifting U.S. foreign policy priorities. Tokyo worries that China is attempting to drive a wedge between Washington and Tokyo as evidenced by Jiang Zemin's conspicuous visit to Pearl Harbor in 1997 and China's 1998 attempts to have President Clinton visit Nanjing—site of some of the worst Japanese atrocities of World War II.¹⁰⁹

President Clinton's failure (unwise in our view) to stop in Japan on the way to or from his June 1998 visit to the PRC (during which Clinton compared Tokyo's efforts to fight the Asian Financial crisis unfavorably with those of China) created worries in Tokyo of "Japan passing"—that the United States was building a "constructive strategic partnership" with China at Japan's expense.¹¹⁰

Russia: On the Down Escalator

While Russia has experienced a dramatic decline in power since the fall of the Soviet Union, this slide has been most pronounced in the Russian Far East (RFE). Russia's diminished influence in East Asia has been comprehensive as the nation's relative military, political, and economic capacities have all eroded relative to a booming United States and China. Today the primary Russian variable in the strategic and arms control equation in East Asia is Russia's transfer of advanced weapons and military-related technology to China. The success and ultimate scope of China's military modernization will depend, in substantial part, on Moscow's continued willingness to supply weapons systems, technologies, and skilled manpower to the PRC. Thus, while Russia itself may not currently be a major power in the region, its support of China makes its role extremely important in the future security situation. Further, Russia's weakness will not be eternal.

While the whole of Russia has been undergoing a wrenching, painful transition since the end of the Cold War, the hardships have been

particularly severe in the RFE. The Russian military presence in the Far East is a shell of its former self. Towards the end of the Cold War, the Soviet Union stationed 56 divisions, 1,420 combat aircraft, 73 surface combatants, and 112 submarines in its Far Eastern Strategic Theater and Pacific Fleet.¹¹¹ Now, Russia's presence is down to 17 divisions, 415 combat aircraft, 10 surface combatants, and 17 submarines.¹¹² At the 1997 Russia-China summit, Moscow agreed to cut forces along the Russia-Chinese border by 15 percent, though Western analysts believe these cuts merely formalized reductions that had already been made unilaterally.¹¹³ For the 17 divisions that have remained in the region, long periods of unpaid salaries and disappearing benefits are the norm, as they are in many parts of Russia. In turn, the draw down of military forces has had a profound impact on the economy of the Russian Far East, where military production accounted for 70 percent of the economy in 1990.¹¹⁴ Adding to the misery is Moscow's habit of appropriating profits from energy and resource extraction in the region and giving almost nothing back financially.¹¹⁵ Even Japanese official loans earmarked for development in the RFE rarely find their way out of Moscow.¹¹⁶

Economic decline has heightened fears that the RFE is at risk of being demographically and economically overwhelmed by China.¹¹⁷ The RFE population of eight million lives across the border from over 100 million Chinese in the PRC's northern provinces.¹¹⁸ According to one local official, 800,000 Russians, or ten percent of the RFE population at the end of the Soviet era, have moved away.¹¹⁹ Fears of Chinese immigration caused the Russian government to tighten visa requirements for visitors from the PRC in 1994 despite the negative impact this has had on barter trade, which is a major pillar of the maritime provinces' economy. The remaining residents of the area understandably feel squeezed between the larger economies and populations of China, Japan, and South Korea. One former border guard and resident of Vladivostok pessimistically told *Time* magazine, "Between the masses of China and the wealth of Japan, our days are numbered. The only question is to whom we surrender."¹²⁰

Russian concerns about a rising China may lead to a cooling of the "strategic partnership"—first announced in April 1996—between Moscow and Beijing; indeed, it already has started to dull since President Putin came to power.¹²¹ While the Yeltsin era saw traces of a Beijing-Moscow axis emerging after decades of estrangement, the partnership appeared to have reached a plateau by the end of the 1990s. The strategic relationship appears to lack depth outside Russia's arms sales to China and a shared discomfort with American predominance. Beijing is unable to assist much with Moscow's concerns regarding NATO expansion and the war against

Yugoslavia while Russia likewise has limited influence in the Taiwan Strait and other areas where China feels most threatened.

Trade and investment between the two is disappointing to both sides (miserably failing to reach the mutually set goal of \$20 billion in two-way trade by 2000) and pales in comparison to the volume of China's trade with Japan and the United States.¹²² While China remains the most important bilateral relationship for Russia in East Asia, Moscow is trying to adopt a more "omni-directional" policy in the region. Russia joined APEC in 1998 and has participated in the ASEAN Regional Forum (ARF) since 1994. The Russian military engaged in joint exercises with American forces in August 1998. Russia's military also conducted joint search and rescue maneuvers with the Japanese SDF. Since entering the presidency in January 2000, Vladimir Putin has continued this effort to cultivate a broader array of relationships in East Asia as evidenced by Russian Foreign Minister Igor Ivanov's trips to North Korea, Japan, and Vietnam¹²³ and Putin's own travels to North Korea and Japan (trips which followed a brief summit with Jiang Zemin in Beijing) in July 2000.

Contrary to common belief in the United States, Russia is hardly an open bazaar for the Chinese military.¹²⁴ In June 2000, Russia reportedly turned down Chinese Defense Minister Chi Haotian's request for Su-37 fighters and an advanced air defense system.¹²⁵ The significant sales that do occur are motivated by financial needs rather than a coherent policy goal.¹²⁶ Prominent Russian foreign policy elites have questioned the wisdom of supplying China with so much advanced weaponry (which its own military can ill-afford), saying that the policy is counter to Russia's long-term interests. The most worrisome aspect of the Russia-China relationship may be the flow (of unknown magnitude) of Russian scientific manpower into China's military-related labs and enterprises.

Although Russia may not currently be the major factor in East Asia, it is still a significant player with considerable influence. The strategic relationship between China and Russia has grown substantially in the latter half of the 1990s, but is still far from a comprehensive alliance. Nonetheless, a deterioration of the U.S.-Russian relationship—due to a fallout over American missile defense plans, NATO expansion, or another Kosovo-like conflict on Russia's periphery—could loosen the brakes on the China-Russia partnership. Also, it would be foolish to permanently write Russia off in East Asia. The RFE and Siberia contain vast natural resources that will likely play an important role in the region's economic development. When Russia recovers from its current malaise, Moscow will almost certainly work even harder to reestablish its interests in East Asia. The strategic lodestar of American policy should be to have more

productive relations with both Russia and China than they have with each other.

South Asia

For India, living next to a comparatively strong China is nothing new. Relations between the two deteriorated rapidly in the late-1950s and 1960s and the two fought a brief border war in 1962. India fared poorly in that fight and today New Delhi and Beijing still have conflicting territorial claims along two sections of their mutual border. Soon after that war, in 1964, China tested its first atomic bomb, an event widely credited with spurring India's own nuclear program and first "peaceful" test in 1974. After decades of estrangement, relations began to improve with the 1988 visit of Prime Minister Rajiv Gandhi to Beijing.

After the end of the Cold War, Sino-Indian relations improved further with the signing of the "Agreement on the Maintenance of Peace and Tranquility Along the Line of Actual Control in the India-China Border Areas" on September 7, 1993, and the November 29, 1996 "Agreement on Confidence-Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas." Though both sides have pledged to solve the border dispute through diplomatic means, significant tensions still exist in the relationship over India's support of the Dalai Lama and the Tibetan government in exile, China's arms sales to Pakistan, and India's 1998 nuclear tests. Nonetheless, Beijing was shocked when Indian Defense Minister Fernandes pointed to China as the threat justifying New Delhi's nuclear detonations.

China looms larger in India's security thinking than vice versa. Though democratic India has engaged in some market reforms in the 1990s, it has not been as economically dynamic as the PRC. Internationally, China and India compete with one another for leadership of the developing world and India has long faced the reality that China's global influence has risen above its own. As one Chinese commentator recently (and somewhat immodestly) put it, "India, envious of China's enhanced international status, appears uncomfortable that it cannot play the same role as China in international affairs."¹²⁷ Not only is China the primary ally of India's bitter enemy Pakistan but Beijing is also developing military relationships with Burma and Sri Lanka. "China is building strategic relationships with some of our Bay of Bengal littoral neighbors by offering military aid and weapons at 'friendship prices' says India's Ministry of Defense; "...[t]hese developments along with China's strategic partnership with Pakistan have security implications for the

region.”¹²⁸ The Ministry also notes advances in Chinese missiles and the PLA’s improving air- and sea-lift capabilities and joint service operations. “The presence of Chinese SSBNs [ballistic missile submarines] in the Indian Ocean may soon be a reality.”¹²⁹

Indian Defense Minister George Fernandes labeled China as India’s “potential enemy number one” just prior to New Delhi’s nuclear tests of March 1998, as mentioned above. However, Fernandes’ statement about the “China threat” could be interpreted as an attempt to blunt international criticism of tests that were primarily aimed at Pakistan. Fernandes also received considerable criticism within India for the remark, which hardly represents a consensus viewpoint.¹³⁰ At the very least, Indians, like Americans are divided over the extent of the “China threat.”

India fields the dominant military force of South Asia with close to 1.2 million active duty personnel. With the exception of a slight dip in 1996, Indian defense budgets have risen every year since 1994, with 1999 defense spending at \$10.7 billion (and, unlike China, India’s figures for military expenditures are largely transparent), a 5.1 percent increase in real terms over 1998.¹³¹ Much like China, India strives to achieve self-sufficiency in military hardware but its domestic weapons programs are frequently plagued by delays and cost overruns.¹³² Though India’s military is overwhelmingly geared toward countering Pakistan, New Delhi is attempting to develop power projection capabilities with implications outside the Subcontinent. India plans to add two additional aircraft carriers to its fleet by 2010 when its lone carrier is due to be decommissioned.¹³³

Since the May 1998 nuclear tests, the international community has directed greater attention toward India’s missile programs. India already has Prithvi missiles with ranges between 150 and 250 kilometers (and a 350-km version under development).¹³⁴ More significant for China, however, is India’s development of the 2000 km Agni 2, test flown in April 1999. India also is developing the 3,500 km-range Agni 3 and is believed to be working on an ICBM, called the “Surya,” and a submarine-launched ballistic missile and cruise missile.¹³⁵ Ranges for these systems give them a reach far beyond Pakistan and well into the densely populated areas of China.

Despite India’s provocative rhetoric surrounding the 1998 nuclear tests, China’s attitude has been relatively subdued. China forcefully condemned the tests by India and Pakistan, and, on May 29, joined with the other four permanent United Nations Security Council members to pass a sharply critical resolution. In June, Presidents Jiang Zemin and Bill

Clinton issued a joint statement expressing concern over the escalating tensions on the Subcontinent. However, though the nuclear test forced Chinese policy makers to pay more attention to India, there is scant evidence to suggest that India, in the eyes of Beijing policymakers, has risen to the level of an A-list security threat on a par with Taiwan independence or the expansion of the U.S.-Japan alliance.

China's policy remains one of emphasizing stability and ensuring that India does not achieve complete domination of the Subcontinent. One result of India's May 1998 nuclear test, according to U.S. intelligence reports, has been increased Chinese assistance to Pakistan's ballistic missile program.¹³⁶ One consideration by Beijing has been that while Washington initially condemned the 1998 test, it soon seemed to resume its attempts to improve relations with India, most notably symbolized by President Clinton's visit to both India and Pakistan in the late summer of 2000.

Despite tensions over India's nuclear tests, Tibet, and the unresolved border, there is reason for cautious optimism about Sino-Indian relations in the long term. As Robert Manning recently observed:

In terms of India's strategic imperatives, the question I have never been able to work through is the nature of the strategic competition between China and India....All I can find in South Asia is principally a border dispute and a certain amount of psychological rivalry amongst two of the world's largest states. Beyond that I have trouble coming up with a Fulda Gap equivalent, [a kind of conflict that would] rise to the magnitude of incinerating two billion people.¹³⁷

Indeed, though the India-China border dispute in Kashmir involves a large area (about twice the size of Massachusetts), the region in question is sparsely populated and not a great economic prize. Further, the Himalayan mountains act as a natural barrier that retards the potential for armed conflict. Border conflict aside, India does not have a record of expansionism into, and domination of, Chinese territory. Though it is true that China is expanding its influence around the Indian Ocean (repeated reports of an incipient Chinese naval base in Burma are emblematic), the PLA will be preoccupied with the Taiwan Strait, the South China Sea, and the Pacific Ocean for the foreseeable future. Finally, China and India share considerable mutual interests including a desire to prevent the spread of Islamic fundamentalism, separatism, and terrorism; to improve living standards for their huge populations; and, more generally, to promote a "multi-polar" world where the United States is unable to dominate so easily. Further, both countries find themselves in opposition to U.S. missile defense plans.¹³⁸

The nuclear arms race emerging in South Asia presents a great challenge for global arms control and non-proliferation regimes. China's assistance to Pakistan's nuclear weapons program—the “Islamic bomb”—could create even more problems if the technologies were further disseminated into the Middle East. China's support of Pakistan could be leveraged in its dealings with the United States (this already seems to be playing out in the missile defense and arms sales to Taiwan issues), but the chances of a catastrophic war between China and India, or even a repeat of the 1962 border war, appear slim at this point. Such a conflict would likely only arise from a major war between India and Pakistan (possibly involving a limited nuclear exchange) in which China might feel inclined to intervene. More likely, Beijing would sit on the mountain top and watch the tigers fight, hoping to focus on its own economic and social problems as its strategic rival to the south wasted its energies in conflict and alienated itself from the West.

Conclusion

A “modernization race” rather than an “arms race” is perhaps the best way to describe the current circumstance in East Asia. Nearly all countries in the region, North Korea being the exception, are actually downsizing their militaries with the idea of creating more nimble, high-tech forces suitable for localized conflicts. While it is true that regional military budgets generally increased during the 1990s, military spending as a percentage of GDP has been declining in most East Asian countries, or at least remaining steady. Economic development, rather than military competition, is the priority for almost all the Northeast Asian states. No country, even China, is militarizing at a pace that would suggest it is preparing for a major conflict in the near future.

Another hopeful sign is that the military modernization programs underway in East Asia are largely conventional. The flow of weapons-of-mass-destruction technology is primarily heading south into the Subcontinent and the Persian Gulf rather than to East Asia. Though talk of nuclear weapons may bubble up at the fringes of Taiwanese, South Korean, and Japanese politics, no East Asian state appears poised to soon follow China into the nuclear club. Nor for that matter are any states, except North Korea, overtly seeking to develop strategic missiles. Though the DPRK apparently harbors nuclear/ICBM ambitions, the country is hobbled by its Stalinist economy and is still dependent on outside aid for its survival. Also, the success of the June 2000 Kim-Kim summit at least engenders the hope of North Korea becoming less belligerent and keeping its nuclear program frozen. For its part, China appears focused on modernizing its nuclear delivery systems with the goal of enhancing the

survivability of its missiles and defeating missile defenses. Although China's buildup of short-range missiles is disturbing, so far it appears more an act of psychological pressure than a genuine threat to Taiwan's survival as a de-facto autonomous political entity.

Nonetheless, there are reasons for concern. The Taiwan Strait is an area of considerable danger, inasmuch as conflict could erupt suddenly and, if it did, it almost assuredly would involve the region's major powers—China, the United States, and Japan. While the DPRK's pitiful wheeze of an economy decreases its ability to effectively engage in a sustained war, the horrid conditions in North Korea still could lead to regime implosion and violent chaos, though Chinese observers have (correctly thus far) argued that such a collapse is unlikely. Although the parties in the South China Sea dispute all seem to share an understanding that partially submerged rock atolls are hardly worth going to war over, that could change if the area's oft-hyped oil and natural-gas riches materialized. Finally, the introduction of an American/Japanese TMD system—which could conceivably be fielded by 2007—could lead to the ungluing of non-proliferation regimes and be the starting gun in a self-feeding missile/missile defense race, a contest that could involve the Subcontinent as well.

Over the long term, however, the problems are both numerous and arguably less manageable. The Sino-Japanese relationship is one characterized by deep suspicions and latent hostility. A failure by Tokyo and Beijing to overcome history and achieve a lasting reconciliation could produce zero-sum competition for regional leadership. The risks are all the greater given that the sustainability of the United States forward troop presence in the region is hardly guaranteed. The Catch-22 of the region is that the longer peace is maintained, the greater will be the calls—both among Asians and Americans—for a diminished forward U.S. troop presence. And finally, China's future direction remains a substantial question mark for East Asian security and will be a decisive factor in the future arms control environment. While the hope is that the PRC will evolve into a prosperous, cooperative, and increasingly humanely governed power, the path from here to there is long and fraught with obstacles. The next section of this report is dedicated to a more detailed analysis of the several key barriers—both short and long term—to a more secure and less militarized East Asia.

Part II

The Three Key Drivers

Driver No. 1: Taiwan

The unresolved status of Taiwan is a major driver of the nascent military “modernization race” underway in East Asia—what the preceding chapter more accurately described as a qualitative competition rather than a rapidly accelerating quantitative buildup. The situation in the Taiwan Strait is volatile in the medium and long terms, even as the North-South Korean summit of June 2000 offered the hope of a calmer situation on the Peninsula. The primary trend across the Strait since the early 1990s has been the growing divergence between Taiwan-China economic ties, which have grown closer and deeper, and the political relationship, which has generally worsened. A peaceful solution to the Taiwan issue is essential for long-term stability in East Asia and for the achievement of almost all U.S. national interests in the region. However, such a solution seems progressively more elusive as the political division between Taiwan and the mainland grows more pronounced, even conceding that newly elected Taiwan President Chen Shui-bian—a former pro-independence activist—has been more flexible and conciliatory than many, including leaders in the PRC, expected.

Three factors contribute to instability in the Taiwan Strait: 1) the breakdown of the “one China” consensus between Taipei and Beijing leaving the United States caught in-between; 2) the PRC’s growing motivation to get Taiwan on the path toward reunification; and 3) the *remilitarization* of the Taiwan Strait.

Breakdown of the “One China” Consensus

Taiwan’s democratic reforms have created a more just and humanely governed society on the island, and the ouster of the Kuomintang (KMT), the ruling party for more than fifty years, in the March 2000 presidential election offers the hope of attacking deeply rooted corruption. By almost all measures—human rights, standard of living, political participation, and education and employment

opportunities—life grew better for the average Taiwanese as political liberalization gradually occurred in the 1980s and 1990s.

Political liberalization allowed the Taiwan independence movement to move from underground into the mainstream of the island's politics, much to Beijing's alarm, with the Democratic Progressive Party (DPP) in 1991 writing into its Charter the call for a Republic of Taiwan. Political reforms begun under Chiang Ching-kuo (Chiang Kai-shek's son and Taiwan's president from 1978 to 1988) also allowed the rise of native Taiwanese leaders, including Lee Teng-hui (president from 1988 to 2000), who promoted a Taiwan-first political philosophy and de-emphasized reunification with China. Taiwanese gradually came to numerically outweigh "mainlanders" in the KMT by a considerable margin.

Finally, the process of democratization itself has helped create a new Taiwanese identity, a sense that Taiwan has created a unique civilization that successfully blends Chinese culture with Western political traditions. The political gap that now exists between democratic Taiwan and an authoritarian PRC has grown on top of the existing (and widening) economic chasm separating the two sides of the Strait (1998 per capita GDP in Taiwan was approximately \$12,600¹³⁹ while the equivalent figure in the mainland that year was just \$780¹⁴⁰). China and Taiwan arguably have less in common today than they did in the early 1980s, when Taiwan still existed under a relatively strict one-party Leninist political system.

As a result of the above changes within Taiwan, the "one China" consensus that used to bind Taipei and Beijing together has eroded substantially. Prior to democratization, the KMT in Taipei maintained that there was only one China with one government, a position identical to that of the CCP in Beijing, though each claimed to be the sole legitimate regime. In 1992, under Lee Teng-hui, Taiwan adopted the formula of "one China, two political entities," with the KMT regime then claiming only to exercise jurisdiction over Taiwan itself and a few offshore islands.¹⁴¹

In a move that shocked both Washington and Beijing, in July 1999, Lee further modified this to say that relations between Taiwan and the mainland should be conducted on a "special state-to-state basis," a notion Beijing denounced as practically tantamount to a declaration of *de jure* independence. Though Taipei has seemingly backpedaled on this a bit and maintains a degree of ambiguity on the "state-to-state" model (Chen Shui-bian said in his May 20, 2000 inaugural address that he would not seek to promote this idea in law or constitution), nonetheless, Taiwan no longer espouses the idea of a single Chinese state and calls for equal international

treatment of the two entities until such time as reunification may occur. Reunification now is only “one option” Taiwan might pursue. Although Taiwan conducts an ongoing campaign to enter the United Nations and gain more diplomatic allies (as of June 2000, 29 states formally recognized Taipei¹⁴²), Chen is directing most of his attention toward international non-governmental organizations that raise potentially fewer issues of sovereignty. Thus, while the PRC position on Taiwan’s status has remained largely unchanged, Taiwan itself has moved a considerable distance from the classic definition of “one China”—it is best described as a “two Chinas policy” which is anathema to Beijing.

Sensing that Taiwan is drifting toward independence, the PRC is growing more anxious to at least make progress toward an eventual union of some vague description. Beijing has approached the Taiwan question with even more urgency since the return of Hong Kong and Macao to Chinese sovereignty in 1997 and 1999 respectively. Taiwan is the final piece of unfinished business in the CCP’s 80-year struggle to achieve national unity. “We have both the determination and the ability to resolve the Taiwan question at an early date,” said PRC President Jiang Zemin in a December 20, 1999, speech marking Macao’s return.¹⁴³ Although the PRC has not set a precise deadline, Beijing is discussing reunification in terms of years not decades. In its February 2000 white paper on Taiwan policy, Beijing not only repeated its threat to use force if Taiwan declares independence or is occupied by a foreign power, but, in a formulation put in writing for the first time, it also reserved the right to use force “if Taiwan authorities refuse, *sine die*, the peaceful settlement of cross-strait reunification through negotiations...”¹⁴⁴ This point was reiterated in its October 2000 defense white paper.

Although the PRC is eager to make progress on the Taiwan problem, it is locked into a rigid and ineffective policy that makes reunification very unattractive to the people of Taiwan. In addition to threatening military force under certain conditions, China continues to adhere to the “one country, two systems” model for reunification, a formula applied to the former colonies of Hong Kong and Macao. Though Beijing emphasizes that it is willing to offer Taiwan a great deal more autonomy than has been given the two former colonies, an April 2000 opinion poll results show that over 70 percent of people on Taiwan reject the “one country, two systems” formula even under the more generous terms offered by the PRC.¹⁴⁵ The people of Taiwan reject the implications of unequal status. Furthermore, those on Taiwan note, “one country, two systems” was created by Deng Xiaoping as an economic model—socialism and capitalism being the “two systems”—and does not adequately address how democracy and one-party authoritarianism can

exist within a single China. While Hong Kong's transition has gone better than many would have predicted, Taiwanese do not consider the Hong Kong Special Administrative Region's responsiveness to Beijing an encouraging sign that a post-reunification Taiwan would really enjoy true autonomy. And finally, Taiwan's people ask starkly, "what does one country, two systems offer us that we do not already possess?" The PRC's answer is, in effect, "security." The loop in the dilemma is entirely closed—threats to their security do not attract Taiwan's citizens.

At times the PRC has shown some sensitivity to Taiwan's desire for greater dignity. In the February 2000 white paper, Beijing offered to negotiate with Taipei "on the basis of equality"¹⁴⁶—a long-term demand of Taiwan, though the PRC meant "equality" in bilateral negotiations across the Strait, not as entities of equal standing on the world stage. In its official response to Taiwan President Chen Shui-bian's May 20, 2000, inaugural address, the PRC's State Council Taiwan Affairs office said that Beijing "respect[s] the Taiwan compatriots' lifestyle and wish to be the masters of their own affairs and exercise management over themselves..."¹⁴⁷

But more often Beijing's heavy-handed tactics alienate the Taiwanese public. Taiwan accused the PRC of stalling international relief efforts following the September 21, 1999, earthquake by insisting that international disaster organizations receive permission from the "central government" in Beijing before sending teams to Taiwan. More recently, the PRC temporarily banned a Taiwanese pop star Chang Hwei-mei ("A Mei") who performed at Chen Shui-bian's inauguration, an action that simply underscored for the Taiwan people the relative lack of freedoms on the mainland. Simultaneously, some Taiwan businessmen who endorsed Chen Shui-bian's election were subjected to various degrees of post-election criticism by the PRC. These moves had the effect of further decreasing support in Taiwan for a political union with the mainland.

The PRC has suggested that the two sides return to their now disputed "1992 consensus" whereby both agreed that there was "one China," but they did not agree about the political content of such a one China. This consensus will be difficult to revive because, contrary to its stance in 1992, Taiwan no longer acknowledges a single Chinese sovereignty and now maintains that "one China" is only a future possibility. More generally, however, Chen has held out the possibility that Taiwan and China could join together in some form of confederation.¹⁴⁸ Though outside observers might view all of this as tiresome semantics, the future stability of East Asia rests on whether or not Taiwan and the PRC are able to overcome their fundamental

differences over sovereignty and engage in meaningful political dialogue across the Strait. The United States cannot be indifferent to whether or not productive dialogue occurs.

This brings us to the remilitarization of the Taiwan Strait. Following the Quemoy-Matsu crises of 1954 and 1958, the Strait was relatively calm for nearly 40 years, save the occasional defecting fighter pilot. This placid circumstance, however, changed with the PRC's test firing of missiles into Taiwan waters in July 1995 and again in March 1996, actions meant to "deter" Lee Teng-hui from moving toward independence and designed to affect the presidential election on Taiwan itself. After Lee Teng-hui's 1995 visit to Cornell University, PRC officials began routinely threatening military force against Taiwan,¹⁴⁹ a theme Beijing had downplayed during the honeymoon period of cross-Strait relations of the early 1990s.

As mentioned in the previous chapter, much of the PLA's modernization drive—including the acquisition of submarines, fighter planes, and surface ships from Russia and the development of new missiles—has been undertaken with the goal of giving the PLA greater ability to deter Taiwan from declaring independence and discouraging the United States from intervening in a Strait conflict. The assumption (hope) in Beijing is that Washington is so casualty averse that it either will choose not to respond to possible PRC military pressure on Taiwan or will not have the staying power even if it decides to initially intervene.

Predictably, the PRC's military threats and force modernization/buildup have both contributed to a more hawkish outlook in Taiwan (where one now hears calls for acquisition of an offensive, first strike conventional capability¹⁵⁰) and energized more muscular policy initiatives in the United States. China's missile tests in 1996 were part of a process that helped to weaken the consensus in the United States behind an engagement policy toward China. Republican presidential candidate George W. Bush, for example, declared that "China is a competitor, not a strategic partner."¹⁵¹ Many, particularly in Congress, are pushing for a stronger, more intimate military relationship with Taiwan, including TMD and other advanced weapons sales such as Aegis-equipped destroyers and conventional submarines. Such thinking was behind the Taiwan Security Enhancement Act, a bill designed to (among other things) expand security ties with Taipei by allowing more Taiwan military officers to be trained in the United States and establish "direct secure" communication between the U.S. and Taiwan militaries. China's military posture is one of several problems ("rogue states" being another) that drives the United States toward greater military expenditure—after cutting defense spending every

year since 1987, the U.S. military budgets began growing again in real terms in fiscal 1999.¹⁵²

Scenarios for Taiwan's Future

There are three broad scenarios of varying probabilities for Taiwan's future: 1) a rapid, peaceful reunification with the mainland; 2) a continuation of the status quo with gradual militarization; and 3), armed conflict. Of the three possibilities, a near-term peaceful "reunification" of some description is highly improbable, though an interim arrangement in which both the use of force and independence are shelved in favor of cross-Strait cooperation is conceivable, albeit not likely. Though Taiwan has never formally ruled out reunification as an option, it has made it clear that democratization and higher living standards on the mainland are prerequisites for any possible union of any description. Indeed, even with radical political reform on the mainland, it is far from clear that reunification would be attractive to Taiwan's leaders, who would stand to become relatively small fish in a very big pond. As Chinese President Jiang Zemin once pithily put it: "It is better to be the head of a chicken than the tail of an ox."

The second scenario is perhaps the most probable, but, given the intrinsic nature of militarization, there is an ever-present possibility that the second scenario will, sooner or later, produce the third. Given the low probability of reunification anytime soon, Taiwan will be forced to walk a very thin line between reinforcing its claimed sovereignty and making clear to Beijing that the door to reunification is not locked. Given this delicate balancing act, one must expect that military tensions will occasionally spike. There may be repeats of the March 1996 mini-crisis as the PRC seeks to test Taiwan and U.S. resolve or Taipei seeks to test the limits of U.S. support. In the absence of a political understanding, it is unlikely that the PRC will halt its gradual short-range missile buildup and the acquisition of other force-projection capabilities. In turn, this will make it progressively more difficult for Washington to avoid and/or defer more robust, and inflammatory, weapon sales to Taiwan. All the while, China's neighbors will be watching the process with apprehension.

The third scenario, outright conflict, is not inevitable since both Taiwan and China realize the tremendous financial, human, and political costs of such a war. But the possibility of a rapid descent into a military confrontation is more probable than sudden reunification. In the weeks following Lee Teng-hui's "state-to-state" announcement of July 1999, China flew over 100 fighter sorties across the Taiwan Strait's midline,

seized a ship carrying supplies to Taiwan troops on the island of Matsu, and test fired its new DF-31 ballistic missile.¹⁵³ Though the PRC maintains that it would only use force under the three conditions it specified in its February 2000 white paper, Beijing's policy has a strong component of military coercion/deterrence.

A broad social or economic crisis on the mainland could increase the likelihood that a nationalistic PRC leadership would attempt to exert force against Taiwan as a way of diverting attention from domestic problems. Also, the perception in Beijing that Washington is strengthening military ties with Taipei, reinforced by Taipei's possible participation in an America-led missile defense system, risks creating a "now-or-never" mentality among the Chinese leadership. But perhaps the greatest danger is that either Taiwan and/or China misjudges or miscalculates American intentions. Taipei could push the independence envelope too far if its leaders believed Washington would come to its aid under any circumstances. Beijing, on the other hand, might be tempted to use military means if it felt the U.S. commitment to Taiwan was weakening or that the United States simply could not tolerate a conflict which, unlike the Gulf War or Kosovo, would involve significant U.S. casualties and an America acting without allies.

The region is already experiencing several costs associated with the unresolved status of Taiwan. In addition to higher defense budgets in the PRC (and, with a lag, Taiwan), the Taiwan question is perpetuating a victimization complex in the PRC that colors its relations with other nations, particularly Japan and the United States. Even China's actions in the UN—including the two Security Council vetoes China cast in the 1990s¹⁵⁴—are driven by the Taiwan issue. Because Taiwan has become such a dominant priority, it is difficult for China to formulate a compelling and reassuring vision for how it will fit into the future global order and to demonstrate positive leadership both regionally and globally. The process of integrating China into the international community would be set back decades by a military clash across the Strait, irrespective of the outcome. Singapore founder, and frequent cross-Strait intermediary, Lee Kuan Yew, says such a conflict "will poison relations in the whole region. We will have an ugly, nasty Asia-Pacific."¹⁵⁵

Driver No. 2: Missiles and Missile Defenses

Beijing views America's plans to develop both national missile defense (NMD) and theater missile defense (TMD) as a direct threat to its interests. China's criticism of missile defense dates back to the 1980s, when Beijing worried that the Reagan Administration's Strategic Defense

Initiative (“Star Wars”) would disrupt the strategic balance between America and the Soviet Union and spark an arms race detrimental to Chinese interests.¹⁵⁶ With a very small strategic missile force in comparison to Russia and the United States, China is the major power that will be most affected by missile defense. Yet, until recently, its concerns factored little in Washington’s deliberations about these systems. China’s criticism of missile defense has grown more intense in the second half of the 1990s and into 2000 as the goals of the program have morphed from protecting against massive strikes of Russian ICBMs to countering limited attacks by “rogue states” (in June 2000 the State Department dropped the term “rogue state” in favor of the blander term “states of concern”). The proposed NMD system, designed to protect the U.S. homeland, and its TMD counterpart, designed to protect forward-deployed American forces and allies, would affect the PRC in different ways. The impact would also vary by the size and scope of systems that may be built and the ways in which they might be deployed. Being prudent, however, China will assume that irrespective of the initial scope, missile defense will expand as it is refined. In this context, China’s objections to NMD and TMD could be summarized as follows:

NMD

- An NMD system would severely degrade (possibly negate) China’s small ICBM force and possibly leave the PRC without even an assured minimum deterrent vis-a-vis the United States.
- NMD will shift the global strategic balance. The United States, once safely ensconced behind a missile shield, might be more likely to take offensive action against others—i.e. become a “rogue superpower” and certainly would be less deterred from becoming involved in a Taiwan Strait intervention.
- NMD will weaken the existing strategic arms control regime that works in China’s favor and may halt the drawdown of Russian strategic forces.

TMD

- TMD will enhance military-to-military cooperation and create a de facto alliance between Taiwan, Japan, and the United States, thus reducing China’s leverage and encouraging Taiwan independence.

- TMD will encourage Japanese remilitarization and will help Japan develop an offensive missile capability through the technology transfer that would necessarily be part of any joint TMD development.
- TMD would be part of a broader effort to contain China and perpetuate the U.S. military presence in East Asia.

China's concerns about NMD are more strategic. Although the NMD system currently under development is designed primarily to stop a small attack from states like North Korea, Iran, and Iraq, China's ICBM force also is vulnerable. With only about two dozen ICBMs capable of striking the United States, China could stand to lose its entire retaliatory force in the face of even a limited missile defense. China also believes that the thin shield currently envisioned will be improved and expanded, meaning the PRC will need to either build more missiles and/or equip its missiles with increasingly sophisticated penetration aids—including MIRV, maneuverable warheads, decoys, and other countermeasures—if it wants to maintain a credible minimum deterrent.

China already is in the process of modernizing its missile forces, but its next generation ICBM, the DF-41, has yet to undergo its first flight and the PRC would be unable to deploy the DF-41 until sometime between 2005-2010,¹⁵⁷ meaning China might be unable to construct large numbers of the missile until well into the second decade of the century. While some improvement in China's strategic forces is underway (and probably is not negotiable), American NMD will leave China having to spend more to maintain its current level of deterrence. It will do so.

Beijing tends to view the growing popularity of missile defense within the United States in the context of what it views as American interventionism. PRC strategists argue that it is impossible to separate offense and defense. An effective national missile defense system, they say, will make Washington even more willing to use force against weaker states. For China, the fear is that the United States, once safely ensconced behind its hypothetical NMD shield, will be more willing to come to Taiwan's aid. Needless to say, China sees American missile defense as counter to its own desire for a multi-polar world system.

In its effort to stop America's NMD program, China has become a champion of the 1972 ABM Treaty (to which the PRC is not a party), which severely limits the scope of missile defense systems of the United States and Russia. Jiang Zemin, in a joint statement with visiting Russian President Vladimir Putin issued July 18, 2000, called the ABM treaty "the cornerstone of global strategic stability and international security..."¹⁵⁸

China's arms control cheerleading, however, carries with it a certain degree of irony given that, through the late 1970s, Beijing categorically denounced arms control as institutionalizing the hegemony of the two superpowers and refused to engage in multilateral arms control talks.¹⁵⁹ Even today China does not fully participate in some arms control agreements, such as the Missile Technology Control Regime (MTCR),¹⁶⁰ though it has gone considerable distance in the 1980s and 1990s by embracing other efforts like the Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT).

While China is sometimes lukewarm in its support of multilateral arms control, nuclear arms control agreements between the United States and Russia—which could reduce the stockpiles of each to as few as 2,000-2,500 warheads under proposed START III levels—are seen in Beijing to be fully in its interests because they increase China's relative strategic power with no sacrifices or obligations on its part.

China thus worries that NMD and a U.S. withdrawal from the ABM Treaty would cause the entire Russia-U.S. arms control system to unwind, prompting a buildup that would once again water down China's strategic significance, and leave it more vulnerable. At the same time, Beijing also worries that Washington and Moscow might reach an agreement whereby Russia agrees to amend the ABM Treaty in exchange for missile defense technology from the United States, an outcome that would also leave China out in the cold. When all is said and done, the Chinese do not believe that Russia is a constant partner.

Unlike NMD, TMD is more of a political/sovereignty issue for the PRC. While China maintains a very small ICBM arsenal that could be countered by a future NMD system, China possesses a much larger array of intermediate- and short-range missiles that could overwhelm any TMD system currently envisioned. Additionally, Beijing is building cruise missiles that could fly under such a system. For example, the PRC possesses approximately 66¹⁶¹ intermediate-range missiles that could strike the main islands of Japan from China's northeast and this number could increase as China's new DF-31 missile comes on line. As noted earlier, China has about 200 short-range missiles in proximity to the Taiwan Strait and a potential force of 650 by the year 2005. Hence, within the region, the PRC has enough missiles to substantially penetrate any TMD system covering Japan and Taiwan. And, of course, none of these calculations include the possibility of "unconventional" delivery vehicles as simple as sampans, larger boats, and civilian means of conveyance.

Although China categorically opposes the introduction of TMD to Asia as destabilizing, Beijing's primary concerns center on Taiwan. Following several months of study by Taiwan's military, President Lee Teng-hui announced in August 1999 that Taiwan would seek to join the U.S.-Japan TMD effort.¹⁶² Although some of Taiwan's military leaders are skeptical about TMD because of the system's likely high cost and limited effectiveness, political leaders are generally supportive of missile defense as a way of countering Chinese intimidation and of strengthening security ties to the United States—also politicians can tell voters they are doing “all that can be done to provide security.”¹⁶³ Taiwan remains interested in joining TMD, though Taiwan Defense Minister Wu Shih-wen has indicated TMD (upper tier) is not necessarily the best option for Taiwan.¹⁶⁴ China views Taiwan's campaign to join TMD as a ploy to establish a de facto military alliance with the United States and Japan—and this is, in part, true. Possible U.S. sales of TMD-related equipment are “greatly whetting the arrogance of ‘Taiwan independence’ advocates,” said the *People's Liberation Army Daily* in April 2000.¹⁶⁵

In fact, it is the political implications of TMD for Taiwan that worry the PRC more than the possibility that such a system would significantly shift the military balance across the Strait. Chinese strategists generally scoff at the notion that a TMD system would give significant protection to Taiwan.¹⁶⁶ But Chinese officials do note that TMD would involve a much higher level of military-to-military cooperation than has previously existed between Washington and Taipei since the establishment of diplomatic relations on January 1, 1979. China fears TMD would result in a hardwiring of Taiwan into U.S. intelligence and command networks in a way that resembles a formal military alliance. Said one commentator in the official *People's Daily*:

People know that the deployment of ABM [anti-ballistic missile] weapons on land or at sea cannot play an effective role without the timely provision of warning information from satellites deployed in space and without the exercise of unified command and control through an advanced network system...If the United States really takes the first step in providing Taiwan with ABM weapons and deploying them on land or at sea, what second and third steps will it take?¹⁶⁷

Second to its concerns regarding Taiwan are China's arguments that TMD will further encourage Japanese rearmament. China views TMD, coupled with the strengthened U.S.-Japan defense guidelines, as part of an overall trend toward a resurgent Japanese military. Japan currently is the only U.S. ally in the Asia-Pacific participating (modestly) in the TMD research and development program. Japan expects to spend 20 to 30 billion *yen* through 2005 on joint TMD research with the United States.¹⁶⁸ South Korea, by contrast, has not expressed an interest in

joining upper-tier TMD because of the system's high cost and limited utility against the close-in threat from North Korea (Seoul is within range of North Korean artillery). Luo Renshi, a research fellow at the PLA-associated China Institute for International Strategic Studies (CISS), claims that much of the technology involved in TMD—including heat resistant materials, guidance systems, and fuels, etc—“are easily transferable to be used on long range ballistic missiles.”¹⁶⁹ Luo implies that such technology could be used by Japan to develop an offensive capability: “..that Japan has now possessed considerably high level nuclear technologies and a great deal of nuclear raw material reserves, and is now even acquiring ballistic missile technologies, all of which cannot but set its Asian neighbors worrying.”¹⁷⁰

Although North Korea's missile test of August 31, 1998, spurred Japan's participation in TMD and gave military planners in the United States a new sense of urgency to deploy a system in East Asia, Beijing believes that TMD is ultimately aimed at China. China, which has the closest relations with (and most intimate knowledge of) the DPRK, tends to be less alarmist in its thinking about possible North Korean actions. “Judging from the DPRK's domestic economic plight and the alarming military disparity between [North Korea and Japan], it is difficult to believe that the DPRK constitutes a substantial security threat to Japan,” said a November 1999 commentary in *China Daily*.¹⁷¹ Similarly, Sha Zukang, the director general of the Department of Arms Control at China's Foreign Ministry, said the DPRK threat was merely a “pretext” for Japanese rearmament.¹⁷²

TMD, China argues, is part of a larger plan to establish an eastern version of NATO that can help contain and even pacify China. “In the East,” said *People's Daily* in August 1999, “the United States also takes the TMD plan as baits to intensify military alliances with Japan and draw Korea, Australia, some ASEAN countries, and even China and Taiwan over to its side so as to firmly keep Asia under control.”¹⁷³ That TMD could be deployed in a region-wide architecture with possible multilateral participation reinforces the notion in Beijing that the United States intends to establish a NATO-like collective defense framework that will increase dependency on the United States. While the Clinton Administration has scrupulously maintained that missile defense is only aimed at “states of concern” (formerly called “rogue states”)—a category that excludes China and Russia—conservative supporters of missile defense in the United States say countering China's ballistic missile and nuclear capabilities is a prime rationale for both TMD and NMD.¹⁷⁴ And, for its part, Beijing refuses to acknowledge any connection between its growing missile forces and the reactions of others.

Possible Chinese Reactions to Missile Defense

China would likely have several responses to the deployment of TMD and NMD by the United States and her allies, should it occur, though reactions can be expected to vary according to the choices the United States makes in basing modes, scale, and whether defensive systems come on line as the stock of superpower offensive weapons declines. These reactions will likely include:

- **accelerating the modernization of China's missile forces and the incorporation of penetration aids;**
- **proliferation of Chinese missile technology and less cooperation with arms control regimes;**
- **greater military pressure on Taiwan; and**
- **closer security ties to Russia, unless Moscow reaches a separate compromise with Washington.**

China already has indicated it will adopt the first two measures in response to American missile defense deployments, and China's recent actions suggest the second two also would be part of the PRC's response.

Nonetheless, with or without NMD and TMD, China is certain to modernize its missile forces. This process is already underway with the development of the new DF-31 and DF-41 missiles. Chinese officials, however, indicate that U.S. decisions on missile defense will influence the scale and speed of this upgrade—i.e. whether the new missiles will simply replace older systems or whether the aggregate numbers of missiles will significantly increase. Sha Zukang indicated in May 2000 that China might increase its number of warheads and develop missile defense countermeasures in response to U.S. TMD/NMD plans.¹⁷⁵ Such countermeasure technologies could include multiple reentry vehicles/warheads (MRVs), multiple independently targetable reentry vehicles (MIRVs), maneuverable warheads, and decoys to distract missile interceptors.

Chinese statements on missile defense imply (though there is no commitment) that China will maintain a relatively small missile force unless it is forced to expand its capabilities by American missile defense programs. American missile defense programs “could set off a new round of arms races,” and China will “set its disarmament policy according to the development of anti-missile defense,” said Chinese Foreign Ministry

spokesperson Sun Yuxi in July 2000.¹⁷⁶ American policy makers have the difficult task of trying to assess to what extent China's current missile modernization is driven by the prospect of TMD and NMD systems and to what extent such modernization reflects simply a desire to replace China's outdated missile forces and to acquire a numerically larger, more diverse, and more survivable force. Some American analysts argue that China will expand and improve its missile forces regardless of whether America decides to pursue NMD and TMD.¹⁷⁷ Others believe U.S. decisions on missile defense will have a significant impact on the size and scope of China's modernization.¹⁷⁸ Both assertions could simultaneously be true.

As usual, the People's Liberation Army provides very little information to help Western policymakers find answers to these questions. China's 1998 and 2000 white papers on national defense say nothing about the current size of China's missile and nuclear arsenal and what plans the PRC has for modernization of these forces. Nor has Beijing indicated whether it would freeze its ballistic missile and nuclear forces at current levels or halt development of penetration aids should the United States forgo deployment of TMD and NMD or decide not to make upper-tier TMD technology available to Taiwan. These are subjects to be explored in bilateral and multilateral discussions with Beijing in the new administration.

China's modernization effort is also likely to include its own indigenous missile defense technologies. Despite its vehement protests against TMD and NMD, China apparently sees some role for limited missile defenses. Sha Zukang said in November 1999 that China "does not reject the whole concept of theater missile defense." China understands the value of TMD for protecting troops, Sha said, but still opposes TMD being used as a form of national missile defense for whole countries.¹⁷⁹ In fact, China is working on its own missile interceptor—the Hongqi-15, which China calls the "Eastern Patriot"¹⁸⁰—and, according to some press reports, a laser weapon potentially capable of shooting down missiles.¹⁸¹

In addition to expanding its current missile force, China has linked its adherence to non-proliferation regimes to an American decision to proceed with TMD and NMD.¹⁸² China could indeed transfer missile and penetration-aid technology to states such as North Korea and Iran. China could also threaten to withdraw from arms control agreements deemed important to the United States, including the Non-Proliferation Treaty (NPT) and the Chemical Weapons Convention (CWC) should Washington proceed with missile defense despite Chinese objections. Nonetheless, it also is true that China has joined such arms control regimes because of its

stake in stability in volatile areas of the world and because of developing world pressure. China would likely not embark on such a course unless there were a dramatic change in both U.S.-China relations and the current global order more broadly.

Having said this, TMD clearly is already having an impact on China's policy toward Taiwan. China has redoubled efforts to limit U.S. arms sales to Taiwan, especially of equipment with potential anti-missile applications such as the PAC III anti-missile missile, early-warning radars, and Aegis destroyers. Globally, missile defense is one of the drivers behind the Sino-Russian strategic partnership, anemic as it is. In December 1999, China and Russia (along with France) cooperated to win passage in the UN General Assembly of a resolution upholding the ABM treaty and indirectly criticizing American missile defense plans. The passage of the resolution, according to China's foreign ministry, shows the "international community is virtually unanimous in its opposition to and disapproval of the attempts by a certain country to amend the ABM Treaty, to develop, and deploy anti-missile systems."¹⁸³

If the United States were to withdraw from the ABM Treaty, such action would likely push Beijing and Moscow closer together and spur closer cooperation in the development of countermeasures. A worst case scenario for China would be a U.S.-Russia compromise that would allow both Washington and Moscow to jointly develop missile defense technologies leaving China on its own. This fear may be one reason why Chinese officials, including Sha Zukang, have entertained the idea of making the ABM treaty a multilateral agreement that would include China.¹⁸⁴ In short, the deteriorating cross-Strait relationship, combined with both U.S. efforts to bolster the island's defense with TMD and to protect the American homeland from missile attack with NMD, would spur both Chinese military modernization and the growth of its strategic force. This, in turn, would unsettle regional neighbors, not the least Japan, the subject to which we now turn.

Driver No. 3: Lack of Sino-Japanese Reconciliation

The animosity between Japan and China, though not necessarily the most immediate security threat in East Asia, is intractable and potentially destabilizing over the long run. Sino-Japanese relations emerged from the 1990s the worse for wear. Indeed, these strains were the impetus for Chinese Premier Zhu Rongji's six-day visit to Japan in October 2000.

The “honeymoon” period that followed Sino-Japanese normalization in 1972 contrasts sharply with the bitter rhetoric and mutual suspicions that mounted in the mid- and late-1990s. A proximate cause of these tensions was the review of the U.S.-Japan alliance guidelines, completed in 1997 and ratified by the Japanese Diet in 1999, and China’s gradual military modernization and pressure on Taiwan. Structurally, the China-Japan relationship is the most problematic major power relationship in East Asia with China not reconciled to Japan’s playing a greater international security role, regionally and globally. The deep distrust between East Asia’s two major powers contrasts sharply with the relationship between present-day France and Germany, who managed to achieve post-war reconciliation and coexist peacefully on the European continent thereafter. While another Franco-German war seems unthinkable, Chinese and Japanese elites discuss confrontation as a future possibility. Many Chinese foreign policy analysts give voice to the belief that America’s presumed exit from forward positions in East Asia means that Japan will once again become China’s principal security threat. Japanese, meanwhile, fear that by building up a modern military and gaining the ability to project power into the South China Sea, the Taiwan Strait, and beyond, China aspires to regional domination.

These perceptions create a self-fueling cycle whereby Japan, concerned about North Korea and China’s military buildup, moves to both strengthen its alliance with the United States and improve its Self-Defense Force, which in turn heightens anxieties and the defense budget in China, and so on.

Further, with the seeming success of the June 2000 DPRK-ROK summit, the issue of U.S. military bases on the Korean Peninsula looms more clearly on the horizon. Were a united Korea to want little or no American troop presence, Japan might not wish to be the only regional base for the U.S. military.

Consequently, it will not be easy for China and Japan to live peacefully with one another in the same way that France and Germany now do. As *New York Times* correspondent Nicholas D. Kristof notes, the historical animosity is one “between peoples, not governments” making it all the harder to overcome.¹⁸⁵ Indeed, it is politically correct in China—even among “liberal” members of China’s pro-democracy movement—to make broad, even racist, characterizations of all Japanese people as inherently evil and aggressive.¹⁸⁶ Japanese leaders, meanwhile, sometimes betray a sense of superiority and refer to China in derogatory terms. Indeed, right-of-center politicians in Japan sometimes refer to

China as “Shina,” a word with nationalist connotations that Chinese find insulting.¹⁸⁷

The many obstacles to better Sino-Japanese relations can be grouped into three broad categories: 1) The “past” problem related to the failure to reconcile following World War II; 2) the “present” problem related to territorial disputes and mutual suspicions; and 3), the “future” problem related to Beijing and Tokyo’s conflicting visions of Japan’s “proper” place in Asia and in the world, with Tokyo’s desire for permanent membership on the UN Security Council being simply one example.

The Past: Costs of Reconciliation

In some ways the “history” issue is getting worse, not better, with the passage of time. While many young Chinese foster a vivid sense of grievance inherited from their parents and grandparents, young Japanese are more likely to view the war as distant history, something about which they should feel no personal guilt. Japan’s reluctance to apologize or pay compensation to comfort women and other victims of Japanese imperialism stand in sharp contrast to West Germany’s efforts, beginning in the 1950s, to compensate Holocaust victims. On July 29, 1996, Prime Minister Ryutaro Hashimoto became the first head of government since 1985 to visit Tokyo’s Yasukuni Shrine, a temple honoring Japan’s war dead, including those of World War II. Chinese authorities accused the otherwise reformist Hashimoto of consciously encouraging militaristic organizations, such as the group that built a lighthouse on the disputed Senkaku (Diaoyu) Islands soon after the shrine visit. “The recent words and actions of some Japanese right-wing groups and other people are not accidental and [are] directly related to the attitude of the Japanese government,” said PRC foreign ministry spokesman Shen Guofang at the time.¹⁸⁸

Revisionist history also appears on the rise in Japan, as evidenced by a January 2000 conference in Osaka aimed at debunking the 1937 Nanjing massacre as a myth.¹⁸⁹ Just as prominent Japanese politicians have questioned the veracity of the Rape of Nanjing, others have glossed over Japan’s imperialist actions. Former Education Minister Seisuke Ono voiced a common, though not necessarily a majority, sentiment when he said, “I firmly believe that the Great East Asian War was fought to save Asian countries from the white man...Japanese have been brain washed into believing they started the war.”¹⁹⁰ Even the current Prime Minister, Yoshiro Mori, has equivocated on Japan’s war record, saying in April 2000, “Regarding the war, I am of the opinion that there are various views

due to different historical backgrounds. Whether Japan launched a war of aggression, it takes people's judgment on history."¹⁹¹

Though such denial is far from universal, and many Japanese scholars and organizations protested the Osaka conference, it is true that both Japan's electorate and political leadership feel less need to act with contrition for Japan's imperial past. Once taboo symbols of Japanese expansionism are regaining acceptance. In August 1999, the Japanese Diet extended official sanction to Japan's *hinomaru* "rising sun" flag (which has long been used as Japan's de facto flag, but without legal recognition) and the *kimigayo* anthem. In May 2000, Prime Minister Yoshiro Mori described Japan as a "divine nation with the Emperor at its core," rhetoric reminiscent of the imperial era.¹⁹² *Pride*, a sympathetic cinematic portrayal of General Hideki Tojo, Japan's Prime Minister from 1941 to 1944, was one of the most popular Japanese films of 1998.

Unsurprisingly, Japan has grown weary of China's demands for an apology and compensation for the war. Japanese officials have argued that Tokyo has in fact acknowledged its past aggression and has done a great deal to compensate victims of the imperial army.¹⁹³ There is a widespread belief in Japan that China is using the history question simply to extract concessions on contemporary issues of importance to Beijing and, more basely, money. The Japanese public reacted negatively to the November 1998 visit of Chinese President Jiang Zemin to Japan during which Jiang made pointed demands for a written apology from Tokyo (the same kind Japan had provided South Korean president Kim Dae Jung just one month earlier). Prime Minister Keizo Obuchi refused when the Chinese would not rule out asking for further apologies.¹⁹⁴ "[T]here are people who say [the Chinese] are using the issue for political reasons to pressurize Japan to increase loans," Masashi Nishihara, a strategist at the Japan Defense Academy, said at the time.¹⁹⁵ Japanese officials protest that China overreacts to the historically dubious claims of right wing groups and does not appreciate the difficulty of silencing revisionist views in a democracy. Nevertheless, from Beijing's perspective, collective amnesia about atrocities committed in China by Japanese troops and Tokyo's refusal to apologize specifically for those crimes is creating the environment that nurtures resurgent Japanese militarism.

The Present: Remilitarization and Territorial Disputes

Given the deep distrust lingering from World War II, it is no mystery why Japan and China view one another's military modernization efforts with great unease. As noted in Part I of this study, Japan is slowly shaking off some of the constraints of its peace constitution even as it

continues to rely heavily on the United States for its security. Chinese observers seem convinced that Japan is reverting to its militaristic past and that, if left unchecked, Japan will once again become a primary threat to Chinese security. Simultaneously, however, the Chinese are deeply suspicious of the U.S.-Japan security alliance which Americans feel reduces Japan's impulse to unilaterally achieve its own security. Exhibit A for China is the upgrading of the U.S.-Japan Defense Guidelines in 1999; the Guidelines provide direction as to how Japan's Self Defense Forces are to support U.S. forces in possible future military engagements. Japan and the United States maintain that their alliance covers "areas surrounding Japan," a definition that China finds ominously vague. Japanese officials have refused Beijing's demands to explicitly exclude Taiwan from the alliance's scope, meaning Japan is obligated to provide rear-area support for American forces involved in a Taiwan-Strait conflict. China also sees the increasingly frequent dispatch of Japanese peacekeepers abroad and Tokyo's plans to launch its own reconnaissance satellites (which also highlights Japan's potential to develop missile technology) as additional worrying signs.

Japan, likewise, perceives disturbing trends in China's military modernization drive. Japan is concerned by China's steady military buildup and PRC officially acknowledged defense budget increases that have averaged over 10 percent for the last 12 years. The only victim of a nuclear attack to date, Japan is defenseless, apart from the U.S. deterrent, in the face of the over 60¹⁹⁶ Chinese IRBMs capable of striking the main islands of Japan. Japan's anxieties about China's missile program were highlighted by China's August 1999 test of its new DF-31 IRBM. In response to the test, Chief Cabinet Secretary Hiromu Nonaka said, "from the viewpoint of disarmament of weapons of mass destruction, it was extremely regrettable."¹⁹⁷

In response, Tokyo is reevaluating its bilateral aid to China. Following a decision in March 2000 by China's National People's Congress (NPC) to increase defense spending by 15 percent, Japan announced two months later that it would rethink its official development assistance program under which China was awarded \$23.1 billion in aid between 1979 and 1998.¹⁹⁸ In July, Japan's Foreign Ministry formed a study group to review Japan's aid program.¹⁹⁹ The fact that the program is under such scrutiny indicates that the obligation Japan once felt to help China catch up with the rest of the region economically has been superseded by worries about assisting in the PRC's military buildup.

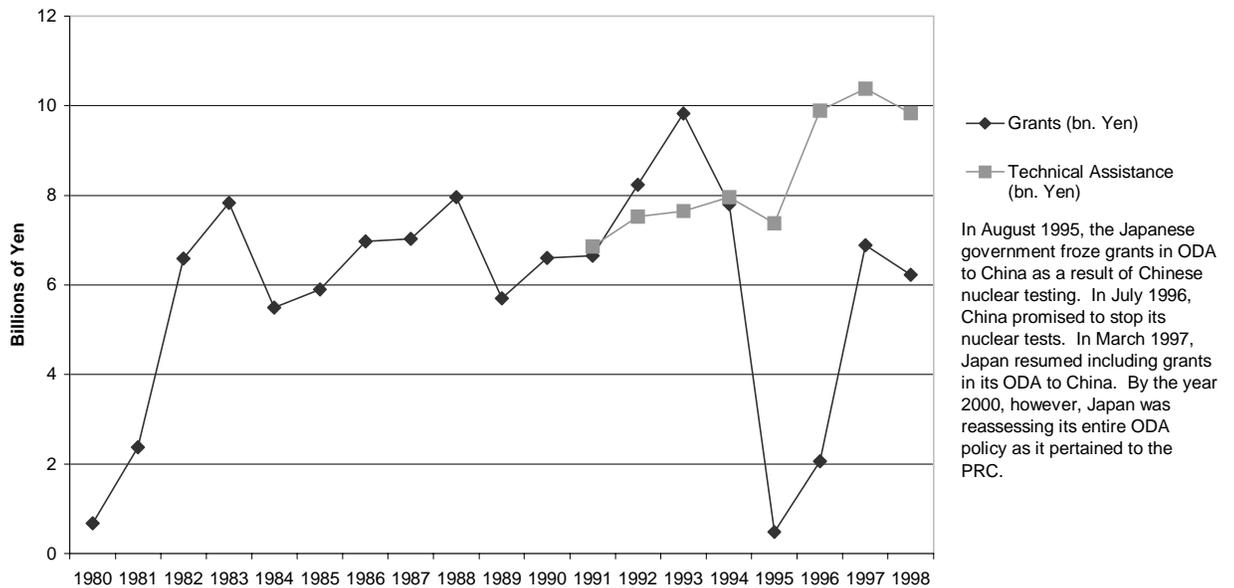
These tensions in the Sino-Japanese relationship are most evident in the several territorial disputes in which both Beijing and Tokyo have

equities. In February 1992, China's NPC passed a "Territorial Waters Law" explicitly claiming sovereignty over the Senkaku (Diaoyu) Islands, the Spratly Islands in the South China Sea, and Taiwan. While for both China and Japan the dispute over the uninhabited Senkakus is a matter of sovereignty and national pride, the Spratly Islands are a matter of more hard-boiled security (and economic and resource) interests. Ninety percent of Japan's petroleum imports are transported through the South China Sea²⁰⁰ and Japan has no way of independently guaranteeing the stability of those supplies in the face of steady efforts by the PRC to exert its influence in the region and develop power-projection capabilities. China's only air squadron practicing in-flight refueling is based on Hainan Island. The South China Sea would also be the likely operating ground of a future Chinese aircraft carrier.

But it is China's claim to Taiwan, and its threat to use force in some contingencies, that represents the greatest immediate threat to Japan's security outside the dangers posed by North Korea. In its frustration over Taiwan, China frequently directs frustration and criticism toward Japan. "There is indeed a force in Japan which is sympathetic towards, supports and encourages Taiwan independence," said China's Ambassador to Japan, Chen Jian, in an August 1999 interview.²⁰¹ Indeed, there is considerable popular sentiment in Japan for an independent Taiwan, with a 1997 public opinion poll in Japan revealing that 64.3 percent of Japanese (as opposed to 59.9 percent of Americans) believed "Taiwan is an independent country."²⁰² Japan, along with the United States, served as a base for Taiwanese independence activists when they were unable to operate openly during the martial law period on Taiwan. Taiwan President Chen Shui-bian appointed a former member of the U.S.-based Taiwan Independence Alliance, Lo Fu-chuan, as his government's representative to Japan.²⁰³ Whereas Japan scrupulously observed the "one China" policy and isolated Taipei in the 1970s and 80s, Tokyo made small steps in the 1990s to reengage a democratic Taiwan. Japan and Taiwan have held a series of cabinet-level meetings on economic matters, many taking place at Asia Pacific Economic Cooperation (APEC)-related conferences.²⁰⁴ In November 1999, Tokyo's right-wing Governor Shintaro Ishihara became the highest level politician to visit the island since Japan broke relations with Taipei in 1972.

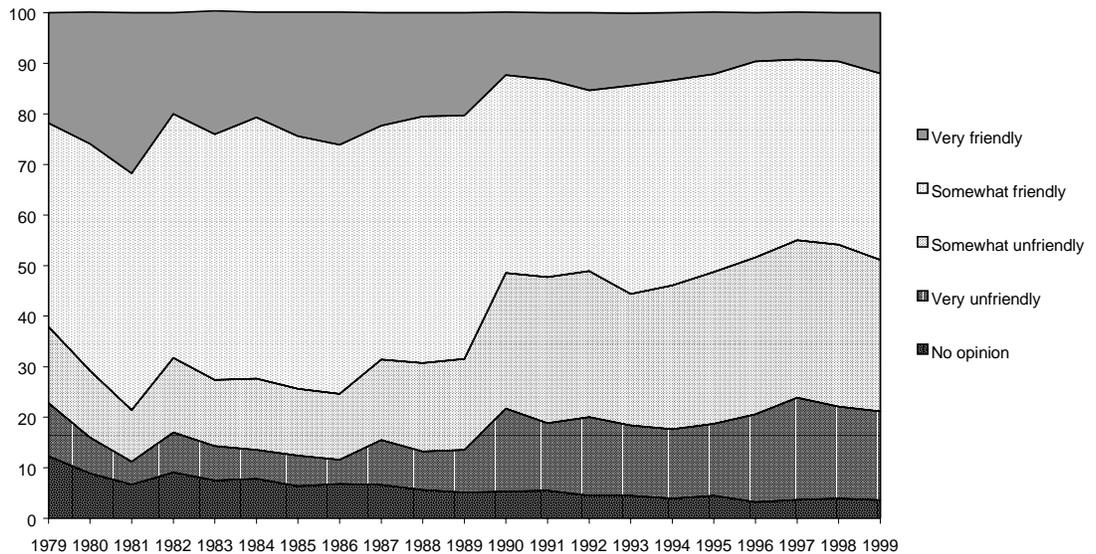
Pro-Taiwan Japanese politicians have made several attempts to have an unofficial visit by the president of Taiwan. Taiwan supporters helped invite Lee Teng-hui to the 1994 Asian Games and to Kyoto University (where Lee studied during World War II). In both cases the

Figure 5: Japanese ODA to the PRC



Source: Foreign Ministry of Japan

Figure 6: Japanese Attitudes Toward the PRC



Source: Japan Prime Minister's Office

Japanese Foreign Ministry had to stop the visits from going forward. The strong cultural ties between Japan and Taiwan, and the open affinity for Japan displayed by Taiwanese elites, strikes a raw nerve in China and leads to accusations that Japan is trying to reassert influence over its former colony. It is not lost on Beijing that the current presidential offices in Taipei were built by the Japanese to house its colonial government apparatus. And Lee Teng-hui's 1999 book *The Road to Democracy*²⁰⁵ is both full of praise for Japan and criticism of Tokyo for being too weak-kneed in the face of PRC pressures.

The Future: Japan's Place in Regional and Global Security

In many ways, China and Japan have contrasting visions of how security in East Asia is best achieved. For China, security is produced by a strong modern military, by nuclear weapons, and by restraining the power of the United States. For Japan, security is best preserved through nuclear disarmament, robust multilateral institutions, and a continued U.S. presence.

China's predictions of Japan's future behavior are overwhelmingly negative and heavily influenced by nationalist ideology. The party line in China is that Japan is an inherently aggressive country that will revert to militarism if not held tightly in check. Further, the PRC claims, the U.S.-Japan alliance is now encouraging Japan's rearmament. Chinese foreign policy analysts are not free to publicly argue a dissenting viewpoint, for instance that Japan will grow weaker or will continue a passivist policy under its current peace constitution.²⁰⁶ Such taboos prevent a more nuanced, broad, and public discussion from occurring about Japan's future security role and its proper place in the multipolar world Beijing says it seeks.

Much as some American observers tend to exaggerate the scope of Chinese military power, Chinese analysts tend to give overblown assessments of Japan's capabilities. For example, a recent article in *Outlook Weekly*, a news magazine published by the official Xinhua News Agency, describes Japan as a soon-to-be superpower:

Military observers pointed out that Japan has built itself into a power in military technology in the five decades since World War II. On the face of it, it has a relatively small armament system; in reality, however, it is second only to the United States in terms of military strength and matches or even outshines the United States in certain specific areas. Japan has not started to show clear signs of ridding itself of its dependence on the United States. With its military

autonomy gradually increasing, it will not be difficult for it to overtake the United States.²⁰⁷

The article accuses Japan of having an active nuclear weapons program that could give Japan the ability to produce nuclear weapons “within a month.” “Even though the Japanese authorities were quick to deny the rumor, military observers believe the allegation that Japan is developing nuclear weapons is by no means a groundless rumor,” the authors claim.²⁰⁸

Such assessments in China’s official press undoubtedly alarm Japanese policy makers, who note that it is China, not Japan, that currently is engaged in a significant nuclear and ballistic missile buildup. Widespread Japanese sentiments toward China, like those in the United States, are ambiguous, vacillating back and forth in the gray area between friendship and hostility, seeing Beijing as an economic opportunity and as a security challenge. While China has yet to evolve into a direct military threat, and has even been helpful with respect to Japan’s concerns on the Korean peninsula, China’s future intentions remain uncertain. China’s lack of military transparency stand in stark contrast to Japan’s relative openness about its defense budgets and obligations under the U.S.-Japan alliance.

Japanese, especially, those born after World War II, often are puzzled and dismayed by the visceral hatred that many young Chinese express toward Japan. In a December 1996 poll conducted by the *China Youth Daily*, respondents (with an average age of 25) were asked to choose from a list of adjectives to describe Japanese. Fifty six percent of the respondents described Japanese as “cruel” while 45 percent said they are “warmongers by nature.”²⁰⁹ Public attitudes in Japan also seem to be hardening. A September 29, 1999 Yomiuri-Gallup poll showed that 46 percent of Japanese respondents have an unfavorable view of China compared with 35 percent in a 1995 survey (see Figure 6).²¹⁰ In a 1980 poll, by contrast, nearly 80 percent of Japanese expressed a favorable opinion of China.²¹¹ More recently, in March 1999, an *Asahi Shimbun* survey found general pessimism about the future relationship with 55 percent of respondents stating that in the future Japan and China would not be “able to work together to adopt the same common values about democracy and a market economy” while only 30 percent said such cooperation would be possible.²¹²

Japanese political leaders are also frustrated with China’s knee-jerk opposition to any kind of Japanese defense modernization and an apparent unwillingness in Beijing to accept the idea of Japan playing a positive leadership role. From Tokyo’s perspective, China does not appreciate the

genuine security threats Japan is facing. North Korea's Taepo Dong missile launch of August 1998, Tokyo argues, exemplifies the kinds of dangers Japan must guard against and which justify Japan's reconnaissance satellite program and the desire for a more robust alliance relationship and military capability. China has also opposed Japan's efforts to play a larger role on the world stage, including gaining a permanent seat on the United Nation's Security Council. The deep distrust between China and Japan acts somewhat like a broken water main below a busy street, working underneath the surface to weaken the ground above. Unless the tensions between Japan and China are lessened, long-term stability will likely prove elusive.

While there is debate within China about the extent of Japanese militarism, most, if not all, Chinese analysts view Japan as a future rival regardless of whether Japan continues its alliance with the United States or becomes a more independent power.²¹³ Indeed, it is unclear whether a solution to China's immediate security concerns in the Taiwan Strait would lead to better or worse relations between China and Japan. On the one hand, in the unlikely event that Taiwan should return to the fold "of the motherland," China would no longer be able to blame Japan for prolonging China's division. On the other hand, a solution to Taiwan might shift Beijing's focus to the perceived threat of Japanese remilitarization. Should China successfully recover Taiwan, second tier territorial disputes like the Senkaku (Diaoyu) Islands could come to the fore.

Implications of China-Japan Tensions for the United States

Long-term stability will require some degree of consensus between Beijing, Tokyo, and Washington on Japan's legitimate security role in the new century and trilateral confidence building measures. Such a role will be a compromise between the completely passive Japan that China wants and the militaristic, expansionist Japan that the PRC fears. It is unrealistic to expect Japan to forgo some degree of defense evolution and simply rely on the good will of its neighbors for its security. It also is unrealistic to expect Americans to eternally shoulder the current level of defense burden and prevent Japan from becoming a more equal partner in the alliance simply out of deference to China's historical concerns.

The degree to which defense budgets and nuclear and missile arsenals continue to expand in East Asia will depend a great deal on whether China and Japan can learn to get along with each other in the way Europe's World War II adversaries currently do. The United States and

the next administration in Washington have a role to play in systematically building cooperation among the three major powers in the Asia-Pacific.

Part III

Recommendations

For the new administration's global foreign policy to succeed, it must have a productive Asia policy; for its Asia policy to succeed it must have a productive China policy, along with a strong relationship with Japan. Keys to achieving success, both in Asia and China policy, are focusing on the several drivers of future instability: Taiwan, missiles and missile defense, and Sino-Japanese-U.S. relations. As former Assistant Secretary of State for East Asia and Pacific Affairs Paul Wolfowitz recently observed, one lesson of the Cold War is that "...conflicts breed arms races and not the other way around."²¹⁴ Such is the case with East Asia today. The recommendations in this chapter thus focus on strategies for managing the potential drivers of instability in East Asia.

Resolution of the Taiwan and Korean conflicts would put the United States in a Catch-22 situation. With the risks of a conflict in either "powder keg" eliminated, the forward-deployed, permanent U.S. military presence in Japan might become unsustainable, precisely at the time Japan and China are jockeying for position. In the face of a hypothetical U.S. withdrawal, Japan likely would enhance its own defense capability, perhaps including nuclear weapons should the American strategic umbrella disappear or be perceived to be less leak-proof. Though currently unlikely to move toward nuclear weapons, the idea of developing such capacity is gradually creeping into the political debate in Tokyo, though the topic is still highly sensitive. In October 1999, Japan's vice minister of defense, Shingo Nishimura, was forced to resign after calling for a debate over the benefits of Japan developing its own nuclear deterrent.²¹⁵ China, assuming its present fear of Japanese rearmament persists, would almost certainly respond with its own accelerated build up. From an arms control standpoint, a China-Japan missile/nuclear arms race would be much worse than anything facing the region today.

China's rise as a regionally powerful economic, political, and military power is by far the greatest change underway in East Asia. The goal for all of the players, including China, is to manage this transition with minimal disruption and instability. Certainly China intends to resume what it has viewed historically as its "rightful" place in the region, but it wants to do so by virtue of its combined economic, political,

cultural, and military clout—i.e. “comprehensive national power”—not through reckless adventurism (which would probably end in failure).

Whether China will become a hegemon that attempts to exclude others from the region, or simply a major power able to protect its vital interests (a view that is not necessarily incompatible with a prominent U.S. role) remains to be seen. In light of these uncertainties, there are four essential ingredients needed for a peaceful adaptation to a rising China that avoids rampant military buildups:

- 1) **New strategic understanding between the United States and China that allows both to avoid a Cold-War style arms race;**
- 2) **Peaceful management of the Taiwan issue;**
- 3) **Meaningful and lasting reconciliation between China and Japan; and**
- 4) **Continued presence of the United States in the region--militarily, economically, and culturally.**

The following recommendations thus focus on ways of obtaining these four “ingredients.”

Recommendation: Promote strategic dialogue with the PRC and include China in a new strategic framework.

Traditionally, nuclear weapons have not been a dominant factor in the U.S.-China relationship. As noted in previous sections, China opted out of the strategic competition between the two superpowers and built only a relatively small ICBM arsenal. But a decade after the Cold War’s end, China has good reason to want to qualitatively upgrade its current force of obsolete and vulnerable DF-5’s. It would be unrealistic to expect China to do otherwise. The United States must keep a cool head and not overreact to inevitable Chinese qualitative strategic force improvements nor modest increases in force levels.

Further, American decisions on theater and national missile defense can be expected to affect the size of the nuclear force the Chinese aim to construct. Washington must expect that Beijing will build enough missiles to overwhelm any missile defense shield Washington may build. Since, as currently planned, the initial NMD system would be able to absorb only a limited attack of at most a few dozen warheads, China could

be expected to expand its current ICBM force into the low hundreds. China will also probably equip its new missiles with MIRV, decoys, and other penetration aids designed to defeat NMD. Indeed, Beijing probably will do much of this in any case, as a hedge against unanticipated U.S. developments in the future and to assure a second-strike capability.

Americans should be realistic and realize that missile defense will not inoculate the United States from China's deterrent capability and that a larger Chinese strategic arsenal will likely be one of the costs of pursuing NMD. Given that China was subject to threats of nuclear attack by the United States during the 1950s and continues to lag decades behind the United States in conventional military power, Beijing is unlikely to allow its small deterrent capability to be rendered impotent by an American national missile defense system. Beijing's response might be even more dramatic if Washington and Moscow were to reach an agreement on amending the ABM Treaty and pursue joint development of a missile defense system that excludes the PRC.

Regardless of the extent of China's strategic modernization, the PRC will become a progressively more important strategic actor in the new century. Simply the PRC's potential to create a large strategic arsenal (especially given China's high economic growth rates) and its ability to proliferate nuclear and missile technologies means that Washington will need to deal with both Beijing and Moscow as it seeks to shape a new global security environment. Engaging Beijing in strategic dialogue will be crucial to this effort. The de-targeting agreement reached between presidents Clinton and Jiang during their June 1998 summit, though largely symbolic, represents a start to what will certainly be a long process.

Initial goals would focus on confidence building and transparency. The United States, through both official and unofficial dialogue, should seek to better understand how China views the role of nuclear weapons in the post-Cold War world and how its nuclear doctrine might evolve in light of possible U.S. missile defense and the acquisition of nuclear weapons by India and Pakistan. Presumably at some later stage, the U.S.-China strategic dialogue would move on to matters of nuclear arms limitation and reduction. For example, one set of discussions could focus on caps on China's strategic expansion as the United States built down its strategic stockpile along with the Russians. Another set of discussions could focus on limitations on the transfer of TMD technology to Taipei in return for limitations on missile deployments of concern in the cross-Strait setting.

Recommendation: Begin building a trilateral U.S.-Russia-China framework for nuclear/strategic issues.

Since it detonated its first nuclear device in 1964, the PRC has valued nuclear weapons as much for their prestige value as for their deterrent effect. This meshes with the PRC's version of a "multi-polar" world where several countries or groups of countries coexist in a stable balance of power. Hence, the PRC is not satisfied with the fact that, nearly a decade after the collapse of the Soviet Union, the most important strategic issues are still decided between Washington and Moscow. This feeling of being shut out has been especially evident as the United States and Russia debate revision of the ABM Treaty. One of Beijing's anxieties is that Washington and Moscow will come to an accommodation that ignores China's interests. Beijing's support for an unchanged ABM Treaty and the PRC's suggestion that it might support expanding the treaty into a multilateral agreement demonstrates a desire to have greater input in what were previously matters for the two superpowers.

By virtue of their large nuclear arsenals left over from the Cold War, Russia and the United States will continue to be the primary builders of the new strategic architecture, even as both sides gradually draw down their nuclear forces. But Washington and Moscow would be wise to involve China in future arms control and limitation efforts as the PRC force develops. Isolation of China would only encourage a greater strategic buildup by Beijing. Further, as the United States explores the possibilities of a more defensive nuclear posture, probably including robust NMD at some point, Washington should work to move both the U.S.-Russia and the U.S.-China relationships away from pure deterrence to one placing greater emphasis defense and shared interests in limiting nuclear proliferation and countering WMD attacks by sub-state groups and terrorists. Collaborating with both Russia and China on missile defense cannot be ruled out, though some fundamental regime evolutions would probably need to occur before such a high level of security cooperation would be possible.

In the meantime, it is important that the United States and Russia continue efforts to draw down their current nuclear arsenals. Pursuing missile defense while clinging to Cold War levels of nuclear weapons is guaranteed to elicit the most counterproductive response from Beijing. Due to its severe economic difficulties, Russia is unilaterally reducing its strategic forces and will likely have only around 1000 strategic warheads by 2010.²¹⁶ Washington should seriously consider Russia's proposal to have the START III treaty limit warheads to 1,500 each.

Recommendation: Make clear to Beijing the connection between TMD deployments in the Taiwan Strait area and PRC missile deployments.

While engaging the PRC in discussions on global strategic issues is vital, Americans should realize that China remains preoccupied with its localized troubles. Taiwan is by far the most important security issue in the U.S.-China relationship, and the Taiwan Strait is the place in the world where one can most easily envision two major powers coming into direct, armed conflict. But, even though a peaceful solution to the Taiwan issue is vital to achieving long-lasting peace in East Asia, there is very little that the United States can do to directly move the two sides toward an amicable resolution.

However, actions by the United States will have a great impact on the environment surrounding cross-Strait relations. Washington now has the tricky task of trying to maintain a cross-Strait balance of power as the PRC's capabilities steadily grow. Though Washington has increased weapons sales to Taiwan over the last decade in response to PLA modernization (and, Beijing says, in violation of the 1982 U.S.-China Communiqué), some of Taiwan's supporters in the United States are urging even greater sales. Though selective and possibly increased weapons sales may be necessary, TMD presents some particularly sticky dilemmas. While Washington already has sold Taiwan lower-tier missile defense systems in the Patriot series, providing Taiwan an upper-tier system operated on a regional scale, and relying on American sensing and command and control systems, risks creating the impression that Washington is functionally reviving the US-ROC Mutual Defense Treaty. This is a formula for conflict in the Strait and eliminates one of the principal bases upon which "normalization" was negotiated between Washington and Beijing in the late-1970s. Such a transfer would greatly heighten the PRC's urgency to resolve the Taiwan problem and could provide incentives for PRC preemption against facilities before they came on line.

Because transferring TMD to Taiwan has important downsides for both the United States and the PRC, Washington should press Beijing to freeze or draw down its missiles opposite Taiwan in exchange for not transferring such technology to Taiwan. Our sense of Taiwan's own position is that such a deal would serve its interests as well. For Taiwan, a reduced missile threat would be well worth forgoing participation in a very expensive TMD effort that would be overwhelmed by the almost inevitable Chinese reaction. The United States, meanwhile, can adopt a sea-based, regional TMD capability that provides more flexibility than land-based assets. Hopefully, such negotiations could open the way for

military-to-military confidence building measures between Taiwan and the PRC.

Recommendation: The United States and Japan should state unequivocally that the independence of Taiwan is not a goal of the U.S.-Japan alliance.

The sense of historical grievance the PRC feels about the separation of Taiwan spills over into the PRC's relations with Japan, as well as the United States. Further, because many Taiwanese, including former President Lee Teng-hui, show a strong affinity for Japan, Beijing tends to see a conspiracy in Tokyo to promote Taiwan independence. Such charges are unjustified given Tokyo's strict adherence to a one China policy. As a democracy, Japan cannot be faulted for failing to silence those individuals or groups that advocate close ties to Taiwan. Nevertheless, the PRC does have genuine concerns that the U.S.-Japan alliance is being strengthened with the idea of enhancing Japan's ability to assist the United States in a presumed effort to separate Taiwan from the mainland. While Tokyo and Washington are correct in resisting attempts to establish artificial geographic constraints on the alliance in its defensive applications, and to resist efforts to limit Washington's ability to effectively respond to unprovoked attack on Taiwan, the United States and Japan still need to reassure the PRC that *preventing* reunification is not an alliance goal. It is a commonly held belief in China that Japan and the United States want to keep Taiwan separate because Washington and Tokyo fear a powerful, reunified China. The United States and Japan should work to correct this misconception. China, however, must realize that the new U.S.-Japan Defense Guidelines are an effort to hedge against an increasingly uncertain situation. Though North Korea remains a wildcard, China also is a question mark to many in East Asia, fueling anxieties in Japan and elsewhere. As China becomes a bigger power, it is increasingly insufficient for Beijing to simply say it reacts to others while denying that others have any need to react to developments in the PRC.

Recommendation: Establish a Northeast Asian Regional Forum (NARF).

All of this highlights how little the United States, Japan, and China really understand each other's security concerns and strategic goals. Unlike in Europe, Asia has a dearth of security-oriented multilateral institutions. The ASEAN Regional Forum (ARF) serves as the de facto "talk shop" for the Northeast Asian powers, especially now that North Korea participates along with China, Japan, Russia, South Korea, and the

United States. But the fact that the ARF is so broad in scope, and includes such a diverse array of countries and interests, highlights the need for a similar forum focusing exclusively on security in Northeast Asia. While NARF would function as simply a dialogue mechanism at first, eventually it could evolve into an institution that substantively promotes Sino-Japanese reconciliation and overall stability. Such a forum might also present an avenue for positively engaging Russia in helping to shape a stable balance of power in the region.

Recommendation: Japan should do more to address its war record as it seeks to develop a broader foreign and defense policy and become a “normal” country in security terms.

A half-century after the end of World War II, Japan understandably desires to emerge to some degree from America’s shadow in international political and security affairs. The overall trend in Japan is overwhelmingly in favor of a more assertive foreign policy, greater participation in international peacekeeping, a more vigorous Self Defense Force, and modification of its peace constitution. Although Japan rightly considers questions of constitutional revision a domestic matter, others in the region, particularly China, see such changes in Japan as having a direct bearing on regional security. To date Japanese leaders have not done enough to prepare the region for the constitutional changes that are likely to come. Japan’s reconciliation with South Korea, including Japan’s 1998 written apology for the colonization of the Peninsula, should serve as a model for similar reconciliation with China.²¹⁷ Beijing, for its part, needs to show that there is a point at which it will be satisfied with Japan’s efforts to put that tragic history behind the relationship and that the PRC will not forever engage in “guilt diplomacy.” Without such an understanding, Japan’s efforts to take a more prominent position in regional and global security affairs and revise its constitution could represent a damaging shock to the regional balance of power that, by sparking a backlash in China, may actually work against regional stability. Obviously, given the underlying enmity between China and Japan, such reconciliation will be difficult to achieve.

Recommendation: Begin thinking about how to adapt the U.S. forward presence to a new era.

The unknowns surrounding China’s nuclear and conventional military modernization, an increasingly tense political standoff across the Taiwan Strait, and the emergence of a more independent Japan mean that

the continuity provided by the U.S. military presence is as vital as ever. In 1995, as a result of a policy review issued on February 27, 1995, by then Assistant Secretary of Defense Joseph Nye (the “Nye Report”), the United States committed itself to maintaining 100,000 troops in East Asia. This pledge, coming soon after the Cold War’s end, helped reassure allies that the American military would not beat a hasty retreat back to Hawaii. At the moment, the U.S. policy of maintaining 100,000 soldiers in South Korea and Japan is both desirable and politically acceptable to all sides—protests by South Korean university students and residents of Okinawa aside. But this is unlikely to remain the case forever, particularly if the current trend of stability and economic development continues, some measure of Sino-Japanese reconciliation can be achieved, and progress with respect to North Korea continues.

It is not too early to begin laying the groundwork for a more flexible and adaptable U.S. presence in East Asia. The United States and Japan have already taken an important step by attempting to reduce the amount of land consumed by U.S. bases, though relocating more personnel and facilities to other parts of Japan will likely be necessary. More fundamentally, the United States and her allies need to gradually and jointly adopt other measures that emphasize capabilities, force projection, ability to rapidly accept American reinforcements, and joint war-fighting ability. If the region is fortunate enough to see a peaceful settlement across the Taiwan Strait and on the Korean Peninsula, the constituencies backing the permanently stationed U.S. presence could rapidly diminish (though Kim Jong-Il’s reported comments that he welcomed a post-reunification U.S. presence on the Peninsula as a hedge against Chinese, Russian, and Japanese interference are significant).²¹⁸ This would allow the U.S. military presence in East Asia to evolve as the situation in Korea, Taiwan, and the PRC develops and, possibly, as stronger regional multilateral security institutions emerge. One possible scenario would be for the U.S. alliances with a post-reunification Korea and Japan to resemble America’s present security relationship with many NATO members—i.e., a formal alliance with infrastructure able to accept U.S. and allied forces quickly in case of a crisis, but fewer permanent troops.

Unfortunately, even the discussion of eventual U.S. force reductions has become a diplomatic third rail. Even hypothetical proposals or speculation about the future environment can create counterproductive anxieties and uncertainties at present. This question must be approached gradually and in full consultation with allies. Above all, Washington must reinforce its *permanent* commitment to the region and assure the region that the changes in U.S. basing arrangements would be made only when circumstances allow and with the idea of perpetuating,

not ending, America's presence and involvement. Indeed, the U.S. should make clear that forward-deployed force levels could *increase* if new threats to stability emerge. Under no circumstances can Washington give the impression that it is working to prop open the door in preparation for a hasty exit.

Notes

¹ *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), p. 186.

² U.S. Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers* (Washington, D.C.: ACDA, 1997), p. 5.

³ See ROK Ministry of National Defense, "White Paper 1999," Part 1, Chapter 3, available online at <http://www.mnd.go.kr/mnden/emainindex.html>.

⁴ Ahmed Rashid, "The Taliban: Exporting Extremism," *Foreign Affairs*, vol. 78, no. 6, November/December 1999, p. 31. See also Ahmed Rashid and Susan V. Lawrence, "Joining Foreign Jihad," *Far Eastern Economic Review*, vol. 163, no. 36, September 7, 2000, p. 24.

⁵ *Agence France Presse*, "China Bigger Threat to India Than Pakistan: Defense Minister," May 3, 1998 (via Lexis-Nexis). It is hard to know if Fernandes's statement is evidence that China was a genuine motivating factor behind India's May 1998 nuclear tests, merely a convenient justification for tests aimed at intimidating Pakistan, or a cover for simply acquiring the accoutrements of great power status.

⁶ *Xinhua News Agency*, "Golden Triangle Drug Growing Threat to China: Police," July 18, 2000 (via Lexis-Nexis); U.S. Department of Justice Drug Enforcement Administration, "DEA Domestic Drug Removal Statistics" (www.usdoj.gov/dea/stats/drugstats.htm).

⁷ Paul H.B. Godwin, "The PLA Faces the Twenty-First Century," in James R. Lilley and David Shambaugh (eds.), *China's Military Faces the Future* (New York: M.E. Sharpe, Inc., 1999), p. 43.

⁸ *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), p. 186.

⁹ Daniel L. Byman and Roger Cliff, *China's Arms Sales: Motivations and Implications* (Santa Monica: Rand, 1999), pp. 25, 29.

¹⁰ China's weapons sales for 1999 hit \$1.9 billion, over double the level for 1998 and the most since 1992. See Steven Lee Myers, "Global Arms Sales Swell to \$30 Billion," *New York Times*, August 21, 2000, p. A9.

¹¹ China Online, "China Defense Industry Needs to Be Modernized, Reorganized—Official," October 28, 1999 (via Lexis-Nexis).

¹² *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), p. 186.

¹³ See David M. Lampton, *Same Bed, Different Dreams: Managing U.S.-China Relations 1989-2000* (Berkeley: University of California Press, 2000), pp. 225-226.

¹⁴ Elizabeth Zingg, "China Trains Its Guns on Taiwan," *Agence France Presse*, May 18, 2000.

¹⁵ Richard D. Fisher, Jr., "Foreign Arms Acquisition and PLA Modernization" in James R. Lilley and David Shambaugh (eds.), *China's Military Faces the Future* (New York: M.E. Sharpe, Inc., 1999), p. 179.

¹⁶ David Shambaugh, "Taiwan's Eroding Military Advantage," *The Washington Quarterly*, vol. 23, no. 2, Spring 2000, p. 121; and Kenneth W. Allen, "PLAAF Modernization: An Assessment," in James R. Lilley and Chuck Downs (eds.), *Crisis in the Taiwan Strait* (Washington, DC: National Defense University Press, 1997), pp. 232-233.

¹⁷ Anthony Davis, "Blue-Water Ambitions," *Asiaweek*, March 24, 2000, p. 26 (via Lexis-Nexis).

¹⁸ Richard D. Fisher, "China's Purchase of Russian Fighters: A Challenge to the U.S.," *Heritage Foundation Asian Studies Center Backgrounder #142*, July 31, 1996. (<http://www.heritage.org/library/categories/forpol/asc142.html>).

¹⁹ Bates Gill, "China's Newest Warships," *Far Eastern Economic Review*, January 27, 2000, p. 30. The article also cites a number of other important points regarding China's purchase of the Russian-made Sovremenny destroyer. Merely, procuring hardware does not create an efficient navy. Other factors such as "doctrine, technologies, training, maintenance, logistics, and joint operations" are far more complex.

²⁰ See William S. Cohen, "Annual Report on the Military Power of the People's Republic of China (Report to Congress Pursuant to the FY2000 National Defense Authorization Act)," June 22, 2000 (www.defenselink.mil/news/Jun2000/china06222000.htm).

²¹ *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), p. 186.

²² A list of Chinese space launches is available at www.geocities.com/CapeCanaveral/Launchpad/1921/launch.htm.

²³ Paul H.B. Godwin, "China's Nuclear Forces: An Assessment," *Current History*, vol. 98, no. 629, p. 260.

²⁴ Zhang Yihong, "China Deploys Dong Feng-31 Missile Towards Its Southern Borders," *Jane's Defense Weekly*, vol. 32, no. 18, November 3, 1999 (via Lexis-Nexis).

²⁵ Neil W. Davis, "China's Closely Watched Missiles," *Aerospace America*, September 1999, p. 6 (via Lexis-Nexis).

²⁶ See Alastair Iain Johnston, "Prospects for Chinese Nuclear Force Modernization: Limited Deterrence Versus Multilateral Arms Control," *China Quarterly*, no. 146 (1996), pp. 548-576.

²⁷ For a discussion of the technologies and costs involved in ICBM production, see “Bombs for Beginners: Intercontinental Ballistic Missiles” on the Federation of American Scientists’ website (<http://www.fas.org/nuke/intro/missile/icbm.htm>).

²⁸ The discussion of limited deterrence in this paragraph draws heavily from Paul H. B. Godwin, “China’s Nuclear Forces: An Assessment,” *Current History*, vol. 98, no. 629, September 1999, pp. 262-263.

²⁹ National Intelligence Council, “Foreign Missile Developments and the Ballistic Missile Threat to the United States Through 2015,” p. 11, as cited in Robert A. Manning, Ronald Montaperto, and Brad Roberts, *China, Nuclear Weapons and Arms Control: A Preliminary Assessment*, (New York: Council on Foreign Relations, 2000), p. 22.

³⁰ Richard D. Fisher, Jr., “Gallery of Known and Possible Future Foreign Military Acquisitions by China,” in James R. Lilley and David Shambaugh (eds.), *China’s Military Faces the Future* (New York: M.E. Sharpe, Inc., 1999), p. 166. Fisher, citing the Office of Naval Intelligence, writes that the first Type 094 is expected to be built by 2005 with three subs to be completed by 2010. As Fisher notes, however, the difficulties China has experienced with past submarine programs means that this schedule might slip.

³¹ China is reportedly interested in purchasing a long-range strategic cruise missile from Russia similar to the U.S. Tomahawk missile. See Richard D. Fisher, Jr., “Foreign Arms Acquisition and PLA Modernization,” in James R. Lilley and David Shambaugh (eds.), *China’s Military Faces the Future* (New York: M.E. Sharpe, Inc., 1999), p. 91.

³² Godwin, p. 263.

³³ This report follows the convention currently used by the International Institute for Strategic Studies’ *Military Balance* of classifying missiles into three categories based on range. SRBMs are defined as rockets with a range up to 500km, IRBMs between 500km and 5,000km, and ICBMs over 5,000km. Many governments and organizations use a fourth category of medium-range ballistic missiles (MRBM), often between 1000km and 3000km, though these are included under the IRBM category by IISS.

³⁴ *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), p. 186.

³⁵ See Michael O’Hanlon, “Can China Conquer Taiwan?,” *International Security*, vol. 25, no. 2, Fall 2000.

³⁶ Admiral Dennis Blair, “Speech to the Carnegie Endowment for International Peace Nonproliferation Conference,” March 16, 2000 (via Lexis-Nexis).

³⁷ Brad Roberts, Robert A. Manning, and Ronald N. Montaperto, “China: The Forgotten Nuclear Power,” *Foreign Affairs*, vol. 79, no. 4, July/August 2000, p. 56.

³⁸ Robert Kagan, “How China Will Take Taiwan,” *Washington Post*, March 12, 2000, p. B7.

³⁹ Michael O’Hanlon, “Taiwan is Safe for Now,” *Washington Post*, March 18, 2000, p. A19.

⁴⁰ Michael Swaine, *Taiwan's National Security, Defense Policy, and Weapons Procurement Process* (Santa Monica: Rand, 1999).

⁴¹ Benjamin Yeh, "Taiwan Plans to Raise Military Spending Amid China Fear," *Agence France Presse*, November 1, 1999 (via Lexis-Nexis).

⁴² *Agence France Presse*, "Taiwan Marks Down Economic Growth Forecast to 6.57 Percent," August 14, 2000 (via Lexis-Nexis).

⁴³ Julian Baum, "Defense Flaw," *Far Eastern Economic Review*, vol. 163, no. 19, May 11, 2000, p. 21.

⁴⁴ Deborah Kuo, "ROTC Not Selling Well in Taiwan," *Central News Agency*, May 27, 1998 (via Lexis-Nexis).

⁴⁵ See Baum, *op.cit.*, pp. 20-21.

⁴⁶ David Shambaugh, "What Taiwan's Military Really Needs," *International Herald Tribune*, April 22, 2000, p. 6 (via Lexis-Nexis).

⁴⁷ Michael Swaine, *Taiwan's National Security, Defense Policy, and Weapons Procurement Process* (Santa Monica: Rand, 1999), p. 74.

⁴⁸ Democratic Progressive Party, "Defense Policy White Paper: Building a Military for the 21st Century (in Chinese)," November 1999, p. 4.

⁴⁹ For an explanation of Taiwan's defense budget, see Ministry of National Defense, *1998 National Defense Report* (Taipei: Li Ming Cultural Enterprise Co., Ltd., 1998), pp. 123-131.

⁵⁰ Brian Hsu, "Chen's Defense Strategy Wins Approval From Armed Forces," *Taipei Times*, June 28, 2000 (www.taipetimes.com/news/2000/06/28/print/0000041734).

⁵¹ Ministry of National Defense (Taipei), "2000 National Defense Report," Part 3, Chapter 1 (www.mnd.gov.tw/report/830/html/e-03.html).

⁵² See William S. Cohen, "Annual Report on the Military Power of the People's Republic of China (Report to Congress Pursuant to the FY2000 National Defense Authorization Act)," June 22, 2000 (www.defenselink.mil/news/Jun2000/china06222000.htm). The report concludes that "the balance of air power across the Taiwan Strait" could shift in China's favor by 2005 (section III,A,2), that Taiwan's navy would have difficulty countering a Chinese naval blockade with present resources (section III,D), and that China could enjoy an increasing, overall qualitative advantage over Taiwan past 2010 (section III, D). The report says the future military balance will depend largely on Taiwan's ability to "meet or exceed" China's military modernization/professionalization efforts (section III,D).

⁵³ Christopher Bodeen, "Taiwan's Vice President Urges Long-Range Missile Development," *Associated Press*, December 8, 1999 (via Lexis-Nexis).

⁵⁴ DPP White Paper, p. 16.

- ⁵⁵ Bryan Bender and Robert Karniol, "Taiwan Puts \$600m into Missile Programmes," *Jane's Defense Weekly*, vol. 31, no. 10, March 10, 1999 (via Lexis-Nexis).
- ⁵⁶ *Agence France Presse*, "Taiwan Has No Plans To Resume Nuclear Weapons Development: Lee," July 28, 1995 (via Lexis-Nexis).
- ⁵⁷ Victor Lai, "Taiwan Will Not Develop Nuclear Arms: Defense Minister," *Central News Agency* (Taipei), January 5, 2000 (via Lexis-Nexis).
- ⁵⁸ Parris Chang, "U.S. Holds Key With Taiwan, Nuclear Motivation Grows if U.S. Support Falters," *Defense News*, June 29, 1998, p. 25.
- ⁵⁹ *Foreign Report*, "Taiwan and the Bomb," no. 2590, May 4, 2000 (via Lexis-Nexis).
- ⁶⁰ DPP White Paper, p. 17.
- ⁶¹ Michael Swaine, *Taiwan's National Security, Defense Policy, and Weapons Procurement Process* (Santa Monica: Rand, 1999), pp. 34-35.
- ⁶² Daniel L. Byman and Roger Cliff, *China's Arms Sales: Motivations and Implications* (Santa Monica: Rand, 1999), pp. 17-18.
- ⁶³ Eric A. McVadon, "Chinese Military Strategy for the Korean Peninsula," in James R. Lilley and David Shambaugh (eds.), *China's Military Faces the Future* (New York: M.E. Sharpe, 1999), p. 288.
- ⁶⁴ *Ibid.*
- ⁶⁵ Foreign ministry spokesperson Zhu Bangzao stated that China was not informed in advance of the DPRK missile test. See *China Daily*, "U.S. Urged to Observe Commitments: China Opposes Weapons Sales," September 2, 1998 (via Lexis-Nexis).
- ⁶⁶ Kim Jong-Il accepted an invitation from Putin to visit Russia though, at the time of this writing, it was unclear when the trip would take place.
- ⁶⁷ Republic of Korea Defense White Paper 1999, p. 56 (via Internet at <http://www.mnd.go.kr/mnden/emainindex.html>).
- ⁶⁸ *Ibid.*, p. 53.
- ⁶⁹ *Ibid.*, p. 54.
- ⁷⁰ *Ibid.*, chart p. 132.
- ⁷¹ "ROK Performs Worst in Trade Account Among Rival Nations," *Korea Times*, August 26, 2000.
- ⁷² Republic of Korea Defense White Paper 1999, *supra*, chart p. 130.
- ⁷³ *Jane's Foreign Report*, "More South Korean Missiles," no. 2560, September 16, 1999 (via Lexis-Nexis).

⁷⁴ Ibid.

⁷⁵ James Risen, "South Korea Seen Trying to Extend Range of Missiles," *New York Times*, November 14, 1999, p. A1 (via Lexis-Nexis).

⁷⁶ Ibid.

⁷⁷ Doug Struck, "As Relations Thaw, Seoul Suspends Arms Plan," *Washington Post*, June 25, 2000, p. A20.

⁷⁸ *New York Times*, "China Joins Criticism of North Korea Sub," October 16, 1996, p. A10 (via Lexis-Nexis).

⁷⁹ Eric A. McVadon, op. cit., p. 280.

⁸⁰ Teresa Watanabe, "S. Korea, China Denounce Japan's Version of History," *Los Angeles Times*, November 15, 1995, p. A11.

⁸¹ As of July 2000 direct Taiwan-ROK air flights had yet to resume, though both sides have expressed a desire to restart them. Currently third country airlines are allowed to fly the Taipei-Seoul route. See Susanne Ganz, "S. Korea to Send Business Team to Thaw Ties in Taiwan," *Kyodo News Service*, July 3, 2000 (via Lexis-Nexis).

⁸² Ralph A. Cossa, "U.S.-Japan Security Relations: Separating Fact from Fiction," in Ralph A. Cossa (ed), *Restructuring the U.S.-Japan Alliance* (Washington, D.C.: Center for Strategic and International Studies, 1997), pp. 40-41.

⁸³ Eric A. McVadon, op. cit., p. 276.

⁸⁴ *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), table pp. 300-305. China's defense expenditure for 1998 is listed as \$36.7 billion, well above China's official figure of \$11 billion. The IISS estimate of Chinese defense spending includes adjustments for purchasing power parity and items that China leaves out of its official budget, such as weapons procurement, that are internationally accepted as being part of a country's defense budget.

⁸⁵ Charles W. Morrison (ed.), *Asia Pacific Security Outlook 1999* (Tokyo: Japan Center for International Exchange), p. 99.

⁸⁶ Unless otherwise indicated, all figures in this paragraph are from *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), pp. 191-193.

⁸⁷ *Agence France Presse*, "Japan Plans New Aegis Warships To Combat North Korea Threat: Report," January 6, 2000 (via Lexis-Nexis).

⁸⁸ John Downing, "A Japanese Navy in All But Name," *Jane's Navy International*, vol. 104, no. 3, April 1, 1999, p. 33 (via Lexis-Nexis).

⁸⁹ Kensuke Ebata, "US and Japan in technology transfer ju-jitsu," *International Defense Review*, June 1, 1993, Vol. 26, No. 6, p. 461. The Mitsubishi F-1 close-air support fighter was originally based upon the T-2 supersonic advanced jet trainer.

⁹⁰ “5-Year Defense Program to Start Next Year,” *The Daily Yomiuri*, August 19, 1997 (via Lexis-Nexis). Under a top-secret program known as “operational manual,” the Ground, Air, and Maritime Self Defense Forces are engaged to cope with emergencies arising in Japan from invasion or terrorism.

⁹¹ This change has little operational significance since Japan GSDF has never mobilized more than 160,000 troops.

⁹² For a detailed description of Japan’s force restructuring, see *Defense of Japan* (Tokyo: Japan Defense Agency, 1997), pp. 122-126.

⁹³ Robert Karniol, “Japan’s Defense Update,” *Jane’s Defense Weekly*, vol. 32, no. 16, October 20, 1999 (via Lexis-Nexis).

⁹⁴ *The Nikkei Weekly*, “New Five-Year Defense Plan to Bolster Command System,” August 7, 2000 (via Lexis-Nexis).

⁹⁵ John Downing, “A Japanese Navy in All But Name,” *Jane’s Navy International*, vol. 104, no. 3, April 1, 1999, p. 33 (via Lexis-Nexis).

⁹⁶ “Weekly notes concern of Japan’s arms build-up,” Xinhua News Agency, May 4, 2000; BBC Monitoring Asia Pacific. Xinhua notes that the Osumi-class is Japan’s largest surface vessel and capable of functioning as landing assault ships: “They can serve as light aircraft carriers during wartime once their decks are slightly modified, since Japan has imported the vertical takeoff and landing ‘Harrier-2’ fighters.”

⁹⁷ “Defense Cooperation Enters New Era,” Asahi News Service, May 25, 1999. The new laws call for a non-combatant role for Japan in situations “on the high seas and international airspace around Japan which are distinguished from where combat operations are being conducted.”

⁹⁸ A copy of the new guidelines is available on the Japan Defense Agency website (http://www.jda.go.jp/e/index_.htm). The guidelines are also reprinted in Michael J. Green and Patrick M. Cronin (eds.), *The U.S.-Japan Alliance: Past, Present, and Future* (New York: Council on Foreign Relations, 1999), appendix 3, pp. 333-354.

⁹⁹ Kiriko Nishiyama, “Japan and U.S. Agree on Anti-Missile Program,” *Agence France Presse*, August 16, 1999 (via Lexis-Nexis); “United States, Japan Face New Challenges in Armaments Cooperation,” JEI Report, Japan Economic Institute of America, October 16, 1998.

¹⁰⁰ *East Asian Strategic Review 2000* (Tokyo: National Institute for Defense Studies, 2000), p. 91.

¹⁰¹ The Prime Minister’s Commission on Japan’s Goals in the 21st Century, *The Frontier Within: Individual Empowerment and Better Governance in the New Millennium*, January 2000, chapter 6, p. 13. (The text of the report is available online at www.kantei.go.jp/jp/21century/report/pdfs/index.html.)

¹⁰² Kazuo Kodama (Minister for Public Affairs, Embassy of Japan in Washington), “Why Japan Must Shed Its ‘One-Nation Pacifism Skin’,” speech to UCLA, May 18, 2000

(available on Asia Pacific Media Network website at www.asiamedia.ucla.edu/ASIAComment2000/06212000KazuoKodama.htm).

¹⁰³ Michael J. Green, "The Forgotten Player," *The National Interest*, no. 60, Summer 2000, p. 46.

¹⁰⁴ "Mozambique Decision Questioned; Government Planing Seems Not To Be Following Any Plan," *The Daily Yomiuri*, March 27, 1993 (via Lexis-Nexis).

¹⁰⁵ Anne M. Dixon, "Can Eagles and Cranes Flock Together?" in Michael J. Green and Patrick M. Cronin (eds.), *The U.S.-Japan Alliance: Past, Present, and Future* (New York: Council on Foreign Relations, 1999), pp. 155-156.

¹⁰⁶ RIMPAC (Rim of the Pacific) is a bi-annual naval exercise involving the United States and her allies. Japan, South Korea, Chile, Australia, Canada, and Great Britain participated in the 2000 RIMPAC from May 30 to July 5. Japan has participated in RIMPAC 11 times since 1980 but, because of constitutional prohibitions on collective defense, limits its role to bilateral operations with the U.S. navy. At the 2000 RIMPAC, however, the Maritime Self Defense Force sent observers to some of the multilateral operations. See Yoshiaki Shimizu, "RIMPAC Poses Dilemma for Govt, MSDF," *The Daily Yomiuri* (Tokyo), June 13, 2000 (via Lexis-Nexis).

¹⁰⁷ Tadashi Okano, "Japan's Maritime Self Defense Force Success," *Jane's Defense Weekly*, vol. 34, no. 17, October 25, 2000 (via Lexis-Nexis).

¹⁰⁸ *Kyodo News Service*, "China Slams Japanese Participation in Military Exercise," May 8, 2000 (via Lexis-Nexis).

¹⁰⁹ Yoichi Funabashi, "U.S. Must Not Cozy Up to China at Japan's Expense," *Asahi News Service*, May 19, 1998 (via Lexis-Nexis).

¹¹⁰ Mary Jordan, "U.S.-China Coziness Has Japan Feeling Left Out," *Washington Post*, June 30, 1998, p. A12.

¹¹¹ *The Military Balance 1988-1989* (Oxford: International Institute for Strategic Studies, 1988), p. 43. The combat aircraft figures include 320 from the Naval Air assets but do not include 110 helicopters, which are part of the Naval Air Pacific Fleet Air Force.

¹¹² *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), p. 115, 117.

¹¹³ Sherman W. Garnett, "Prepared Statement to the House International Relations Committee," *Federal News Service*, March 25, 1999 (via Lexis-Nexis).

¹¹⁴ *Jane's Foreign Report*, "Crisis in Russia's Far East," December 10, 1998 (via Lexis-Nexis).

¹¹⁵ Mark Franchetti, "Starving Russians turn to dogs in order to survive: Forgotten villagers have 'no way out' of inhospitable northern regions," *The Ottawa Citizen*, November 15, 1998 (via Lexis-Nexis). Of the approximately 12 million people who live in the RFE, many eke out an existence. But the small segment of the population

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¹¹⁶ *Jane's Foreign Report*, "Crisis in Russia's Far East," December 10, 1998 (via Lexis-Nexis).

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¹¹⁸ Sherman W. Garnett, "Prepared Statement to the House International Relations Committee," *Federal News Service*, March 25, 1999 (via Lexis-Nexis).

¹¹⁹ *ITAR-TASS*, "Russian PM Orders Drafting of Law Banning Sale of Land to Foreigners," July 6, 1999 (via Lexis-Nexis).

¹²⁰ Andrew Meier, "Surviving on the Edge," *Time* (international ed.), February 7, 2000, p. 25 (via Lexis-Nexis).

¹²¹ See Yu Bin, "China-Russian Relations: Strategic Distancing...or Else?" *Comparative Connections*, vol. 2, no. 2, July 2000, pp. 112-120 (<http://www.csis.org/pacfor/ccejournal.html>).

¹²² Japan is China's number one trading partner while China is second only to the U.S. as the most important trading partner to Japan.

¹²³ Yu Bin, "New Century, New Face, and China's 'Putin Puzzle'," *Comparative Connections*, vol. 2, no. 1, April 2000, p. 93 (<http://www.csis.org/pacfor/ccejournal.html>).

¹²⁴ Steven Lee Myers, *op. cit.*

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¹²⁷ Zhuang Shengfu, "'China Menace' an Indian Myth," *China Daily*, February 15, 1999 (www.chinadaily.com.cn/cndydb/1999/02/d4-2indi.b15.html).

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¹³⁶ David E. Sanger and Eric Schmitt, "Reports Say China is Aiding Pakistan on Missile Project," *New York Times*, July 2, 2000, p. A1 (via Lexis-Nexis).

¹³⁷ Robert Manning, remarks at the Center for Strategic and International Studies, "Emerging South Asian Nuclear Arms Race: Can it be Controlled?," June 3, 1998 (transcript available at www.csis.org/html/jun3tran.html).

¹³⁸ Achin Vanaik, "Indian Columnist Predicts 'Disaster' Unless US NMD Program is Halted," *Chennai The Hindu*, September 27, 2000, p. 12.

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¹⁴¹ Taiwan officially adopted this formula on August 1, 1992, when the National Unification Council passed its "Resolution on the Meaning of 'One China'." (www.gov.tw/english/MacPolicy/policy3/chinae.htm).

¹⁴² See Hung-mao Tien, "The Current State of ROC Diplomacy: Report to the Foreign and Overseas Chinese Affairs Committee of the Legislative Yuan," June 5, 2000 (<http://www.mofa.gov.tw/emofa/eframe1.htm>).

¹⁴³ *Xinhua News Agency* (English), "Macao's Return," December 20, 1999 (via Lexis-Nexis).

¹⁴⁴ State Council Taiwan Affairs Office, "One-China Principle Overrides All," *China Daily*, February 22, 2000, p. 5.

¹⁴⁵ Mainland Affairs Council (Taipei) public opinion data (www.mac.gov.tw/english/POS/890623/8906e_b.htm).

¹⁴⁶ State Council Taiwan Affairs Office, "One-China Principle Overrides All," *China Daily*, February 22, 2000, p. 4.

¹⁴⁷ *Xinhua News Agency* (Chinese), “PRC Taiwan Affairs Office Issues Statement on Chen Shui-bian Inauguration Speech,” May 20, 2000, as translated in FBIS Daily Report, May 20, 2000 (FBIS-CHI-2000-0520).

¹⁴⁸ Lillian Wu, “Chen Says Concept of Confederation Warrants Discussion,” *Central News Agency* (Taipei), April 21, 2000 (via Lexis-Nexis).

¹⁴⁹ For example see, *Agence France Presse*, “Chinese Defense Minister Warns of Military Force Against Taiwan,” July 31, 1995 (via Lexis-Nexis).

¹⁵⁰ See Brian Hsu, “President Backs Arms Build-Up To Counter China,” *Taipei Times*, July 5, 2000 (www.taipetimes.com/news/2000/07/05/print/0000042572).

¹⁵¹ George W. Bush, “A Distinctly American Internationalism,” speech at the Ronald Reagan Presidential Library, November 19, 1999 (<http://www.georgewbush.com/speeches/foreignpolicy/foreignpolicy.asp>).

¹⁵² *SIPRI Yearbook 1999* (New York: Stockholm International Peace Research Institute, 1999), p. 278.

¹⁵³ John Pomfret and Steve Mufson, “China, Taiwan Step Up Sorties Over Strait,” *Washington Post*, August 3, 1999, p. A1.

¹⁵⁴ In January 1997, China used its veto to delay a UN peacekeeping mission to Guatemala because of that country’s diplomatic ties with Taiwan. In 1999 China vetoed the extension of a peacekeeping mission to Macedonia after that country switched official recognition to Taipei.

¹⁵⁵ Phil Revzin, Michael Vatikiotis, David Plott, and Ben Dolven, “Lee: The Cruel Game,” *Far Eastern Economic Review*, vol. 163, no. 23, June 8, 2000, p. 18.

¹⁵⁶ See Bonnie S. Glaser and Banning N. Garrett, “Chinese Perspectives on the Strategic Defense Initiative,” *Problems of Communism*, March-April 1986, pp. 28-44.

¹⁵⁷ Reports on when the DF-41 might be deployed vary. A report by Russia’s *ITAR-TASS* News Agency stated that China might deploy the missile by 2005. See Grigory Arslanov, “China Completes Lab Tests of Intercontinental Missile” *ITAR-TASS New Agency*, October 15, 1999 (via Lexis-Nexis). The Federation of American Scientists estimates the DF-41 will be deployed “around the year 2010.” See the Federation’s website at www.fas.org/nuke/guide/china/icbm/df-41.htm.

¹⁵⁸ Minister of Foreign Affairs (Beijing), “Joint Statement by the Presidents of the People’s Republic of China and the Russian Federation on Anti-Missile Defense,” July 18, 2000 (www.fmprc.gov.cn).

¹⁵⁹ Michael D. Swaine and Alastair Iain Johnston, “China and Arms Control Institutions,” in Elizabeth Economy and Michel Oksenberg (eds.), *China Joins the World: Progress and Prospects* (New York: Council on Foreign Relations, 1999), p. 100.

¹⁶⁰ China is not a member of MTCR but in 1992 and 1994 affirmed its willingness to abide by its guidelines and parameters.

¹⁶¹ *The Military Balance 1999-2000* (Oxford: International Institute for Strategic Studies, 1999), p. 186.

¹⁶² *China News*, “Lee Backs Taiwan’s Participation in TMD,” August 19, 1999 (via Lexis-Nexis).

¹⁶³ For more, see Michael D. Swaine, *Taiwan’s National Security, Defense Policy, and Weapons Procurement Processes* (Santa Monica: RAND, 1999), p. 35.

¹⁶⁴ At a July hearing in Taiwan’s legislature, Wu Shih-wen remarked, “The TMD is not the only choice for us to effectively defend against China’s ballistic missiles. It will not necessarily satisfy Taiwan’s defense needs. A low-tier anti-ballistic missile system of some sort will probably suit us better.” See Brian Hsu, “Taiwan Should Develop Anti-Ballistic Missile Capability,” *Taipei Times*, July 13, 2000 (www.taipeitimes.com/news/2000/07/13/print/0000043580).

¹⁶⁵ Wei Ming, “In What Direction Will US TMD Move,” *Jiefangjun Bao [People’s Liberation Army Daily] Online*, April 3, 2000, as translated in BBC Summary of World Broadcasts, April 10, 2000 (via Lexis-Nexis).

¹⁶⁶ A typical assessment was offered by Senior Colonel Luo Yuan, a strategic expert at China’s Military Science Institute, in a September 1999 interview with *Beijing Youth News*: “The gap across the Taiwan Strait is too narrow, only 130 kilometers, so it’s difficult for TMD to respond quickly and make an effective intercept...even if TMD were able to intercept 80 to 90 percent of ballistic missiles, given the density of cities, people, transportation hubs, telecommunication hubs, power grids, and nuclear power stations on Taiwan, only a small number of missiles would have to get through...” See *Beijing Youth News*, “Why China Won’t Promise Not to Use Force Against Taiwan (Chinese),” September 9, 1999, p. 10 (via Internet at www.bjyouth.com.cn/Bqb/19990902/GB/3993^D0902B1005.htm).

¹⁶⁷ Fu Xiao, “Why Does the United States Pursue TMD?,” *Renmin Ribao [People’s Daily]*, April 2, 1999, p. 7, translated in Foreign Broadcast Information Service (FBIS), Daily Report, April 2, 1999 (FBIS-CHI-1999-0408).

¹⁶⁸ *Kyodo News International*, “Failure of U.S. Test Won’t Affect Joint TMD Research: Aoki,” January 24, 2000 (via Lexis-Nexis).

¹⁶⁹ Luo Renshi, “U.S. Development of Missile Defense Systems Context and Possible Consequences,” *International Strategic Studies*, no. 52, April 1999, p. 4.

¹⁷⁰ *Ibid.*, p. 5.

¹⁷¹ *China Daily*, “Who Threatens Peace?” November 10, 1999 (via Lexis-Nexis).

¹⁷² Wu Di and Luo Jie, “Sounding Warning of International Nuclear Disarmament—Interviewing Sha Zukang, Director General of the Department of Arms Control and Disarmament Under the Ministry of Foreign Affairs,” *Shijie Zhishi [World Knowledge]* (Beijing), December 27, 1999, pp. 18-19, 20, 21, as translated by BBC Summary of World Broadcasts, December 31, 1999 (via Lexis-Nexis).

¹⁷³ *People's Daily* (Guangzhou South China News Supplement), "The TMD System is Stirring Up Trouble in East Asia," August 29, 1999, p. 2, as translated in FBIS Daily Report, August 27, 1999 (FBIS-CHI-1999-0903).

¹⁷⁴ For example, see Richard D. Fisher, Jr., and Baker Spring, "China's Nuclear and Missile Espionage Heightens the Need for Missile Defense," *Heritage Foundation Backgrounder*, #1303, July 2, 1999 (available online at <http://www.heritage.org/library/backgrounder/bg1303es.html>).

¹⁷⁵ Erik Eckholm, "China Arms Expert Warns U.S. Shield May Force Buildup," *New York Times*, May 11, 2000, p. A1.

¹⁷⁶ Zhou Ruipeng, "Zhongguo Chongshen Fandui Mei Fazhan NMD" (China Reiterates Its Opposition to US Development of NMD)," *Lianhe Zao Bao* (Singapore), July 12, 2000 (www.zaobao.com).

¹⁷⁷ For example, see Peter W. Rodman, "China Lobbies: Beijing's Campaign Against Missile Defense," *National Review*, vol. II, no. 7, April 19, 1999, pp. 23-24.

¹⁷⁸ See Bates Gill, "A Look at...The China Puzzle," *Washington Post*, March 5, 2000, p. B03.

¹⁷⁹ Hu Qihua, "China Does Not Entirely Reject Theatre Missile Defense," *China Daily*, November 26, 1999, p. 3.

¹⁸⁰ *Jiefang Ribao* (Shanghai), December 8, 1999, as translated by BBC Summary of World Broadcasts, "Need For Indigenous Missile Defense System Viewed," December 10, 1999 (via Lexis-Nexis).

¹⁸¹ *Associated Press*, "Report: China Has Laser Defense Technology to Shoot Down Missiles," November 12, 1999 (via Lexis-Nexis).

¹⁸² John Pomfret, "China Again Demands U.S. Drop Missile Defense Plan; Beijing Links Weapons Exports To American Verdict on System," *Washington Post*, July 12, 2000, p. A16.

¹⁸³ *China Daily*, "Nation Applauds UN Resolution," December 3, 1999 (via Lexis-Nexis).

¹⁸⁴ Sha Zukang, "Remarks to the Seventh Carnegie International Non-Proliferation Conference," January 12, 1999, as reprinted in Ming Zhang, *China's Changing Nuclear Posture: Reactions to the South Asian Nuclear Tests* (Washington, D.C.: Carnegie Endowment for International Peace, 1999), appendix B, p. 80.

¹⁸⁵ Nicholas D. Kristof, "The Problem of Memory," *Foreign Affairs*, vol. 77, no. 6, November-December 1998, p. 38.

¹⁸⁶ Nicholas D. Kristof recounts a conversation soon after the 1989 Tiananmen crackdown with a democracy movement leader who advocated murdering Japanese businessmen as a way to reduce foreign investment and thus undermine the Chinese government. See Nicholas D. Kristof, "The Problem of Memory," *Foreign Affairs*, vol. 77, no. 6, November-December 1998, p. 37.

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¹⁸⁹ Howard W. French, “Japanese Call ’37 Massacre A War Myth, Stirring Storm,” *New York Times*, January 23, 2000, p. A4.

¹⁹⁰ Richard Lloyd Parryin, “China Greeted Japan PM With a Bitter Reproach,” *The Independent* (London), May 3, 1995, p. 15 (via Lexis-Nexis).

¹⁹¹ Frank Ching, “Japan Still Avoids Its Past,” *Far Eastern Economic Review*, vol. 163, no. 25, June 22, 2000, p. 36.

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- ²⁰² David M. Lampton, *Same Bed, Different Dreams*, p. 107.
- ²⁰³ Huang Kuei-mei and Sofia Wu, "New ROC Envoy Vows to Push for Closer Ties With Japan," *Central News Agency* (Taipei), May 31, 2000 (via Lexis-Nexis).
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- ²⁰⁹ Respondents were allowed to give more than one answer to this question. Also, it should be noted that the poll itself asked loaded questions designed to elicit negative responses. A typical example: "Japan has never exhibited genuine repentance despite the passing of over 50 years since the end of World War II. Do you feel Japan should be a permanent member of the United Nations?" Unsurprisingly, 95 percent responded "no."
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