Volume 1, Number 2

The Content of U.S. Engagement with China

by William J. Perry and Ashton B. Carter

Preventive Defense Project

A research collaboration of
Stanford University and
Harvard University

Co-Directors

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Printed in California
July 1998

This publication was made possible in part by a grant from the Carnegie Corporation of New York and in part by the John D. and Catherine T. MacArthur Foundation. The statements made and views expressed are solely the responsibility of the authors.

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Acknowlegements

This article is the product of a conference held at Stanford University, April 3-4, 1998, sponsored by the Stanford-Harvard Preventive Defense Project. Over the past few years, a broad consensus has emerged in the United States that U.S. policy on China should reject a strategy of "containment" and instead embrace "engagement." But engagement is a tool of policy, not an objective of policy. We believe that the strategy of engagement must be given content, and it must also show results if the fragile consensus supporting it is to be maintained.

The goal of the conference was to allow leading figures from the Executive Branch, Congress, the business community, academia, and the media to share perspectives and, if possible, reach agreement on key aspects of the content of U.S. engagement with China in an intensive, substantive, off-the-record workshop.

The authors would like to thank the participants:

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While this report was not agreed upon or endorsed by all participants, and was drafted solely by the authors, efforts have been made to incorporate the range of views and consensus points expressed at the conference.

We would also like to thank the staff who worked on putting this conference together: Nora Bensahel, Lainie Dillon, Hilary Driscoll, and Deborah Gordon. We owe a special note of gratitude to L. Celeste Johnson for her able assistance in preparing this report.

Foreword: Preventive Defense

Through more than four decades of Cold War, American national security strategy was difficult to implement but easy to understand. America was set on a clear course to contain Soviet expansionism anywhere in the world, all the while building a formidable arsenal of nuclear weapons to deter the Soviet Union from using military force against it or its allies. Now, with the end of the Cold War, the underlying rationale for that strategy—the threat from the Soviet Union—has disappeared. What strategy should replace it? Much depends on finding the correct answer to this question.

The world survived three global wars this century. The first two resulted in tens of millions of deaths, but the third—the Cold War—would have been even more horrible than the others had deterrence failed. These three wars trace a path that leads to the strategy needed for the post-Cold War era.

At the end of the First World War, the victorious European allies sought revenge and reparations; what they got was a massive depression and another world war. The United States sought "normalcy" and isolation; what it got was total war and leadership in winning it. Because it failed to *prevent* and then to *deter* Germany's aggression, America was forced to mobilize a second time to *defeat* it.

At the end of the Second World War, America initially chose a strategy based on prevention. Vowing not to repeat the mistakes made after World War I, the Truman administration created the Marshall Plan, which sought to assist the devastated nations of Europe, friends and foes alike, to rebuild. The Marshall Plan and other examples of the preventive defense strategy, aimed at preventing the conditions that would lead to a future world war, were an outstanding success in

Western Europe and in Japan.

But the Soviet Union turned down the Marshall Plan and, instead, persisted in a program of expansion, trying to take advantage of the weakened condition of most of the countries of Europe. The resulting security problem was clearly articulated by George Kennan, who forecast that the wartime cooperation with the Soviet Union would be replaced with a struggle for the heart of Europe and that the United States should prepare for a protracted period of confrontation. Kennan's analysis was accepted by the Truman administration, which then formulated a strategy that would get us through the Cold War: deterring another global war while containing the Soviet Union's demonstrated expansionist ambitions. Deterrence supplanted prevention: there was no other choice.

Even deterrence was a departure from earlier American military strategy. The United States had twice previously risen to defeat aggression, but it had not maintained the peacetime military establishment or the engagement in the world to deter World Wars I or II. Marshall and other defense leaders around Truman created the peacetime posture and new security institutions required. In time, as George Kennan had forecast, the Soviet Union disintegrated because of the limitations of its political and economic systems. Deterrence worked.

The result is a world today seemingly without a major threat to the United States, and the U.S. is now enjoying a period of peace and influence as never before. But while this situation is to be savored by the public, foreign policy and defense leaders should not be complacent. This period of an absence of threat challenges these leaders to find the vision and foresight to act strategically, even when events and imminent threats do not compel them to do so.

To understand the dangers and opportunities that will define our nation's strategy in the new era, we must see the post-Cold War world the way George Marshall looked upon Europe after World War II, and return to prevention. In essence, we now have another chance to realize Marshall's vision: a world not of threats to be deterred, but a world united in peace, freedom, and prosperity. To realize this vision, we should return to Marshall's strategy of preventive defense.

Preventive Defense is a concept of defense strategy for the United States in the post-Cold War Era. It stresses the need to anticipate security dangers which, if mismanaged, have the potential to re-create

Cold War-scale threats to U.S. interests and survival. The foci of Preventive Defense are: proliferation of weapons of mass destruction, grand terrorism, "loose nukes" and other military technology from the former Soviet Union, Russia's post-Cold War security identity, and the peaceful rise of China.

Preventive Defense is the most important mission of national security leaders and of the defense establishment. They must dedicate themselves to Preventive Defense while they deter lesser but existing threats—in Iraq and North Korea—and conduct peacekeeping and humanitarian missions—in Bosnia, Haiti, Rwanda, and so on—where aggression occurs but where American vital interests are not directly threatened.

Introduction

The Rise of China

China's rise to power, as one of the most significant events of the post-Cold War strategic landscape, demands a preventive defense strategy. As China unfolds from the introverted crouch of the Maoist period, and as its power grows, it is defining a wider role and a new identity for itself in international security. America can no longer take comfort, as it did during the Cold War, from the fact that China's power was an offset to Soviet military power. Some Americans conjure up China as the enemy of the future, in effect a forthcoming replacement of the Soviet Union. In its role as a rising power, China often provokes fear and uncertainty; new powers have historically not been easily accommodated by the international system, and their rise has often resulted in violent conflict. But China's role and destiny are not only a matter of arguable and yet-to-be-determined probabilities, but of probabilities over which U.S. policy can have an effect.

The United States cannot steer China's course, but it can exercise some influence over it. Chinese strategic thinkers themselves rate actions of the United States the most important factor they need to take into account, for better or worse in their views, as they chart their country's future and external posture. Fatalism in U.S. policy would likely prove a self-fulfilling prophecy. If China is treated like an adversary it will surely become one.

The purpose of this article is to describe the policies and programs that we believe will give content to the security dimension of engagement and increase the probability that China will emerge as a security partner, rather than an adversary, of the United States in the 21st Century.

The Rationale for U.S. Engagement with China

Any program of engagement must recognize the reality that China's rapid rise as an economic, political, and military power inevitably challenges other Pacific powers. In particular, it challenges the United States and Japan and their security alliance. This alliance, and its concomitant deployment of American troops, has provided the security and stability underlying the remarkable economic growth these past two decades in the Asia-Pacific region. But China, even though it has profited itself from this stability, believes that this alliance and these troops are directed against it and comprise an American policy of containment.

In that belief, China is wrong. In fact, the American policy under its last six presidents has been one of engagement with China. This engagement policy began with the signing of the Shanghai Communiqué in 1972 by President Nixon. Since then, it has had its ups and downs:

- Up with the recognition of China in 1979 by President Carter
- Down with China's suppression of the Tiananmen demonstrations in 1989 and the subsequent sanctions by the U.S.
- Up with President Clinton's resumption of engagement in 1994
- Down with China's firing of missiles bracketing Taiwan in 1996 and the subsequent deployment of two American carrier battle groups
- Up with the recent meetings in the U.S. and China of President Jiang Zemin and President Clinton.

The successful visit by President Jiang Zemin to the U.S. in October 1997 and President Clinton's reciprocal visit to China in June 1998 signal a thaw in China-U.S. relations after their post-Cold War low in late 1995 and early 1996.

This new rapprochement, while welcome, remains heavily conditioned on both sides and is possibly fleeting. The question of Taiwan still dominates the bilateral relationship, and miscalculation by either party could easily shatter the fragile stability. There is still much U.S. dissatisfaction with China over such issues as human rights, proliferation, Tibet, and the trade deficit. The fragility of the present improvement in relations is why the U.S. must seize this moment to lay a

more solid foundation and create understandings and linkages that will provide for greater stability and predictability in the future bilateral relationship.

U.S. Engagement with China Must be Given Content

Seizing on the opportunity presented by the present period of improving relations means developing specific policies and activities that, together, form the content of future engagement. It is not sufficient to merely proclaim a policy of engagement. Once we are talking to China, what shall we say? What understandings should we seek, and what programs of cooperation should we foster? Engagement is a process, not an end. Engagement requires substance to be sustainable. The content of engagement should be a Preventive Defense strategy: a focused, proactive program to shape the U.S.-China security relationship to mutual benefit. The chapters that follow discuss the four strands that would comprise this program:

I. Deepen and Broaden the Defense-to-Defense Relationship

II. Stabilize the Taiwan Question

III. Engage China's Neighbors: It Takes More than Two to Tango

IV. Encourage Greater Participation by China in Counter-proliferation and Other International Security Efforts

Chapter I

Deepen and Broaden the Defense-to-Defense Relationship

The first recommendation for a U.S. policy of engagement with China is a deepening of military-to-military contacts and exchanges. That relationship should not only deepen, but also broaden.

Deepening the Military-to-Military Relationship

The Chinese People's Liberation Army (PLA) has a strong hand in China's national security policymaking. But the generation of officers now assuming senior positions has been deprived of almost all opportunity for international politico-military experience, as they served most of their careers deep in China's interior. As these PLA officers now form their own views of the international scene and China's role in it, in important measure they will be forming China's views.

As the debate over engagement continues in the United States, it also continues in China. Chinese military strategists are not convinced that engagement is not a trap for China, a trap that will contaminate it with ideas of transparency and cooperation that will eventually undermine its interests. More dangerously, the PLA appears to share the Chinese government's overall preoccupation with the Taiwan question: over the past decade the PLA has been shifting its war plans and weapons-buying programs from general war with its northern neighbor, the former Soviet Union, to effective coercion of Taiwan. The 1995-96 missile crisis intensified this focus. The Taiwan question is now galvanizing PLA reform and modernization.

All sides will benefit if the views of PLA officers and Chinese military strategists are formed amidst strong dialogue and, when possible, joint efforts with the U.S. military. Some progress has been

made toward PLA-DOD engagement. This progress consists of exchange visits by senior officials, reciprocal visits of warships to one another's ports, an agreement spelling out steps to avoid incidents at sea, discussion of mutual approaches to humanitarian relief and agreements to observe one another's exercises, and agreement to "detarget" strategic missiles.

Inevitably, the U.S. and China will have different objectives in these military-to-military exchanges. The United States is interested in influencing the political-military outlook of PLA officers in a manner that will be beneficial to U.S. security over the long term. The U.S. military must also demonstrate its proficiency, professionalism, and will to the PLA, particularly in light of some apparent Chinese misperceptions about U.S. willingness and ability to use force when its interests are threatened. The U.S. will want to use the exchanges to develop relationships and mechanisms to avoid misunderstandings, miscalculations, and dangerous incidents in the future; intentions are likely to be better understood if each side has a network of contacts on the other side. The U.S. will want exchanges to provide some insight into the capabilities and intentions of the PLA. But at the same time the U.S. will wish to avoid activities that would have the effect of significantly strengthening the Chinese military's power projection capabilities.

For the PLA, objectives of defense-to-defense contact with the U.S. are likely to focus on improving capabilities, including acquiring technology and weapons. The PLA will also be interested in concealing weaknesses that may come to light as a result of these contacts, and will thus resist too much transparency too quickly.

While these differing objectives can be accommodated to some extent, each side must also assume a certain degree of risk. The challenge to both is this: in order for exchanges to be effective, they should be substantive and meaningful.

Specific actions to deepen the China-U.S. military-to-military relationship that should be pursued by the United States are:

1. **Continue and intensify regular high-level talks.** The U.S. military and the PLA should sustain a regular program of high-level talks. Such contacts should have a wide-ranging agenda and should occur at all levels of uniformed and civilian Defense Department officials and their Chinese counterparts. An important element among

those relationships is an operational channel that can be employed in incidents and crises. Such discussions should also extend to the civilian strategic studies communities in each country, and efforts should be made to expand bilateral, informal (often referred to as "track two") security/defense dialogues.

2. **Joint activity.** The relationship between DOD and the PLA should now begin to evolve from visits to joint activity, planning and carrying out combined exercises and training. China has long-standing policies that prohibit the PLA from engaging in joint military exercises with any country. It would be desirable for China to relax these prohibitions in the case of humanitarian and disaster relief (as opposed to combat) field exercises and to conduct such exercises with U.S. forces.

3. **Functional exchanges.** Mid-level, substantive functional exchanges should be held in areas of military art in which both countries would benefit from the sharing of techniques. Military justice and environmental security are examples of two such areas.

4. **Military educational exchanges.** More Chinese and American personnel should attend one another's professional military education institutions, so that each can develop a cadre of true experts on the other's military. Exchanges that involve younger officers are especially important for the future, as a generational transition is underway in the PLA.

5. **Familiarization briefings.** The U.S. should encourage mutual transparency through briefings and familiarization tours covering such topics as force structure, military doctrine and requirements, modernization, defense reform, defense conversion, threat perception, national security decision-making, and civil-military relations.

6. **Confidence-building measures.** The Military Maritime Accord, recently signed by Secretary of Defense William Cohen and Defense Minister Chi Haotian, can serve as an example for a broader set of confidence-building measures such as communications links and notification of major weapons tests and exercises.

7. **Nuclear weapons safety and security.** It is time to begin discussions with China about nuclear weapons. These discussions should involve, but not be limited to, personnel from the U.S. Strategic Command and the PLA's Second Artillery Corps. The safety and security of weapons and fissile material is of long-term interest to

both countries and should form a major topic of discussion, as should the command and control of nuclear weapons systems. Further, future nuclear arms control agreements might begin reducing the U.S. and Russian arsenals to levels near that of China and the other nuclear powers. The U.S. should begin to discuss now the question of China's inclusion in future multilateral nuclear arms reduction negotiations. The U.S. can also work with China to develop more effective procedures for administering export controls on nuclear proliferation-sensitive exports.

In much the same way that U.S. weapons laboratories have had significant interaction with their Russian counterparts, a beginning has been made to develop exchanges with Chinese weapons laboratories on safety and security issues. This is a positive development and an effort that should be stepped up. Since we have a common interest in the safety and security of nuclear weapons, Chinese experience and expertise can be useful as the international community seeks to enhance the effectiveness of the International Atomic Energy Agency (IAEA) and other safeguards of nuclear material. The U.S. and Chinese weapons labs can also work together in the development of technologies applicable to verification of the Comprehensive Test Ban Treaty (CTBT), to which both countries are signatories.

8. **Biological and chemical weapons defense.** Both the United States and China have foresworn biological and chemical weapons, but each might face their use in the hands of others, including terrorists. Discussion of techniques and technology for protection of military personnel and the civilian populace from these weapons would be mutually beneficial.

Broadening the Military-to-Military Relationship to a Comprehensive Defense-to-Defense Relationship

DOD should not be the only department of the U.S. government developing such linkages with the Chinese military and strategic establishments or with the Chinese government and people more broadly. The relationship should move beyond military-to-military to a wider security dialogue, and it should include other countries in the region.

Some specific actions can be taken to broaden the military-to-military relationship to a comprehensive defense-to-defense relationship:

1. **High-level exchanges analogous to the former Gore-Chernomyrdin Commission.** The U.S. and China should develop a series of meetings that brings together corresponding cabinet officials of the two governments twice a year to discuss cooperative projects. This would not only create a network of high-level relationships, it would also help to situate the security relationship in a wider context. A similar process was begun in 1993 by Vice President Al Gore and then-Russian Prime Minister Viktor Chernomyrdin to pursue cooperative projects and solve bilateral problems between Russia and the United States.

2. **U.S. Congress-National People's Congress exchanges.** Regular meetings should be organized for members of the U.S. Congress, especially from the Armed Services, Foreign Affairs, and Intelligence Committees, with the National People's Congress. This would give members of the U.S. Congress a chance to interact with, and better understand the functioning of, the Chinese government as well as gain perspective on U.S. long-term strategic interests in China. But more importantly, it would give Chinese legislators a chance to better understand the functioning of a democracy and how it is conducted in the United States.

3. **Transnational problems.** The U.S. and China have shared interests in a wide range of transnational security issues such as countering organized crime, drug trafficking, alien smuggling, piracy, environmental contamination, and terrorism, including terrorism involving weapons of mass destruction.

4. **Triangular exchanges.** Defense-to-defense exchanges should move beyond the bilateral to include other key countries in the region. A set of triangular or quadrangular exchanges combining U.S. and Chinese defense officials with Japanese, Korean, and Russian officials would not only develop security and military dialogue with regional states, but would also solidify and clarify the U.S. presence and role in the future security of East Asia.

A more robust defense-to-defense program would give the United States an opportunity to influence a critical audience at a formative moment. We cannot afford to wait.

Chapter II

Stabilize the Taiwan Question

Taiwan has been the touchstone of improved U.S.-China relations since President Nixon signed the Shanghai Communiqué of 1972. But Taiwan is also the flash point in the relationship, as was shown in 1996 when China's missile firings and live-fire military exercises in the seas surrounding Taiwan compelled the United States to send two carrier battle groups to the area. The Chinese missile firings were, in turn, a reaction to the government of Taiwan's pursuit of more "international space" in which to represent its people and economy, as well as to the 1995 visit of Taiwan's leader Lee Teng-hui to his American alma mater Cornell University. Chinese leaders tend to interpret the pursuit of international space by Taiwan as the pursuit of independence in disguise. In this regard we believe they are unreasonably suspicious.

Taiwan is prosperous and democratic. Its growing opposition Democratic Progressive Party (DPP) has advocated independence, or at least self-determination, against the ruling Kuomintang Party's (KMT) policy (dating to 1949) that Taiwan is part of China and must be reunited with it. To outflank the DPP, even some KMT leaders have moved away from the "One China" stance, maintaining instead that the Republic of China is a de-facto state (and thus has no need to declare independence). China sees Taiwan drifting away. Reunification is the highest priority of Chinese national security policy, reflecting a widely and emotionally held view that Taiwan's separation is one of the last unrequited instances of China's historical dismemberment by foreign powers.

In the face of this volatile and changing situation, the United States probably cannot improve upon its long-standing policy to-

wards the two parties. This "One China" policy is laid down in the three Communiqués negotiated bilaterally with Beijing by Presidents Nixon, Carter, and Reagan, and in the 1982 Taiwan Relations Act (TRA) sponsored by then-Senator Robert Dole. The One China policy maintains that Taiwan is part of China and recognizes Beijing and not Taipei as its capital. But the policy also holds that the final resolution on Taiwan should be peaceful and on terms worked out by both sides. The TRA further commits the United States to help Taiwan maintain the military means to prevent coercion by Beijing.

The One China policy has the correct objective, leaving to the parties the task of working out the terms of reunification, while providing plenty of time to do so, and discouraging provocation by either side, while allowing the U.S. to have good relations with both. The United States should not adopt a direct mediating role between Beijing and Taipei, which it has prudently refrained from doing since 1972. But within the framework of the One China policy, the United States can and should take additional actions to avoid conflicts between the People's Republic of China (PRC) and Taiwan that would catch the United States in the middle.

The danger arises from a scenario like that which led to the 1996 missile firing crisis: Taiwan's politicians, either vying for the portion of the island's electorate that favors independence or seeking more international space for their people and economy, take actions interpreted in Beijing as a bid for independence. Beijing uses force—missile firings, blockade, or other steps—to try to intimidate Taipei. The United States government finds itself caught between two strands of American opinion, one unwilling to see a prosperous market-oriented democracy attacked by its giant communist neighbor, and another unwilling to go to war with mainland China over Taiwan.

The way to avoid such a Hobson's choice is to encourage stronger practical linkages across the Taiwan Strait. Better relations between Beijing and Taipei would provide both with a greater stake in non-violence, a means to avoid dangerous miscalculations of each other's intentions, and would establish a shared understanding of just how much international space is appropriate for Taiwan. The U.S. One China policy, which supports neither the use of force by Beijing nor independence for Taipei, forms the necessary backdrop for an improvement in cross-Strait relations. The U.S. should emphasize

that neither Beijing (through force) nor Taipei (through the pursuit of independence) should try to change the status quo. But the United States should go beyond reaffirming the One China policy. Now that the cross-Strait talks that were suspended by Beijing in 1995 appear to be resuming, the United States should encourage an agenda that can lead to early and specific agreements.

The agenda should be concrete and should focus initially on three topics:

1. **Increase cross-Strait contact.** The two parties should come to agreement on ways to increase cross-Strait intercourse in areas such as business and cultural contacts, communications and transport links, anti-drug, anti-smuggling, and anti-crime initiatives, customs cooperation, and air traffic control. The early establishment of direct flights between the mainland and Taiwan would be a good start, improving cultural contacts and allowing easier access for cross-Strait business and investment. An agreement on this matter and greater contact across the Strait in the other areas of trade and communications—including the establishment of direct shipping links—would have near-term, tangible benefits to both sides.

2. **Agreement on degree of international space for Taiwan.** The two parties should also seek agreement on a practical and appropriate measure of international space for Taiwan. This agreement should be a balance between the extremes of diplomatic recognition, which is still sought on some occasions by Taipei, and the tendency toward total isolation of Taiwan, which is sometimes exhibited by Beijing. In particular, a formula should be explored whereby Taipei is represented in a wide range of intergovernmental organizations in which statehood is not required for membership, as has been adopted successfully with the Asian Development Bank (ADB) and the Olympic Games.

It appears that a few key agreements could be reached in the near term:

- A reasonable beginning would be for Beijing to relax its opposition to financial contributions by Taiwan to the Korean Economic Development Organization (KEDO). KEDO provides funding for the North Korean light-water reactors that the U.S., together with South Korea and Japan, agreed to provide North Korea in exchange for the latter's freeze and eventual dismantle-

ment of its nuclear weapons development program. The Asian financial crisis has put this crucial program at risk, and Taiwan is both willing and able to provide assistance. Participation in KEDO would not constitute diplomatic recognition, but it would give Taiwan an opportunity to play a role as an economy in a regional non-proliferation effort.

· The two sides should also begin to come to agreement on Taipei's participation in international economic organizations such as the International Monetary Fund (IMF) and the World Bank. There is precedent in this area, since the two came to agreement on Taiwan's participation in both the ADB and the Asia-Pacific Economic Cooperation forum (APEC) in 1988 and 1991, respectively. The IMF is playing a strong role in trying to facilitate the Asian recovery from the 1997 financial crisis. Taiwan, which was affected by the crisis but not as severely as other countries in the region, could contribute to the IMF's efforts and thus take part, once again, in an organization dealing with a serious regional issue. Taiwan's participation in the IMF and the World Bank would also give due recognition to the strength and importance of Taiwan's economy, without taking a position on the political aspects of Taiwan's existence vis-à-vis mainland China.

· Finally, Beijing and Taipei should develop a formula to allow Taiwan's participation in international counter-proliferation efforts and technical organizations such as the Missile Technology Control Regime (MTCR) and the IAEA. Such participation by Taiwan would enhance international oversight of Taiwan's nuclear and weapons-related activities, and it would provide a useful opportunity for Taiwan to achieve some international space that also serves the broader interests of the international community.

3. **Development of confidence-building measures.** Confidence-building measures between Taiwan's and the PRC's militaries should be developed. As it presently stands, in the event of a crisis the two sides have no designated means of communicating with one another. Development of contacts and confidence-building measures can reduce tension levels and provide a means to avert a crisis and avoid dangerous miscalculations. In addition, under Beijing's proposals for unification, Taiwan would maintain control of its military forces

after reunification with the mainland. Thus, the two militaries should begin to build a long-term relationship and lay the groundwork for future cooperation and coordination.

In encouraging the parties to pursue this three-part agenda, the United States would urge them to set aside their sterile disputes over a "formula" describing the status of Taiwan before unification. It would also stress that they should defer premature consideration of the terms upon which their "two systems" might ultimately reunite to become one China.

Unification will seem more plausible and less urgent to people on both sides of the Strait if they have working economic, cultural, and political relationships. In addition, the people of Taiwan will enjoy greater international representation and dignity. Only much later might the discussions evolve into talks on political topics such as a formula covering Taiwan's relationship to mainland China before unification and the nature of the eventual relationship of Taiwan to mainland China after reunification.

Beijing favors discussion of these latter topics, but Taipei is wary of allowing the cross-Strait discussions to stray into such areas. The U.S. should encourage dialogue on the functional issues, while supporting an evolution toward discussion of the more contentious political issues as the linkages increase and improve.

The U.S. government is constrained when it comes to the issue of Taiwan, and, therefore, track two dialogue can play an important role; track two representatives can participate more in cross-Strait relations than the U.S. government is willing or able to do. Track two efforts should endeavor to create working relationships with Taiwan's military and begin to encourage the development of confidence-building measures and military contacts across the Strait. It is worth noting that the steady reduction of tensions across the Taiwan Strait would remove obstacles to greater cooperation between Washington and Taipei.

Chapter III

Engage China's Neighbors: It Takes More than Two to Tango

Beyond Taiwan, the United States needs to begin to promote with China a shared vision of an East Asian security system for the coming decades. In this shared vision, the United States and its allies would not seek to contain China, but neither would China seek to undermine the U.S. forward military presence or its alliances. The U.S. presence in East Asia reassures the region that China's emergence can proceed without threatening them. Conversely, the U.S. presence also serves China's interests by greatly reducing the incentives for its neighbors to rearm against it. One sign of the success of Preventive Defense in East Asia would be open recognition by China of the benefits of the U.S. presence there, just as European powers have welcomed U.S. forces for fifty years. An explicit statement by China to this effect would be welcomed.

The United States can assist China in this by encouraging engagement in six main areas:

1. **Multilateral military engagement.** The U.S. conducts a variety of multilateral military contacts with other nations in the region. China has generally declined to participate in these activities, but it should be encouraged to send observers, and ultimately participants, to them.

2. **Japan.** The relationship between China and Japan is one of the key relationships that will have the greatest impact on the future security of East Asia. Mutual distrust is fueled by underlying historical grievances. Bad China-Japan relations make U.S. bilateral relationships with both states more difficult and unstable. A contentious relationship between Japan and China is also destabilizing for the entire region. The U.S. should, therefore, encourage the policies begun

over the past year by China and Japan to develop confidence-building measures and dialogue on security matters in East Asia that will enhance mutual trust and transparency and to engage in direct military-to-military exchanges.

The U.S. and Japan should jointly attempt to come to an understanding with China on how this relationship can be beneficial to it. The U.S. presence in, and relationship with, Japan is the cornerstone of U.S. security policy in the Asia-Pacific region. The Chinese have viewed the U.S. alliance with Japan as a means for the U.S. to maintain its dominant role in Asia and to limit Chinese ambitions for regional influence. There was great dismay in China when the U.S.-Japan Defense Guidelines were renewed in 1997, as Beijing saw in the guidelines a prescription for a U.S.-Japanese effort to contain China while protecting Taiwan. The U.S. and Japan should engage China jointly, rather than independently, to explain the importance of a continued U.S. presence to current and future regional stability and security. This "joint engagement" serves to underscore the strategic relationship between the U.S. and Japan as well as to enhance the dialogue between China and Japan.

3. **Korea.** The U.S. should now also begin a dialogue with China on the desirability of U.S. forces remaining on the Korean Peninsula after reunification of the North and South. So far, the U.S. and China have worked together in the Four Party Talks to stabilize the situation on the Peninsula and ultimately create a final peace settlement.

The U.S. and China share a desire to avoid war on the Peninsula and to stabilize the Demilitarized Zone, and they share a sentiment that reunification should not be rushed. The U.S. and China should also continue to work together, along with South Korea and Japan, to ensure that the freeze on North Korea's nuclear program is sustained. China's political and diplomatic support, as well as its understanding of the internal workings of North Korea, can be useful in helping to ensure this freeze. At some point, the question of U.S. forces on the Peninsula will be addressed in the Four Party Talks, and the U.S. must begin to discuss now what the future security provisions for a reunified Peninsula will be. In the process of discussing the presence of U.S. troops, the U.S. should once again underscore the stabilizing influence of U.S. forces in East Asia. Cooperation on Korea can serve

as a "success" for China-U.S. relations and as a model for future cooperation on East Asian security issues more broadly.

4. **South Asia.** Among the reasons, both international and domestic, that impelled India to conduct nuclear weapons tests in May 1998, prompting Pakistan to follow suit, was New Delhi's troubled relationship and nascent strategic competition with Beijing. The United States and China, therefore, confront the specter of an arms race on the subcontinent from very different positions. Still, they share an interest in preventing further escalation or fatal miscalculation by India or Pakistan and in the preservation of the non-proliferation regime. Despite their different relationships to the region, there is an opportunity for close consultation and cooperation. In addition, the United States can encourage better relations between India and China, including resolution of their long-standing border dispute. In particular, China should be encouraged not to return to its former pattern of strategic cooperation with Pakistan against India, a policy "tilt" that China had been leveling throughout the decade preceding the 1998 India-Pakistan nuclear tests.

5. **Southeast Asia.** A major concern often cited for the future stability and security of Asia is the long list of remaining territorial disputes, particularly those involving islands thought to contain significant oil and gas deposits in the South China Sea. Chinese moves in the early 1990s involving these islands caused concern in Southeast Asian capitals. While it would be an overstatement of the case to attribute the well-known Asian arms buildup exclusively to concerns over Chinese aggression, it seems clear that these outstanding territorial disputes and the hostility with which claims are pursued do not promote regional stability and confidence. The U.S. should maintain current policy and take no position on the question of to which country or countries the islands belong. But the U.S. should encourage China to pursue multilateral efforts to reach agreement on joint exploration of the oil and gas deposits in the area. The removal of this bone of contention would help to assure the states of Southeast Asia that China can be a good security partner and neighbor, rather than a regional bully against which they must arm.

6. **Central Asia.** There are substantial energy reserves in Central Asia and the Caspian region—energy reserves to which China, along with most of the rest of the world, will increasingly require

access in coming decades. The stability of this region will become increasingly important as its role as an energy supplier increases. There are potential sources of instability in this region, placed as it is at the nexus of nearly all the major Asian powers. Further, the breakup of the Soviet Union resulted in several new states that are striving to establish independent security strategies. Both the U.S. and China have a strong interest in the future peace and stability of this region. The U.S. could begin to discuss with China and states such as Kazakhstan, Uzbekistan, and Turkmenistan the future security of that region and the future role of China as both neighbor and energy importer.

Chapter IV

Encourage Greater Participation by China in Counter-proliferation and Other International Security Efforts

In addition to greater involvement in regional security matters, China should play a stronger and more constructive role in global security. China's development has benefited from a stable global order; China should increasingly contribute to creating that order. Chinese leaders recognize that global interests carry global responsibilities, but Chinese rhetoric still often criticizes U.S. leadership as "hegemonism." America's counter to China should be that U.S. leadership more often involves catalyzing cooperative action among countries with common interests than a unilateral exercise of power, and that it is being used to defend precisely those interests that China will share with the United States in the next century. U.S. policy should be to promote China's entry into the organizations and institutions that comprise the global order and to urge China to play a role in strengthening and creating them. Indeed, a clear difference between a policy of Preventive Defense and one of containment is that the former encourages while the latter discourages Chinese participation and influence.

An example of global order is the non-proliferation regime. In decades past, Maoist ideology kept China outside the major agreements that counter nuclear, chemical, biological, and ballistic missile proliferation. China acceded to the Biological Weapons Convention (BWC) in 1984, but, beginning in this decade, it has gradually joined or otherwise indicated adherence to a growing number of such norms. In 1992, China acceded to the nuclear Non-Proliferation Treaty (NPT). It also agreed to abide by the Missile Technology Control Regime (MTCR) in 1992 (a commitment it reaffirmed in 1994), signed the Chemical Weapons Convention (CWC) in 1993, signed the Compre-

hensive Test Ban Treaty (CTBT) in 1996, and joined the Zangger Committee in 1997[1].

China still stands outside of some key regimes, and the U.S. should continue to urge its membership. For instance, though it agreed to abide by its provisions, China is not a member of the MTCR. Nor is it a member of the Nuclear Suppliers Group (NSG) or the Wassenaar Arrangement[2]. Efforts should be made to bring China into all three regimes.

At the same time that China has joined some of these regimes over the past decade, it has continued to make troubling transfers of weapons and technology to two states, Pakistan and Iran. There is evidence that China sold to Pakistan ring magnets that can be used in a gas centrifuge to enrich uranium for a nuclear weapon, as well as other nuclear-weapons related equipment. China has also transferred M-11 short-range missiles and components to Pakistan, which violates China's commitment to abide by the MTCR. There is also strong evidence that China has transferred to Iran materials and equipment for uranium enrichment and other nuclear-related technology, anti-ship cruise missiles, ballistic missile technology, and chemical weapons precursor materials.

More recently, China has undertaken to stop these transfers and appears to be abiding by bilateral agreements concluded with the U.S. to end such transfers to Pakistan and Iran. This is in part because doing so is necessary for improving relations with the United States. But China no doubt also acknowledges its own future dependence on Middle East oil and the direct risk to itself of destabilizing the region. The next step in this evolution would see China not only abide strictly by its undertakings regarding Pakistan and Iran, but begin to move from adherent of global non-proliferation norms to co-designer and enforcer of such norms and regimes. China has objected to joining

[1] The Zangger Committee, established in the early 1970s, establishes guidelines for implementing the export control provisions of the NTP.

[2] The NSG is a group of countries that supplies nuclear materials and technology for peaceful uses. The NSG was created to ensure that these suppliers follow a comprehensive set of guidelines to ensure that their nuclear cooperation does not aid proliferation. The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies was created in 1996 to better coordinate export control policies and increase transparency on transfer of conventional arms and dual-use technologies.

regimes that it had no role in shaping. The U.S. should, therefore, seek appropriate opportunities for China to play a leadership and a shaping role in international regimes.

Pressing China on fidelity to global regimes is likely to have only partial success in impacting its proliferation behavior. U.S. policy must focus on that which is driving Chinese proliferation behavior. Chinese proliferation has been selective and directed primarily towards Pakistan and Iran. Therefore, U.S. policy must turn its attention to the regional policies and strategic imperatives behind China's proliferation behavior. The U.S. should begin to discuss with China how it views the future security of each of these states and regions, including the potential for nuclear war in South Asia or a further destabilized Middle East, with all that the latter implies for world oil prices and China's own growing need for imported oil.

Further, China should recognize that the overall development of the U.S.-China relationship depends on progress in the area of proliferation, about which Americans rightly feel deeply.

Finally, U.S. sanctions policy should be rationalized, and the U.S. should resort to sanctions less readily when evidence of Chinese proliferation comes to light. Sanctions tend to be seen in China as mere reflections of American domestic politics, not policy. The current honeycomb of uncoordinated sanctions laws is ineffective and a burden on policymaking. At the same time that the U.S. needs to rationalize its sanctions policy, it should also continue to maintain control of the transfer of munitions to China. It is not in the U.S. national interest to strengthen Chinese military capabilities, although, in time, consideration should be given to relaxing existing controls and possibly permitting sales of clearly defensive systems. Careful review of controls on dual-use exports is warranted in order to give appropriate balance to national security and economic objectives.

Chapter V

Conclusion: A Preventive Defense Strategy for China

The current period of relative peace and stability demands that American foreign policy and defense leaders consider what can be done now to shape the international environment to ensure U.S. security in the future. The way to sharpen focus on the strategic requirements of our time is to ask the questions:

- How might the post-Cold War era end?
- How can the United States prolong this period of peace and influence?
- How can we ensure that if it must end, it ends gracefully, without cataclysm?
- What is the name of the era that will follow it?

The answers to these questions define the deep and long-term strategic challenges of the post-Cold War era. They will lead policy makers to concentrate on the vital dangers for the next century that might bring the post-Cold War era to an abrupt end. These dangers are not yet threats to be defeated or deterred. They are dangers to be prevented through a strategy of preventive defense like that sought by George Marshall after World War II.

As the most portentous geostrategic development in America's westward vista, the emergence of China is a development that calls for just such a Preventive Defense strategy. The U.S. now has an opportunity to affect how China comes to define itself and its role in the international system of the 21st century and to influence in which direction China-U.S. relations will evolve.

"Containing" China is not a viable option. Such a strategy could produce precisely the adversarial kind of China we would like to avoid, and both the American public and America's allies in the region are

unlikely to support the kind of expense and effort that would be required to pursue such a risky and difficult strategy. Instead, the U.S. should grasp this moment of improving relations with China and its strong position of power and influence to build a solid foundation for U.S.-China relations and to shape that relationship to both countries' present and future mutual benefit.

About the Authors

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William J. Perry is the Michael and Barbara Berberian Professor at Stanford University, with a joint appointment in the Department of Engineering-Economic Systems and Operations Research and the Institute for International Studies; a Fellow at the Hoover Institute; and co-director, with Ashton B. Carter, of the Stanford-Harvard Preventive Defense Project. His previous academic experience includes professor (half time) at Stanford University from 1988 until 1993, during which time he was the co-director of the Center for International Security and Arms Control (now known as the Center for International Security and Cooperation). Dr. Perry was the 19th Secretary of Defense for the United States, serving from February 1994 to January 1997. His prior government experience was as Deputy Secretary of Defense (1993-1994) and as Under Secretary of Defense for Research and Engineering (1977-1981).

Dr. Perry's business experience includes serving as a laboratory director for General Telephone and Electronics, founding and serving as the president of ESL, Inc., Executive Vice-President of Hambrecht & Quist, Inc., and founding and serving as chairman of Technology Strategies & Alliances. He serves on the boards of United Technologies, Hambrecht & Quist, The Boeing Company, and several emerging high-tech companies.

Dr. Perry received his BS and MS from Stanford University and his Ph.D. from Penn State, all in Mathematics. He is a member of the National Academy of Engineering and a fellow of the American Academy of Arts and Sciences. Dr. Perry has received a number of awards, including the Presidential Medal of Freedom, the Department of

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Ashton B. Carter is Ford Foundation Professor of Science and International Affairs at Harvard University's John F. Kennedy School of Government and co-director, with William J. Perry, of the Stanford-Harvard Preventive Defense Project. From 1993-1996, Carter served as Assistant Secretary of Defense for International Security Policy, during which time he was responsible for national security policy concerning the states of the former Soviet Union (including their nuclear weapons and other weapons of mass destruction), arms control, and countering proliferation worldwide. He was also responsible for oversight of the U.S. nuclear arsenal and missile defense programs, and he chaired NATO's High Level Group. Dr. Carter was twice awarded the Department of Defense Distinguished Service Medal, the highest award given by the Pentagon. He continues to serve on the DOD's Defense Policy Board and Defense Science Board.

Prior to his government service, Dr. Carter was director of the Center for Science and International Affairs at the Kennedy School of Government at Harvard University and chairman of the editorial board of *International Security*. In addition to authoring numerous scientific publications and government studies, Carter is the author and editor of a number of books, including *Soviet Nuclear Fission: Control of the Nuclear Arsenal in a Disintegrating Soviet Union* (1991), *Beyond Spinoff: Military and Commercial Technologies in a Changing World* (1992), and *Cooperation Denuclearization: From Pledges to Deeds* (1993). Dr. Carter received bachelor's degrees in medieval history and physics from Yale University and a Ph.D. in theoretical physics from Oxford University, where he was a Rhodes Scholar.

About The Stanford-Harvard Preventive Defense Project

The Preventive Defense Project is a joint venture between Stanford University and Harvard University. Preventive Defense is a concept of defense strategy for America in the post-Cold War era. The premise of Preventive Defense is that the absence of an imminent, major, traditional military threat to American security presents today's national security leaders with an unaccustomed challenge and opportunity: to prevent new Cold War-scale threats to U.S. security from emerging in the future. While the United States defense establishment must continue to deter regional conflicts in the Persian Gulf and the Korean Peninsula, as well as keep the peace and provide humanitarian relief in selected instances, its highest priority is to contribute to forestalling developments that could directly threaten the survival and vital interests of American citizens.

The Preventive Defense Project will initially concentrate on forging productive security partnerships with Russia and its neighbors, dealing with the lethal legacy of Cold War weapons of mass destruction, engaging an awakening China, and countering proliferation of weapons of mass destruction and grand terrorism. The Project seeks to contribute to these objectives through the invention of new policy approaches reflecting Preventive Defense, intensive personal interaction with defense and military leaders around the world, and through the establishment of highly informed, non-governmental track two initiatives that explore new possibilities for international agreement.

Current Preventive Defense Project initiatives include:

- **Describing Preventive Defense.** In a forthcoming book, the Project's leaders will explain the concept to a wider audience,

drawing on their experience in the Pentagon and making recommendations for the future of American security policy.

- **Russia.** The Project is pursuing a number of activities designed to support Russian foreign and defense policy leaders in developing a post-Soviet security identity that matches Russia's interests to the interests of international stability. These initiatives include assisting Russian military reform and the development of national security decision-making processes, furthering NATO-Russia relations, encouraging the development of mutually beneficial relations with the other Newly Independent States of the former Soviet Union, and charting a course for nuclear arms reduction after START II ratification.
- **Other Newly Independent States (NIS) of the former Soviet Union.** Expanded military-to-military contacts and economic opportunities are key to the continued security and stability of the NIS. The Project is pursuing initiatives with Ukraine, the Central Asian states, and the Caucasus countries, including the Caspian Sea region.
- **Eliminating the lethal legacy of the Cold War.** Through such innovations as the Nunn-Lugar program, the United States intervened to promote nuclear safety and non-proliferation in the early years after the breakup of the Soviet Union. Much was accomplished in the first post-Cold War era, but changing politics in Russia and the United States have caused their cooperation in controlling "loose nukes" to bog down and progress in chemical and biological weapons dismantlement to falter. Nunn-Lugar and arms control require "reinvention" if they are to continue in the second post-Cold War era. The Project seeks to contribute fundamental new ideas to that reinvention.
- **China.** Through research and intensive track two dialogue with Chinese defense and military leaders, the Project will concentrate on defining the specific content of the policy of engagement with China.
- **Countering the proliferation of weapons of mass destruction (WMD).** The glimmers of trouble to come provided by Iraq's WMD programs during and since the Gulf War show that proliferation has moved from a diplomatic problem to a direct military threat. DOD, therefore, needs to strengthen its

Counter-proliferation Initiative, which is designed to contribute both to proliferation prevention and to the capabilities of U.S. forces to counter WMD in regional conflict. The Project seeks to define organizational and technical responses by DOD to this growing threat.

- **Organizing to combat grand terrorism.** The Project convened the Universities Study Group on Grand Terrorism, which is a collaboration of faculty from Harvard University, Stanford University, and the Massachusetts Institute of Technology and is co-chaired by Ashton B. Carter and John M. Deutch. The Study Group is identifying appropriate responses by the United States Government to the dangers of grand terrorism.

The Preventive Defense Project is a multi-year effort supported by the Carnegie Corporation of New York, the John D. and Catherine T. MacArthur Foundation, and private sources. The Project's co-directors are former Secretary of Defense, William J. Perry, and former Assistant Secretary of Defense for International Security Policy, Ashton B. Carter. Former Chairman of the Joint Chiefs of Staff, General (Ret.) John M. Shalikashvili; former Deputy Secretary of Defense, John P. White; and member of President Clinton's Foreign Intelligence Advisory Board, Robert J. Hermann; serve as Senior Advisors. Former Deputy Assistant Secretary of Defense for Russia, Ukraine and Eurasia, Elizabeth Sherwood-Randall, serves as Senior Associate.

The Institute for International Studies
Stanford University

The Institute for International Studies (IIS) seeks solutions to real-world, international problems that affect international security, the global environment, and international political economy. IIS creates a dynamic environment in which to address these critical issues by bringing experts from a variety of disciplines within Stanford University together with long- and short-term visitors from other academic, government, and corporate institutions. At any given time, over 150 scholars are engaged in policy studies within the Institute's federation of research centers.

Preventive Defense—
the central strategic imperative for
the U.S. in the post-Cold War era.

The absence of an imminent, major, traditional military threat to American security presents today's national security leaders with an unaccustomed challenge and opportunity: to prevent new threats from emerging. While day-to-day crisis management preoccupies policymakers, Preventive Defense concentrates on identifying and forestalling developments that could pose major new threats to U.S. vital interests. The Preventive Defense Project seeks to contribute through thorough research of such threats, invention of new policy approaches reflecting a preventive defense approach, intensive personal interaction with defense and military leaders around the world and through the establishment of highly informed but non-governmental "Track Two" initiatives that explore new possibilities for international agreement.

A research collaboration of

Center for International Security and Cooperation,
Institute for International Studies, Stanford University

The Belfer Center for Science and International Affairs,
Harvard University