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**CHINA'S SECURITY AND FOREIGN POLICIES:  
COMPARING AMERICAN AND JAPANESE  
PERSPECTIVES**

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## PANEL 1: DEFENSE AND SECURITY POLICIES P R O C E E D I N G S

RICHARD BUSH: Ladies and gentlemen, I think we will get started. I think there are still some people coming in. We expect a lot of these seats to be filled. I think we have a lot to discuss and some very bright people to discuss it, so let's get going. My name is Richard Bush. I am the director of the Center for East Asia Studies here at Brookings. It is my privilege to welcome you all today and privilege to welcome our distinguished visitors from Japan, three of Japan's leading scholars on China.

The intellectual background for this event is a recognition that probably the biggest challenge facing the U.S.-Japan alliance, which is a big asset for each of our countries, is the revival of China as a great power and how we manage it. This is something that is happening, will happen. One need not predict that this is going to end badly, but we know from history that it can end badly. The United States and Japan separately and together have a big job ahead in trying to manage and shape this revival of China. It seems to me at least that if this is the key task of the alliance, we should start with a shared understanding of what China is and what it's about, if we have very different perspectives, which wouldn't be surprising because we are in different situations, if only by virtue of geography, but the more we can bring our understandings of China into some convergence, I think the better it is for our alliance and addressing these tasks.

Back in December, we had a [program](#) on assessment of Chinese politics and the Chinese economy. Today, the focus is on security issues and foreign policy. We are fortunate, as I said, to have three of Japan's leading scholars of China, and I am very grateful for them to have come so far into this strange weather that we are having. I'm particularly grateful to Professor Akio Takahara of the University of Tokyo, with whom I have worked on this project, and I think it's been very successful.

To get us going, I would like to invite my friend, Yuki Tatsumi, from the Stimson Center, who will be the Chair of the first panel, and ask her to introduce her colleagues and the panel itself. Yuki?

YUKI TATSUMI: Thanks, Richard. Good morning, ladies and gentlemen. My name is Yuki Tatsumi, as introduced. I'm a Senior Associate at the Stimson Center, which is a couple blocks down from Brookings. First of all, I'd like to thank Richard and Brookings for giving me this great opportunity to moderate this interesting panel this morning. This panel focuses on security issues, and each panelist was asked to respond to four broad questions, and those are the following:

One, what are the key elements of a Chinese security and defense strategy. Second, how would you characterize China's security policy over the last five years? Third, how do you assess the character and trajectory of Chinese military modernization both over the last

15 years and into the future? And lastly, they were asked to respond to this question of how do you assess the various factors that shapes the Chinese security policy.

You will hear the responses to these broader questions from three of my very esteemed colleagues that we have here today. You all have a detailed bio of each one of them, so I won't go into the details, but will go through very quickly:

This morning, we first will hear from Mr. Masafumi Iida, who is a Senior Research Fellow at the National Institute for Defense Studies, followed by Dr. David Finkelstein, Vice President and Director of China Studies at CNA Corporation, and to finish us off is Dr. Michael O'Hanlon, whose title with Brookings is really long, but he's a Co-Director of the Center for 21<sup>st</sup> Century Security and Intelligence, and also he's Director of Research of the Brookings' Foreign Policy Program. Without further ado, I would like to invite Mr. Iida to the podium.

MASAFUMI IIDA: Good morning, everybody. Thank you very much for your kind introduction. First of all, I'd like to express my sincere thanks to The Brookings Institution for giving me this great opportunity to share my views on China's defense and security policies with distinguished scholars and practitioners here in Washington, D.C.

I think it is quite natural that Japan and the United States have different views on Chinese security policies because both countries have different level of military powers and different geographical conditions. But, I think it is very important for both of the countries to exchange perspectives on the military rise of China and the impacts on East Asia security because a deeper understanding of each security concern is critical, crucial, for Japan and the United States to define common strategic goals and to strengthen the alliance, which is the cornerstone of regional stability.

Today, I will talk a little bit about Japanese perspectives on China's defense and security policies through answering questions given by Dr. Richard Bush before this seminar. I think my views on China stands in the mainstream of scholars and practitioners of security affairs in Japan, but what I will talk about here is purely my own understanding, and it does not necessarily represent an official position of the Japanese government and National Institute for Defense Studies. The first question is, what are key elements of China's defense and security strategy? In recent years, China has put more emphasis on the need to protect core national interests. This concept of core national interests is still unclear, but I understand it includes two significant important interests.

The first one is achieving territorial integrity, and the second one is sustaining economic development. Through protecting these core interests, the Chinese Communist Party seeks to maintain its dominant position in China's politics. Following the core national interests, China's defense and security strategy has two concrete goals. The first one is to regain lost territories, including Taiwan, Spratly Islands, and Senkaku Islands. The second one is to protect

maritime rights and interests such as development of oil and gas and the safety of China's sea lines of communications.

To achieve these goals, China needs to take two measures: accelerating military buildup and modernization and strengthening power projection capabilities. What is the nature of PLA's modernization? In my understanding, the PLA aims at increasing at least five categories of capability. The PLA seeks to strengthen deterrence by developing and deploying sophisticated ICBM and SLBM to a strategic level, and the IR/SRBM and cruise missiles at the regional level. Increasing sea and air control capabilities is an important element of PLA's modernization efforts. The PLA is gradually developing amphibious capabilities by acquiring faster and larger missiles and conducting landing exercises in the South China Sea, very frequently. The PLA puts significant efforts into developing A2/AD capabilities against U.S. forces, and the PLA Navy is also seeking to increase far seas operations capabilities by accumulating experiences in anti-piracy operations in the Gulf of Aden.

Does this security strategy fit with China's grand strategy? In my understanding, China's strategy goal is to realize greater reach of the nation, which Xi Jinping symbolizes as a Chinese dream. From the Chinese Communist Party's point of view, the Chinese dream means strong and prosperous China under its political control, political rule. In Chinese historical sense, great rejuvenation of Chinese nation naturally means that China should reestablish its traditional paramount status in Asia. To achieve this objective, China needs to dominate at least East Asia, both strategically and economically. If my understanding of China's grand strategy is correct, China's security strategy plays an indispensable role in pursuing China's grand strategy.

Are there serious contradictions between China's security strategy and foreign strategy? China's security strategy inevitably causes friction with neighboring countries because of its course and nature. On the other hand, China's foreign strategy puts more emphasis on maintaining a stable environment, which is conducive to China's economic development. There exist different aspects between China's security and foreign strategies. But, it seems to me that the relation between security and foreign strategies is more complimentary rather than contradictory. Under the Chinese grand strategy, even foreign strategy has an objective to strengthen its influence in Asia. The so-called "neighboring diplomacy," which the Xi Jinping administration recently has accelerated, shows a clear intention to shape Asia in China's favor.

China's security strategy--seeking a strong military--can support a strategy seeking expansion of China's sphere of influence in Asia. What is the recent nature of China's security policies? I would say China's security policy is getting increasingly assertive and aggressive, especially in the East China Sea and South China Sea. China is making use of patrol boats of China Coast Guard rather than planned warships to show its muscles and increase presence in these waters. Chinese white hulls started regular patrol in the South China Sea in 2009. Chinese Government ships for the first time intruded Japan waters around the Senkaku islands in 2008. And the number of times of intrusion has dramatically increased since 2012. Chinese patrol boats do not hesitate to physically obstruct safety navigation of foreign vessels

and fishing boats in South China Sea.

I think this growing China civilian presence in South China Sea resulted in expansion of China's control over shoals and islets in these waters. China successfully took over control of several shoals from the Philippines in 2012, and the next year China started to obstruct the Philippines operation for supplying to soldiers who were stationed at Second Thomas Shoal. China has been conducting large scale land reclamation over shoals in the South China Sea for making artificial islands to cement its presence in these waters.

At the same time, the PLA is also active in the East and South China Sea, and occasionally takes provocative behaviors against the United States and Japan. A PLAN frigate directed fire control radar to Japanese destroyer and helicopter in the East China Sea in 2013. A PLAN landing ship obstructed air safety navigation of USS Cowpens in the South China Sea in the same year. Recently, Chinese jet fighters conducted dangerously close interceptions against surveillance aircraft of the U.S. Navy and Japanese self-defense forces. These provocative actions by the PLA might cause fatal actions and raise risk of a military confrontation. It seems to me that China is not serious about avoiding or reducing the risk of confrontation with regional countries, rather tends to take the risk for changing the status quo in East Asia.

China's security policy aims at making changes in the existing distribution of territories and maritime rights and interests by utilizing its growing muscle. I think China's inclination for taking higher risks, shows a sign of adventurism.

What is the trajectory of modernization of Chinese military? I think China will continue its efforts in modernizing the PLA, as long as the Chinese Communist Party sticks to their grand strategy, great rejuvenation of the Chinese nation. From the Chinese perspective, strong military is an essential measure to achieving strategy goals. Or maybe building a formidable PLA is one of China's strategy goals. China can afford to continue modernization of the PLA for the foreseeable future. Even though the Chinese economy growth is expected to slow down to around five percent annual growth rate, this new normal economy still can provide a large amount of the defense budget for proceeding modernization of the PLA.

However, the PLA still faces a lot of problems in this modernization process. First of all, the military capabilities of the PLA still lacks far behind that of the United States. It will take a long time for the PLA to deter U.S. operations in Asia Pacific. The PLA remains dominated by the Army. Even though the PLA puts emphasis on the need of joint operations, their jointness remains at a low level compared to that of other developed militaries, like U.S. forces. The PLA has not engaged in real war fighting since 1988 when the PLAN attacked the Vietnamese Navy in South China Sea. It is widely recognized that the PLA's antisubmarine warfare capabilities are quite weak compared to those of the U.S. forces and the maritime self-defense force.

Finally, China heavily depends on foreign military technologies such as jet engines and avionics but I think the PLA will make every effort in tackling with these programs in the future. I think the time is up. I should stop here now. I would be very happy to have your comments and questions later. Thank you very much for your attention. (Applause)

DAVID FINKELSTEIN: Thank you Iida-san. I think there will be many areas where we have common views. Let's see. Thanks, Richard, for the opportunity to be here today.

I'd like to start my remarks by saying that I think it is a remarkable and important time to be watching the evolution of Chinese defense and security policy. We are, I believe, in an important historical interregnum during which Beijing is rethinking the PRC's role as an international security actor, reconsidering what constitutes China's national security interests, revisiting how China should pursue those interests, and reexamining how the regime should organize itself to manage security affairs.

So first, where does security fit into the broader strategy? For this current regime, security, both internal and external, you cannot separate the two, is at the top, it would appear, of the policy agenda, seemingly co-equal with development, economic modernization. In the world of CCP sloganeering, the party's message is that "development and security are the so-called two major tasks" that the party must pursue in tandem, with Xi Jinping himself stating that security is the foundation for development and development is the pre-condition for security. So, security is way up there. The days of the four modernizations and defense and security at the bottom, no longer the case.

So why this emphasis on security and defense issues? I think that since the 18<sup>th</sup> Party Congress in 2012, Chinese national security thinking has been driven by four factors, or three factors, frankly. First is concerns about the systemic capacity of the Chinese party state to manage, coordinate, and execute national security policy and national defense policy. Xi Jinping inherited a national security apparatus aptly described as "stovepiped, turf conscious, and horizontally uncommunicative." Moreover, it has long been clear to them that their national security interests have expanded faster than their capacity to manage them, so there is a systemic driver to their concerns about national security.

Second driver, mounting concerns about domestic security, social tensions, instances of domestic violence, domestic terrorism, and other manifestations of social instability and unrest. On this account, Xi Jinping inherited over 30 years worth of social dislocations attended to break neck speed economic modernization. He inherited the fruits of poor local governance and corruption, and questionable approaches toward ethnic and religious minorities. In short, domestic security concerns relate to the political security of the party, which as we all know is the paramount security concern of this and any CCP led regime. So internal security concerns are driving their thinking.

Third, of course, is external security, especially as regards to China's peripheral

security environment. And here, of course, the 18<sup>th</sup> Central Committee leadership inherited, and in some cases exacerbated, disputes with multiple neighbors over maritime sovereignty. They inherited an U.S. rebalance, which has a significant military component. They inherited an administration in Tokyo, which like China seems to be rethinking its role as a security actor. They inherited a perennially truculent DPRK, which becomes a trouble magnet for their security planning, and they have concerns about terrorism and instability in South and Southwest Asia.

These are just a few of the external security concerns that they are focused on, and quite important to Beijing, of course, China's external security concerns are now increasingly encompassing, and Iida-San referenced these, the physical security of Chinese citizens and economic assets based overseas, as well as access to raw materials from abroad, and the maritime sea lanes that transport them to China. All of this coming under what Chinese friends call their "developmental security interests". China now has an external abroad security dimension to what concerns them.

The party leadership is very clear in expressing its view: that domestic and external security are inextricably linked, there are two sides of the same coin, with Xi Jinping therefore calling for a "comprehensive approach" to national security that attaches equal importance to internal and external security. It is also clear that the leadership of the party is feeling very pressed on both security fronts. Again, let me just take Xi Jinping's own words. Currently, he has said "We are challenged by pressure from two sources - internationally, we must safeguard state sovereignty, national security, and our developmental interests. Domestically, we need to maintain political and social stability." Again, underscoring what Iida-san had to say. Of course, parenthetically, these are the words that Xi Jinping was said to have used to justify the creation in November 2013 of their new national security commission that is intended to better coordinate.

Given this context that I've just laid out, what would I offer as the key elements of China's national security strategy? Of course, we acknowledge at this point that on the 23<sup>rd</sup> of January, the Politburo, for the first time—they are claiming—in their history, issued a national security strategy document, known as the National Security Strategic Guidelines. So, presumably, this outline, or in Chinese *gangyao*, is there to answer all of the questions that Richard asked us to address, but it's not in the public domain. Not surprisingly, so we have to speculate. If you ask me what I would write as the preamble of this document notionally, I would give China five national security objectives. I won't talk about the means but I'll talk about the ends and the ways.

First, secure and maintain the CCP's leading role at home by reforming the party itself, ensuring continued economic development, addressing social ills, suppressing dissent, and controlling the flow of information. Second national security objective I would infer to them, enhance the capacity of the party state to manage, coordinate, and execute national security policy by reorganizing or creating new, more effective organs and recentralizing power at the center. The third I would give them would be this, defend Chinese sovereignty by employing and



coordinating all the elements of national power. Fourth, create a positive peripheral security environment that will be conducive to Chinese continued development, by again employing all the elements of national power.

On the military side, using almost their words verbatim, it would read like this: accelerate military modernization in order to build a PLA that can do four things. First, defend Chinese sovereignty close to home. Second, secure China's developmental interests abroad. Third, create a PLA that -- to use their words directly -- "can actually fight and win battles", be combat ready. Fourth, have a PLA that reflects China's growing status as an international power of consequence. And fifth, of course, be a better joint war fighting organization. Again, most of that verbiage is not mine. That is what you can take from the Chinese themselves. Now clearly, there is a terrific tension amongst some of these objectives, right? As we have pointed out already, Beijing's desire to defend its sovereignty and its desire to create a positive peripheral environment and good relations with its neighbors are sort of in a significant state of tension. How they are going about dealing with their sovereignty issues is undermining their objective of positive peripheral environment.

Secondly, Beijing's objective of a positive peripheral environment will also be undermined if its military modernization programs are not accompanied by effective reassurance and a higher degree of transparency than they have exhibited to date. Turning now to the question of how to characterize this external security policy in Asia, you have already gotten the adjectives from Iida-San, proactive, assertive, persistent, calculated, and in some cases, aggressive, have been applied by many people.

Here is how I would couch it in a larger sense. I think Beijing is proactively attempting to shape the larger security environment in Asia to serve its national interests, and in so doing, it is using multiple elements of national power - economic, diplomatic, military, informational, and cultural. Whether calling for a new regional security system as Xi Jinping did in 2014 at the CICA conference or in its activities in the South China Sea to include land reclamation and island building, Beijing for the first time in a very long time has a range of policy options at its disposal as it attempts to secure its interests. Alternately stated, Beijing is increasingly demonstrating the political will and in some cases the capacity to act on its security interests in the region, and we should assume Beijing will continue to do so, causing policy dilemmas for some countries in the region.

We were also asked to address the People's Liberation Army, as you have seen. What do we think about its modernization over the past 15 years and where it is going. To answer that question, I decided to lay out some significant transitions that the PLA has gone through to give you a sense of where they were before and where they are now. So, the first transition that I think is important. The PLA has been transitioning from its traditional role as a nearly and exclusively homeland defense force to a military that is taking on new missions as an insipient expeditionary force. The issuance in 2004 of the PLA's new historic missions of the new period in the new century was an important benchmark along this path, it's what provided

the political justification to have a PLA Navy presence in the Gulf of Aden in anti-piracy operations since 2008. So, that's a big transition—from homeland defense to insipient expeditionary missions.

Second transition, the PLA has transitioned from a force whose war fighting focus was historically centered on ground campaigns to a force that is now emphasizing the need to be able to conduct joint operations in the maritime and aerospace domains, as well as the high tech domains that associate with them, such as cyber, outer space, and the electromagnetic spectrum. This has resulted in the rising strategic and operational importance of the PLA Navy, which traditionally had not been all that operationally important but now is, and this major transition I think is a function -- this expeditionary element, this maritime/aerospace element and transition is a function of three factors. First, of course, the globalization of China's economy. Second, the need to be able to protect presence and project presence in support of China's "big power status", but most important, an assessment on the part of the PLA that China's most pressing military threats are now maritime in nature. Having spent multiple decades worrying about land invasions from the Soviets and others, that is no longer what concerns PLA planners. They are very explicit in their writings and in their articles about the nature of the maritime threat.

Third transition—the PLA is transitioning to a force that increasingly has the platforms, weapons, technologies, and doctrines to extend China's operational depth beyond its borders and especially offshore. That is significant. This, of course, is where the U.S. and China come to loggerheads. The U.S. Navy and Air Force operating forward and the Chinese also operating forward for the first time off their littoral.

A fourth transition, while still an extremely insular institution relative to other CCP organizations, and certainly much more insular compared to other foreign militaries, nevertheless, the PLA is slowly but surely engaging outside the walls of its own compounds. It is doing so more and more as a bureaucratic actor within the party's state system and certainly engaging more with foreign militaries increasingly in combined activities.

Overall, as a result of focused and funded modernization efforts over the last two decades, Xi Jinping has inherited a PLA that can provide him more operational options across a wider set of contingencies than at any time in the history of the PLA or the PRC. Now, as Iidasan has said, this is not to say that the PLA is awash in operational perfection because it is not. The PLA is a force that has a lot of significant problems to work through and a long way to go before it meets its own aspirations. Frankly, you could have a conference on one day of everything that the PLA can do and a conference the next day on everything the PLA still cannot do. Yet, that is a relative sort of discussion. The fact is that the PLA has already become one of the militaries of importance and consequence operating in the Asia Pacific where before there was none. That creates all sorts of military, political, and strategic dilemmas for countries in the region, and I include in that the United States.

How about the future trajectory of the PLA? Well, that's being decided right now

in Beijing. Frankly, I was surprised and more specifically very disappointed that the foreign media was near silent on the significant military reform component that came out of the decision, the formal *juding* decision, of the 3rd Plenum in November 2013. Like other key segments of the Chinese party dash date, the 3rd Plenum laid out for the PLA a roadmap for future reform, and they were pretty transparent about what it is they intend to do. Consequently, the PLA today is 15 months into a new and I think significant period of reenergized military modernization and reform, and it's very clear that the objective of this is to enhance and improve its capacity to operate jointly in the maritime/aerospace domain, so watch this space.

You heard it here first, in the next couple to three or five years, you are going to see significant changes in joint command and control arrangements at the theater and national level. You are going to see significant changes to organization and force structure. You are going to see adjustments to how human capital is managed in the PLA, and you're going to see attempts to revivify the defense industrial sector through *junmin ronghe*, the civil military integration, trying to get synergies between the military and defense industrial system and the private capitalists on the private economy.

So, I think we are going to look back years from now with the 3rd Plenum in 2013 as the PLA's Goldwater-Nichols moment. Just as it took an act of Congress in 1986 to force the U.S. military to become the joint organization that it is today, albeit kicking and screaming, I think we are going to see that it is taking the personal political power of Xi Jinping and the imprimatur of the Central Committee back in November 2013 to force the PLA to do that which it has long known it must do to become a better force, but which has been too difficult for them to do politically without outside political catalyzing forces.

So, last issues and then I'll get off here, Yuki. We were actually asked to address if China had the intent and capacity to hold Senkaku Islands. I was confused and befuddled by this question, Richard, and I still am. I do not understand why anybody would think that seizing and holding the Islands is a sound operational objective in an age when standoff munitions could make these land forms nothing but a massive maritime target range. A better question might have been, could the PLA or any other force deny or control these Islands from afar? We can talk about that later if you like. They also asked us to address the question of to what extent does the PLA pose a threat to the home islands of Japan. I scratched my head about that one also, frankly, because the PLA has had the capacity to reach out and touch Japan for a long, long time. I don't see this as a military question. I see this as a political question.

Finally, the last issue about bureaucratic actors who shape Chinese foreign policy, I punt on this one by referring everybody to Richard Bush's excellent book, [\*The Perils of Proximity – China-Japan Security Relations\*](#). Frankly, Richard has laid out very well already all of the processes and bureaucratic actors, both in Tokyo and Beijing, that he believes, and I think he's very close to the mark, how national security policies made. But, of course, we are wondering whether we need to adjust our models and paradigms because of the creation of this national security commission and the aspirations of Xi Jinping to be better at coordinating and

controlling foreign policy. I think this is a work in progress that we will have to monitor as we go along. That's all I have in my short few minutes. Thanks for your attention. Thanks again for the opportunity to participate today. (Applause)

MICHAEL O'HANLON: Good morning, everyone. I guess in some sense I'm the clean-up hitter, but everyone before me already hit a home run, so there is nothing much left to do. These were excellent presentations, and I think the big issues are on the table. I don't disagree with much of what I've heard.

Let me just aggregate into a couple of broad, thematic areas where I'd like to get a couple of additional points on the table or emphasize maybe some of what we have already been discussing, and then we will look forward to the conversation amongst ourselves and with all of you in just a couple of minutes. I'm going to simplify and consolidate categories into two, sort of juxtaposing what is already out there. One would be some broad strategic aims of China, and the second, some specific military modernization trends.

On the broad strategic aims, and again, I'm certainly not an expert compared to my co-panelists and many of you – but as Jim Steinberg and I worked through our [book](#) on U.S.-China relations in the last couple of years, one thing we were profoundly struck by, of course, was the degree to which China sees itself as having come out of several centuries of relative passivity and then one specific century of humiliation.

I think it's worth remembering this because it sets the context, and in a broad, big picture level, we can't forget it, even if the century of humiliation might have technically been, depending on how you measure it, somewhere from around 1839 or 1840 up through the end of World War II, and therefore, already a long time ago. China is only now getting the means to sort of make sure it never happens again, or if you want to put it a little more harshly, seek some pay back for certain historical grievances that it may still feel it has.

In fact, in addition to that broad theme of the century of humiliation, I would add another, and I'll put it right out there on the table, since we're talking among U.S. and Japanese friends: I actually believe antipathy towards Japan is a foreign policy motivation for Chinese foreign policy. I hope that is not true forever. I hope it is partly a function of specific dynamics in the period of the Abe administration, and by the way, when I say that, I am not necessarily blaming Japan over Prime Minister Abe, although on the latter point I would have a couple of specific quarrels. I am simply observing how it looks to me in terms of what are the drivers of where China is coming from. For example, with the Senkaku Islands. This is an unimportant issue in any objective sense. There is really nothing that can motivate it except some sense on China's part on trying to right an historical grievance.

That is the way it looks to me. I'm a generalist. Many of you are specialists. You can correct me in a few minutes. I actually think it is simple and straightforward and worth putting on the table to simply say the animosity that China feels towards Japan is actually a

motivator and almost an objective, redress, in regard to some of these grievances is part of what is informing Chinese grand strategy and foreign policy making. A couple more things, again, from a broad generalist point of view, I think it's worth noting that China is an incredibly powerful country now. When countries and powers and super powers rise, historically, they tend to assert themselves. And, China, it is worth remembering, is now the world's second largest economy, even by classic measures.

We had a good [discussion](#) here a couple of weeks ago. Richard was kind enough to be on a panel that I asked him to participate in with Bud Cole and David Dollar. We were talking about China's rise and its significance for the U.S. defense budget debate. David Dollar pointed out that according to the IMF and purchasing power parity considerations, by some metrics, China has already reached American GDP. You don't have to believe that to recognize that China now does have a GDP of \$10 trillion a year, even by classic measures. The U.S. is \$17 trillion. China is easily the second largest economy in the world, even by classic measures, and it's easily the second largest military budget in the world by any metric that you want to invoke, even if there is still plenty of room for contention about exactly what the level is.

What this means is that China is going to be more assertive. My view watching this, again, not as a specialist, is China hasn't quite figured out what that means. They haven't quite figured out just how assertive they want to be, what their real goals are. They say they want most of the South China Sea. They say they want the Senkaku/Diaoyu Islands. Is that it? How serious are they about that? Of course, there is the Taiwan question. Just how big are their ambitions. Are these sort of the initial canaries in the mine that we should watch as China becomes potentially more hegemonic throughout the whole region? These are in some sense unanswerable questions, but I think the specific areas where China is being more assertive are actually in the grand historical scheme of things relatively modest ambitions for a country of the power that China is now attaining.

I'm not trying to defend China's behavior, but I'm simply saying that when you observe this in a classic realist construct as many American and Japanese and other international relations scholars would have us do, or historians would have us do, the ambitions displayed by China so far are relatively natural for a power of this size and scale and muscle. Again, I'm not trying to condone it, but I think when you ask to discuss the question of what's motivating China, I think part of this, to quote our friend, Bob Kagan, our colleague here at Brookings, asking why China is becoming more assertive is sort of like asking why a baby tiger grows teeth when it grows up. We don't want to lose sight too much of that natural tendency, even as we think about how we should try to influence and even at times maybe push back against some of this Chinese assertiveness.

Finally, of course, and it has been mentioned by Masafumi and David both, but, China also wants to have its cake and eat it, too. It wants to do all of this and still get along with the rest of the world and maintain its economic rise. There is this tension. I'm sure we could spend a lot of time, and will today, trying to figure out which of these concerns is more important

to China. Again, to me, as a non-specialist, I think the answer is we don't know and they don't know. They are still tactically figuring out step by step what they can get away with in the security realm without leading to strong counter reactions.

They're probably watching with great interest what Vladimir Putin has been doing in Ukraine. I'm not suggesting the Chinese are as belligerent and as irrational and as mean spirited as Vladimir Putin, but I am suggesting that they are probably intrigued by how much the world reacts to what Putin does, and how this almost provides a little bit of a rheostat or barometer of just how much assertiveness and aggression it takes to get certain types of sanctions when you're a great power in the international system today.

My only view, to conclude this first section of my short presentation, is that if you ask how to ascertain China's relative priority of asserting itself, promoting its security goals and aims, getting some pay back against Japan and other regional countries, but especially Japan, that it may feel it's entitled to, and you balance that against the desire to maintain stability and economic cooperation and the pursuit of prosperity, I don't think China has a particularly elaborate grand strategy buried away in some vault in Beijing. I would bet they are just trying to feel it step by step. After all, let's remember, that's what most countries do with most of their foreign policy most of the time, even our own. We may write grand strategy documents and national security strategies, and our good friend, Susan Rice, did a nice job [here](#) three weeks ago from this very place of explaining it.

But a lot of what a great power does in a place like Syria, Iraq, or Ukraine, what have you, is a step by step incremental decision making process. I would simply propose that is perhaps what China is doing as it tries to figure out just how far it can go on things like South China Sea assertiveness. That is my amateur-hour attempt to try to weigh in on the first couple of questions, especially on what are the key elements of Chinese foreign policy thinking and what has been motivating its behavior.

Let me quickly turn to the second area, where in theory I have at least slightly more expertise, although not as much as David, and that is the issue of China's military modernization and what it means and where it's headed. Again, he has done a very nice job as has Masafumi, very nice presentations, of some of the specifics going on and how to understand this. I just want to amplify a couple of the points. Maybe what I would suggest is that again there is some nuance that we need to understand here, and Richard, Bud Cole, David Dollar and I were talking about this a couple of weeks ago from this stage, because on the one hand, China is now the world's second largest military power by spending, it is the number one power by the size of the military, and it is certainly the number one power by the pace at which it's improving, and yet it remains very far behind the United States. Arguably in some areas of technology, still behind Japan, even though Japan's military budget is more modest.

But, both countries are actually spending a modest percentage of their gross domestic product on their armed forces, both Japan and China. I will just remind friends in the

room, and again, we discussed this a bit with David Dollar, a very good economist, with Richard, with Bud Cole, you all know that China's military budget is somewhere plus or minus \$150 billion a year. Of course, it's not really measured in dollars, so how do we really understand the proper way to measure the resources that are going into this.

It's probably \$150 billion a year plus or minus \$50 billion when you actually do all the proper conversions and estimates and so forth. That is about 1.5 percent of GDP, plus or minus let's say a few decimal points. 1.5 percent of GDP, maximum, two percent, probably a little less. By contrast, my country still spends 3.5 percent of GDP on its armed forces. Japan, of course, is still around one percent. For all the talk of Abe's big military modernization and aggressiveness, Japan is basically still at 1.0 percent of GDP on military spending.

China is very much in the center of the world's major countries in terms of that burden. Most of our European allies are averaging about 1.4/1.5 percent of their GDP devoted to their military forces. With them, we complain that it's not enough. As you will recall, NATO countries are supposed to spend 2.0 percent of their GDP. That is an official NATO goal, and only about three of us do it. In China's case, they are spending about 1.5 percent and we complain it's too much. Now, in some ways it is because it's not clear they are being threatened in a way that requires the kind of buildup they have been undergoing for the last couple of decades. But, it's still worth placing some of these numbers in international perspective. That would be one point. Having said all that, however, I would note that China's improvement is quite notable in a number of domains of military technology and capability.

The point I want to make here, because we have already heard such excellent remarks from David and Masafumi, is simply to add one more dimension, which is that above and beyond the increases in numbers of different things, we are also at a point in the evolution of military technology where there are a couple of the kinds of weapons China is buying that are particularly important for shifting the military balance right now, and that would be precision strike and submarines, if you ask me to start with the top two. Also, cyber and space, as David mentioned, are important. The fact is we all hear this talk of anti-access/area denial capabilities or concepts that China might be pursuing. Sometimes that's a Western attempt to explain what we think they are doing. It may not be their words.

The point is that because precision strike is becoming so much more potent and because we still don't have good enough missile defenses to really counter the kinds of effects that precision, cruise missiles or ballistic missiles can achieve when they are launched in large numbers, the offense has the advantage in this area of military technology right now, and the offense is getting very good. And, it's striking that when I first started looking at the China/Taiwan military balance in the late 1990s, and you try to think about what China could do to Taiwan's air fields—they had old fashioned jets that we would have seen coming, the Taiwanese would have seen coming long before they arrived, they had missiles that if they tried to launch a missile from Southeastern China at Taiwan, it probably would have been aimed at the air field and it would have hit the next door cow pasture. It would have missed by half a mile.

That was the typical circular error probable of a Chinese missile of that day.

Today, as you know, we now think that some of the medium and short range Chinese ballistic missiles may have circular error probables of only 20 or 30 meters, which means you can literally use them to hit runways and cut the runway in half and incapacitate the runway for some period of time. This is a major change in military technology. It's not just that China has more money to put into it, it's the technologies themselves are proliferating and becoming more potent. This is sort of the follow on to what we saw in the United States, first in Operation Desert Storm, in the Arab prevasion strike, as it became most visible in our military forces in the early 1990s, and China has now in some ways caught up.

The last point, submarines. With submarines do, what quiet submarines do for China is give them the ability to prevent the United States from treating the Western Pacific like an American lake. For decades, we could, at least vis-à-vis the Chinese, maybe not vis-à-vis the Soviets. Now, we can't, because we are not going to see these submarines or hear them in many cases until they would be in position to shoot at us if they wished. This complicates all sorts of operations, including something Richard and I wrote about in a [book](#) we did eight years ago, where we thought through the issue of a possible Chinese blockade against Taiwan or certain other neighbors.

I realize we're not necessarily talking specifically about Taiwan this morning, but just to give one example of the trends in technology. The ability of China to now impose very strict limits on the safe operations of commercial or military vessels in the Western Pacific is a major change from the way things were 15 or 20 years ago. Partly a reflection of China's greater resources, but also of trends in defense technology that have allowed countries to acquire quiet and long endurance submarines without having to spend two or three or four billion dollars on a nuclear attack submarine like we do.

So, when I put all these trends together, in conclusion, I would simply say that the Chinese military has come a long way, and on balance, I'm more impressed by the things it can now do that it could not before, recognizing there are still limits and China has not embarked on an all-out military buildup, it doesn't necessarily prove a deeply hostile intent, but it sure does give the PLA some capabilities that it never had before, and that makes our lives a lot more complicated and this discussion a lot more important. I'm thrilled to be part of it, and I guess we will now stay up here and gather for the panel discussion. Thank you. (Applause)

MS. TATSUMI: Thank you. From this point, we just heard three excellent speakers, and we are going to move to the discussion section. To start off, I'd like to take the prerogative of moderator and ask each speaker to elaborate on a couple of the points they made in their presentations. I will start bottom to top, in reverse order, and I'll start with Mike.

Two quick questions. While I was listening to you and in combination after Iida-San and David's presentations, I just can't help feeling that Japan and China in a sense are each



other's mirror image when it comes to security intentions, strategic intentions, policy trajectory, especially when it comes to military modernization era. I just wondered, there was a particular phrase that you used in your presentation that stuck in my mind, that antipathy towards Japan, in your observation as a generalist, is one of the really frankly dominate drivers of the Chinese policy in certain areas. When we look at Japan's recent diplomatic outreach to various countries, such as India, Russia, Southeast Asia, how would that look to you in the sense of how much of that is a reaction that Chinese expanding influence around the globe that is driving that thought? That is one question.

A second quick question is you talked about how in Chinese military budget and comparison of the GDP ratio it is kind of at the average of the major powers, but you made a specific point that they are putting the money in the right place to make their force more effective, more joint. And, I wonder what kind of observation you make about Japan's defense spending, particularly in the area of defense investment?

To you, David, you also talked about the PLA modernization. Again, very mirror image of Japan, that China and Japan are really looking at each other and almost like they are feeding off each other, what each other is doing, and they are reacting to the change. How would you characterize that action/reaction pattern in your mind between China and Japan? And what are the things that are important moving forward for those of us in the United States to watch out so that this reaction-action-reaction, feeding off each other, chain reaction, is managed to the point that it doesn't get into the higher level of tension.

Finally, for Iida-san, since you didn't have much chance to talk about your last slide, about the key elements moving forward, I wonder, David talked a lot about the drivers of the Chinese policy, and specifically talked about the domestic component of that. I would also like to ask that question of you, how would you observe the Chinese domestic security situation, and how this leadership is perceiving that. And how the power base of the current leadership is in China. Some say it is very solid and some say it's still very vulnerable given all these riots and social unrest. I would just like to hear your views. Starting with Mike.

DR. O'HANLON: Thank you. A couple of quick thoughts. I'm not an expert on the drivers of Japanese foreign policy behavior but I do think what Prime Minister Abe is doing in the region is similar to what we are doing in the region, which is to not contain China, but try to counter in some ways while we are also trying to cooperate where possible. Certainly, Prime Minister Modi, to take one very important example in India, is an important person for both Japan and the United States. We look to him as a person who can hopefully do great things within India, and also we hope stabilize South Asia and relations with Pakistan, but to some extent also be a counterweight to China's rise. I have no doubt that is on Prime Minister Abe's mind as well.

It doesn't have to be all unhealthy if there is a little bit of competition and if there is a little bit of effort to counter China's influence. In fact, China works very hard to expand its

influence. So, I would applaud Prime Minister Abe for that kind of regional diplomacy, even as I would wish that on a couple of history questions he would be slightly more careful and sensitive, and it's worth putting out on the table today as well, I think, at least from my vantage point. Overall, by the way, I'm an optimist that long term Japan and China, two great countries, two amazing countries, two very wise countries, will figure out a way to get along. The problem is we have to get to the long term, and it may take a little while and there may be some danger along the way.

Secondly, on the other question you asked about, if I understood correctly, the appropriateness, wisdom, and proper allocation of Japan's defense investments these days, overall, they look reasonable to me. I'll be honest, while I do wish that Prime Minister Abe would handle certain history questions a little better, I'm very pro-Japan in terms of its defense policy and I wish it had more. I wish Japan was spending 1.5 percent of its GDP on its military.

But what I'd like to see Japan do with that money in this dream world that I'm imagining right now where Japan actually added 50 percent to its military spending, is that it could become a more important global player in peace operations by making its forces more deployable and more usable on peace missions, that sort of thing, not simply spend on countering missiles and submarines in the Western Pacific that China may deploy against it. I think if Japan could maintain that additional focus in its defense modernization, it would send a message that it is not just trying to anticipate a zero sum competition with China, but it is also trying to expand in a very constructive multilateral way its broader role in global affairs. That would be my recommendation.

DR. FINKELSTEIN: Thanks for that great question. I'm going to start by saying that I'm not convinced that Chinese military modernization per se is reacting to anything Japan per se is doing. I tend to look at Chinese military modernization as a long term project that's been going on actually since 1949 with different periods of emphasis.

What I would like to do is use 1993 as the starting point for where we are today. The PLA that we are looking at today that causes concerns for some is the result of focused and funded modernization priorities that began in 1993 when then Jiang Zemin, CCP General Secretary, issued a new national military strategy, the Military Strategic Guidelines for the New Period.

And since 1993, PLA modernization has been on a steady path, variation on a theme, and it has been driven by two things: a capabilities-based imperative and a contingency-based imperative. A capabilities-based imperative means the PLA decided there were certain fundamental things that it had to do, that war as a general phenomenon, *suis generis*, had transformed to such a degree that it had to have certain capabilities.

The driver of what the PLA ought to have to fight what they call "local wars under modern informatized conditions" is what the U.S. has demonstrated, because the U.S. is

the operational gold standard.

It took Desert Storm in 1991 to shake the PLA out of its complacency, and since that time, they have been on a steady glide path to improve the technological capacity of the PLA, to improve the human capital, to get the weapons and platforms they need to fight these major types of modern high tech wars, to include the space systems and their anti-satellite systems. So, that's capabilities-based.

Contingency based. The contingency based driver is, where do they think they really may have to fight a war? For the most part, since 1993, Taiwan has been labeled in the lexicon of Chinese operational doctrines, the main strategic direction. That means that most, but not all, of their war fighting contingency planning is about how they would fight a Taiwan scenario. There is a certain beauty and simplicity in having one main strategic direction, because in the case of China, if they can field a military that can deal with a Taiwan scenario, they can field a military that can deal with all of their real scenarios because it is all peripheral, maritime, and aerospace.

So, that's a long way of answering your question and saying that while the PLA may adjust this system or that system to deal with what Japan may or may not do, I don't see Japan as being the driver of what the Chinese are doing. Japan is certainly the object of why the PLA might be doing it, but not tit for tat. It has a life cycle of its own, capabilities based, contingency based.

MR. IIDA: Thank you Tatsumi-san for your questions. I think it is very clear that the Chinese domestic situation or domestic programs which the CCP is facing is a very important driver for their decision making of external policy.

It is why we said that the Chinese external policy is an extension of the domestic policies, so that is why if we want to understand the Chinese external policy, we should put focus on China's domestic policies and domestic situations. I think from this point of view, there are two ways to understand the relationship between Chinese domestic situation and external policies. The first understanding will be that because China has to deal with the domestic situation, especially continued economic development, China's external policies should be moderate to seek cooperation with the international community.

This is one of understandings of the relations between the external policies and internal policies. The other understanding is to deal with, to absorb these domestic situations is really difficult. It is very difficult for the CCP to deal with these domestic situations. So, under these circumstances, it is an easier way for the CCP to take tough external policies toward like Japan and other smaller countries in Southeast Asia to divert the satisfaction among the Chinese societies toward the external enemy, or the scapegoat. So this is the second understanding of the relations between domestic and external policies. I am very afraid the second understanding can be an option for the CCP leaders.

MS. TATSUMI: Thank you. I think before opening the floor up to questions, I thought I would just ask each of you if you have questions of each other's presentation. I will start off with David.

DR. FINKELSTEIN: No. I really enjoyed both the presentations. I had no major disagreements with them. But, I know we need to get our arms around this PLA modernization—what does it represent, what types of challenges, at a tactical level, operational level, strategic level. There are different ways of coming at this. We need to have common language to think about it. I really don't have any serious questions for any of the presenters except to thank them for helping me to understand better their perspectives. This is great.

MR. IIDA: I think all of us agree on the reality that China's PLA has made very good progress in its modernization. That's our consensus. But, maybe the different views are on the impact of Chinese PLA's modernization towards stability in this region and particularly with Japan.

I think that now Japan is facing a very real security concern against our sovereignty over the Senkaku islands. I think this made us very seriously think about the security concerns from the rise of China. I think from the U.S., the U.S. is much stronger than Japan and China, and geographically is very far from East Asia. So, I understand the United States is more relaxed to understand China's security concerns, which derives from the rise of China.

As you said, I do not understand the current situation in East Asia is action-reaction chain. I think the current Chinese PLA modernization is China's unilateral decision. For example, in the 1990s and early 2000s, even though the Japanese defense budget decreased, during this time, China unilaterally increased their defense budget at the double digit rate annually. This is clear proof that the current Chinese development of PLA is not a reaction against the Japanese policies. Thank you.

DR. FINKELSTEIN: Can I just say that I found it curious that you observed that the U.S. may be relaxed about PLA. I'm not sure "relaxed" is a word I would use. I think there are pockets in this country that are very focused on and concerned about that.

DR. O'HANLON: First of all, that was the main point I was going to make myself, so thank you, and I will just reiterate it and echo that by David. We are maybe a little more relaxed. We are not that relaxed about this issue. We may care less about the Senkaku Islands on their own terms, but we do care about Senkaku and what that means for the broader Japan-China relationship and as an indicator of Chinese behavior more generally.

The question I have, Masafumi, is about whether there is anything else the Japan security debate is able to focus on. And the reason I ask is because if you look back 25 years, Japan was starting to get more willing to do things in peace operations, East Timor, and a few

other places, and even in a complicated way in Iraq.

It feels now we are at a point where the Japanese security debate is so consumed by China that whatever trends might have been insipient for Japan playing a more constructive international role militarily in some of these multilateral missions has been partly lost. Is that fair, or is there hope that Japan can do both of these things at the same time, focus on China but also expand its role in these multilateral missions?

MR. IIDA: Thank you. I think that Japan was and has been very eager to make contributions to international security, and I think Japan will continue to take this portion. Unfortunately, in recent years, Japan is facing more immediate security problems from the rise of China.

So, that is why now the Japanese defense policies put more focus on how to defend the Japanese sovereignty from the immediate concern from China. But still, I think Japan will make contributions to international security, by participating in PK or multilateral cooperation, such as in HA/DR.

MS. TATSUMI: Thank you. Let me open up the questions to the floor. If you could raise your hand, and please wait until the microphone gets to you. Please identify yourself, and please make your question concise so that we can fit in as many questions as we can.

QUESTION: I would like to ask you something about policy making, you mentioned the Chinese NSC. I would like to ask you what kind of role is the NSC planning to make in security strategy or policy? Which would have bigger power, CMC or NSC, to make this kind of decision? Thank you very much.

MS. TATSUMI: Is this question for anyone in particular?

QUESTION: Yes, for David.

MS. TATSUMI: Let me collect a couple of more and then come back to you.

QUESTION: Thank you. Nick Farmer. Two short questions. One is do you see any threat from China's point of view, land based threat, from either India or Russia over the next 20 or 30 years that they need to address? And secondly, what should the U.S. policy be vis-à-vis the pivot to Asia in the context of the topics we have been discussing this morning?

QUESTION: This is a question for Mr. Finkelstein. You made the remarks that to the extent that the Chinese military capability to strike or attack Japan has been there, it is nothing new. Regarding that particular aspect of the Chinese capability, in my observation, probably the most effective component of that particular capability is the inter-medium and medium range missiles, both ballistic and cruise, that PLA has deployed, probably in the number

of 200 or 300. Interestingly, nothing has been mentioned among the debates or debaters in Japan about that. Would you address that particular aspect in the context of the China-Japan relationship?

MS. TATSUMI: Two questions to David specifically, Chinese NSC and the missile medium range and cruise missile from China. I think the next question was U.S. policy, pivot to Asia. I would assume it is probably to you, Michael, and then if David has anything to add.

DR. FINKELSTEIN: I'll try to cover them briefly. So, you're quite correct. The creation of the National Security Commission has raised as many questions as it has provided answers. We don't even know what the full membership is other than the chairmanship by Xi Jinping, Li Keqiang, and Zhang Dejiang as co-chairs.

We know in some of the speeches of Xi Jinping that have been published recently, he talks about the role of coordinating across the Chinese interagency and developing security policy, yet when the Politburo issued the new national security strategy guidelines, the national security *gangyao*, back in January, there was no mention of any role that the National Security Commission played, although we assumed there had to be one.

So, we have more questions than answers. How does the Central Military Commission play into this? What happens to the national security leading small group or the foreign affairs leading small group? The *lingdao xiaozu*. Will that still exist? We don't know. Maybe others do. I certainly don't.

These issues are not in the public domain. The one thing that I'm told consistently is that the Security Commission will spend 60 percent on internal security, 40 percent on external security. This Commission is handling both sides of that coin. Not very helpful answers. I wish I could answer them, and I would write a great paper.

On missile defense, yes, I think of course, the Chinese have had the capability to put missiles on Japan for a long time, and I think that's why the U.S. and Japan are coordinating on missile defense, and why it's a good thing that we are cooperating on missile defense, because we also have the problem of North Korean missiles. So, I think that's a great thing that our alliance is doing. We also make sure that we have the right mix of U.S. Naval forces in the region. Yes, but that is nothing new, right? The question is what does Japan feel it needs to do about that particular threat, which is not new.

On China-Russia borders, China has fourteen land borders, and they are pretty quiescent at the moment, and if you read what the Chinese strategists are saying on the PLA, they don't believe they face any imminent invasion from any land neighbor at the moment and for any time to come, is their language. Yet, they have to remain vigilant. They have to maintain forces on those borders. They fought a war with India in 1962. They haven't resolved that border

dispute. Of course, they fought with the Soviets in 1969 up on the border at Damansky Island and Heilongjiang. So, while they're not expecting any land invasions, the PLA, again, predominately a ground force, has a lot of troops that they throw at these fourteen land borders.

DR. O'HANLON: On that question, I think I would agree with David, and therefore take it one step further and turn the question around and say, does China want to have an assertive offensive capability on any of its land borders?

Again, David studies this, and my good friend, Masafumi, knows this better than I, but I don't see any particular sinister plot right now, but I have observed that of course China did carry out some maneuvers on its disputed border with India precisely at the time when President Xi was visiting India, which is fairly striking.

Certainly, Russia, for all the other reasons why we are not getting along with them right now and we are not going to be able to do any nuclear arms control any time soon, the Russians want their nuclear weapons against the hypothetical Chinese threat as much as anything else, and that is going to be a reason why over time it is going to be hard to do another round of deep cuts in nuclear forces. I think it is not to say that China really has ambitions on Siberia, but there are Russians who worry that it might some day.

Quickly, on the pivot, the nice thing about the pivot is it is not a pivot, it's a rebalance. I'm not saying that just because I'm politically correct and I prefer the softer term, but we're not pivoting, if you look at what we are doing by way of allocating our military forces, it's a much more modest readjustment. I think the centerpiece of the rebalance in military terms is the shift to ha, if you look at what we are doing by way of allocating our military forces, it's a much more modest readjustment.

I think the centerpiece of the rebalance in military terms is the shift to have 60 percent of the U.S. Navy home ported in and around the general Asia Pacific theater in contrast to the historical average of 50 percent, even that shift, which may amount to sort of a 10 to \$15 billion a year reallocation within the annual budget one time, even that shift overstates the change because we can use carriers based in California and go to the Persian Gulf. In other words, we don't have to just put them in the Western Pacific. The fact they are home ported in the general theater doesn't mean they are just against China or any other particular Western Pacific concern. To me, this is about the right degree of response militarily, it's firm, it's meaningful but it's not overly dramatic. So, I'm quite comfortable with it.

QUESTION: Min-Hua Huang, Visiting Fellow, Center for East Asia Policy Studies. I want to ask one short question about domestic security, about Xinjiang, because I have been following the Xinjiang question. Each year and recently there have been couple hundred of terrorist attacks in Xinjiang, and it is spreading out, it's not just in Xinjiang, now in Yunnan, in other places. They have some kind of tensions, religious awakening. It's not just Muslims, basically Christians, Buddhists, but mostly security concern focused on Muslims. Especially in

south Xinjiang it's now critical - they are now closing the information, so most people don't know, but actually there is a lot of hazards in terms guerilla warfare, sort of domestic problems. I wanted to ask you to give a quick assessment about the domestic security concern.

MS. TATSUMI: Whoever has the next one will be the last question.

QUESTION: Thanks very much. Jay Taylor. I think the panel all seems to agree that China has a long term objective and grand strategy of achieving military parity with the United States in terms of influence and military status as well.

I think the Chinese Government and Xi Jinping seem to recognize that China also has a very fundamental continuing interest in cooperating with the United States. They want to see this change in which China achieves parity, and want to see it achieved in a stable framework because China has many goals that it achieves through this continued dominance of the United States in the Pacific, and they want to see that change but only gradually to prevent the spread of nuclear weapons, for example.

But, in other places, we also see U.S.-Chinese interests in strategic matters and important security matters continuing, as in Afghanistan, whereas the Chinese suddenly have come to realize, and I think all along they thought the United States was doing their work in Afghanistan, and now we see them becoming involved in the political process and trying to provide a future that will prevent the return of the Taliban.

I'd like the panel to comment on the continuing strong strategic interest that gives hope there is going to be a stable transformation as China rises.

QUESTION: My name is Li Young. I appreciate this presentation and I always wonder peace and wars and military and defense. I wonder if you can give me some kind of perspective from a social-cultural point of view, whether there is really some kind of first invasion, or the other way is colonization, or give away some territory. I just wonder is this by any kind of social or cultural group? By maybe capitalist? Rather than say I really love my people, I really love Taiwanese people, that's why I want you to be back to my territory. Or is there a way to say well the capitalists are losing the war so want to give away this part of territory so you can have it. I just wonder if war and peace is really some kind of play by capitalists or some kind of imperialism, that is why they would say give away or invasion or military or defense, whatever the reason. I just don't see the point really for the general public or the world people.

MS. TATSUMI: Three fairly broad questions, so whoever would like to go first.

DR. O'HANLON: I'll take the second question briefly, and it's a very well phrased question. You probably gave a better statement of the question than I can give of an answer. Let me just give one indirect answer, which is that when Jim Steinberg and I were doing



our book, *Strategic Reassurance and Resolve*, the reason I invoke this is because Jim is such a thoughtful student of U.S.-China relations and was deputy secretary of state, as you know, and the basic motivation for our book we debated quite a while, are we fundamentally hopeful about the U.S.-China relationship or fundamentally pessimistic?

To be honest, we never answered that question to our mutual satisfaction. We decided we didn't need to because we were both worried enough that we wanted to suggest some steps that would be helpful to reduce the risks, whatever they were. The one thing that we couldn't agree on, to settle the basic premise of the book, is this trajectory of the relationship headed in a gradually more hopeful direction or not. And, the bottom line is I don't know. I think you can make a pretty strong case either way.

I'm going to plead agnostic on that, which may sound like a punt, but in reality, it's pleading hopefully an intellectual humility, but the important point is that on policy grounds, we should not assume we are headed in a positive direction. We better have conferences like this and address questions like this because there is still plenty of room and plenty of ways in which this relationship could go sour, the U.S.-China and Japan-China relationships, I think, can both be very dangerous going forward.

MS. TATSUMI: David?

DR. FINKELSTEIN: Thanks. I'll address that question also. I think one of the very frustrating things about being in the security business, especially the U.S.-China security business, is that you are always in the bad news business, and you get a very distorted view of what the overall relationship is really about. When in fact, the U.S.-China relationship is broad and wide and defined by much more than what our two militaries are or are not doing. By the way, if there is a consensus that the Chinese are trying to have military parity with the U.S., I'm not sure I signed up to that one.

I'll leave you with this. This sort of supports what Michael is saying. I think the U.S.-China relationship is going to continue to be a tangled and messy web of issues, which on the one hand force us to cooperate out of a selfish national interest and we do that, right, because sometimes our national interests do intersect, and another set of interests that are going to cause contention and tension.

The role of policy makers and our elected leaders and the public in general is to manage this relationship so that it stays in balance, so that we are able to expand the areas where cooperation serves both our national interests and manage those tensions on the security side to mitigate the problems so we don't have to test some of the hypotheses that have been floated about what the PLA can or cannot do. And then that is why we pay our elected officials the big bucks, so I'll leave you with that. I see that as sort of supporting where Michael is coming from.

On the question of internal security, I think you are quite right to be raising these

questions. Again, although I'm in the PLA business, I'll tell you I personally believe that when Xi Jinping wakes up in the middle of the night in a cold sweat, it's not the Senkaku/Diaoyu he's worried about.

I think at the end of the day this guy is worried about how he is going to keep the lid on ethnic tensions, how he's going to provide increasing number of jobs annually for graduating college students, close the rich-poor gap, close East-West gap, how he is going to deal with the debilitating impact of environmental degradation that is causing the rising middle class to start voting and voicing their concerns, which is why I am not surprised going back to what I mentioned earlier that this National Security Commission is going to be probably as much if not more focused on internal issues than external issues.

There are a lot of bad things that can happen in China, a lot of things can go terribly wrong. I've also come to the conclusion in my old age that the U.S. has as many national security interests at stake if things go bad in China as if China continues to rise. We have some real policy challenges on our hand here in the U.S. and certainly in Japan and other countries in the neighborhood. We can't allow China to fail but we're not sure what happens if it continues to succeed.

MR. IIDA: I think there is a variety of common interests among China, the United States, and Japan. For example, economic development or trade and investment. These common interests can be a foundation for better relations between Japan and China, and the U.S. and China. But very unfortunately, the legitimacy of the Chinese Communist Party heavily depends on nationalism. So, I think that the Chinese Communist Party should make every effort to override the century of humiliation, what you mentioned before. And to override the century of humiliation, China has to make every effort to take over the "lost territories" and reestablish the paramount position in Asia. So, inevitably, the Chinese Communist Party cannot but help challenge the existing order. I think the Chinese Communist Party cannot be satisfied with existing order led by the United States and other democracies in this region. So this is going to be a very, very high obstacle for better relations between China, the U.S. and Japan.

MS. TATSUMI: Any thoughts about the internal situation in China, referring to the Xinjiang question?

MR. IIDA: Actually, I don't know much about the Chinese domestic situation, but as I mentioned before, these kind of very difficult domestic programs can be a driver for an assertive course.

MS. TATSUMI: Thank you all for your very thoughtful questions, and thank you all for your very thoughtful presentations. Please join me in thanking the presenters. (Applause)

DR. BUSH: Thank you to the panel, thanks to Yuki. We will now have a coffee break. Let's return around 10:50, which is 12 minutes from now. Thank you very much. (Recess)

## PANEL 2: FOREIGN POLICY

RICHARD BUSH: Ladies and gentlemen, why don't we get started again? We have a lot to cover and not much time to do it. Those of you who are out in the side corridor, if you could make your way back in?

This session is on foreign policy and American and Japanese views of Chinese foreign policy. Obviously, this blends into security issues and that's just a reality that we accept and we'll deal with. We'll have four presenters, and I think I've forgotten the order. Professor Takahara from the University of Tokyo has kindly agreed to lead off with the first presentation and then we'll alternate.

AKIO TAKAHARA: Good morning, everybody. Thank you very much for coming on a Friday. And my heartfelt thanks goes to Richard, Kevin, and the Brookings Institution for hosting this very important panel. I was rather late in submitting my talking points, so I cheated. I read all the others first and then I realized that there were some issues that were not taken up by them. So my presentation really is focusing on the leftovers as it were. And first I wanted to introduce to you the debate over foreign policy that's continuing inside China. I'm trying to find the difference in views over these issues in Beijing.

For the last few years many of you would know that there has been a debate over foreign policy, whether they should be more assertive or remain to be conciliatory in the basic lines. These days there are many people, an increasing number of people, who would argue that Deng Xiaoping's line of the so-called *taoguang yanghui*, that is the low-profile conciliatory diplomacy, is out of date because those were the lines, the policies, that were crafted when China was weak. But now we are very powerful, so we have now the right to be more assertive. So in other words, *yousuo zuowei*, achieving something should not be the main theme. We should be doing *fenfa youwei*; that is, to exert one's self.

However, on the other hand, there are people who still argue that we must stick to Deng Xiaoping's line because China after all is still a developing country, and we do thrive in the current international order. And also we must not lose our good image. Where is Xi Jinping? Xi Jinping is trying to be more on the former side I would say. Exerting one's self, *fenfa youwei*, seems to be the catchphrase recently.

Related debates: There's one over China's model of development, *zhongguo moshi*, particularly after 2008, the world financial crisis, when some Chinese saw that the decline of the United States had begun, so the American model and the Washington Consensus are shattered and the era of the China model, the Chinese way of development, is to lead the world. That kind of argument emerged very powerfully inside China.

These people tend to deny the existence of universal values. There's always also been a very important debate over the existence or nonexistence of universal values. And these

days there are more nationalistic people who'd argue that there are no such things as universal values; here are only Western values. I mean they're talking about values such as human rights and democracy, and the Western people are imposing these values on us by calling them universal values.

But on the other hand, there are reformers in China who would argue that no, the China model is now obsolete, as it were, because without privatization, liberalization, and distributive reforms, and if they don't come soon, China will be in deep trouble. And we should accept universal values as former leaders like Deng Xiaoping, Jiang Zemin, and Hu Jintao did.

Where does Xi Jinping stand in these debates? I would say he is an economic reformer in the sense that he promotes liberalization, deregulation, and so on. Although in my point of view he hasn't really tackled the core part of the system such as SOEs, distribution, central-local relations. And you remember Wen Jiabao arguing very forcefully that in order to do these reforms, implement these reforms, political reform is necessary to crush the opposition against these substantial reforms. But Xi Jinping does not accept universal values and that worries me a lot.

In this context, what happened in this part of the world, in the East Asian theater, is that the U.S. adopted the pivot policy or the rebalancing policy. And the response to the U.S. rebalancing has been twofold in my view. On the one hand, China has returned to the low profile diplomacy as far as its policy towards the U.S. is concerned, and Xi Jinping has been promoting the new major power relationship. So that's one kind of a response that came.

But secondly, China also heightened alert against the containment and certainty that many of them see in the U.S. and Japanese policies. So in the words of one Chinese colonel, "The U.S. is a global tiger while Japan is an Asian wolf."

Now, it was in this context that the Senkaku issue arose between Japan and China. And you remember the 2010 trawler collision incident when a Chinese trawler rammed into Japanese Coast Guard vessels. Two years later in 2012 the Japanese government decided to purchase three of the five major islands around the Senkakus and the Chinese reacted very forcefully against them. However, when the Chinese were about to make a decision how to respond to the Japanese government's purchase, there were actually two different views in Beijing. The hardliners argued that the Japanese act of purchasing the islands was open provocation and a challenge to their sovereignty; however, there were moderate views also. There were moderates who argued that Japan's act was not to provoke, but rather to cool things down because the Tokyo governor, Ishihara, had made the provocation because he had declared that if he bought -- if the Tokyo metropolitan government -- bought the islands, he will be making ports and stations, civil servants, and so on and so forth. The Japanese government was trying to prevent those things from happening, and it had nothing to do with sovereignty anyway.

However, we all know the result of the debate; the hardliners won. And in the

fierce demonstrations against Japan that happened in many, many cities in 2012, we could not but recognize the affinity between neo-Maoist, or leftist thinking, and chauvinism or xenophobia. As you see in the picture of the anti-Japanese demonstrators, many of them are carrying a picture of Mao Zedong. And also, and this was mentioned in the earlier session, too, but the Chinese Communist Party has adopted this traditional method to unite the party and unite the nation by setting up a foreign enemy as it were. We could all sense very easily that Japan had become an easy target in this obvious operation, this very classic operation. We recall that the incident happened just before the Party Congress. The Party Congress was held in November. The incident happened in September. And it was a very delicate time for the Chinese politicians at that time. No one was able to look soft towards Japan. So there were fierce demonstrations and the reaction to the Japanese purchase was very sharp.

Now, in this context I've been living in Beijing actually for the past five months and I cannot but recognize this deep gap between Japanese perception, a perception held by the Japanese about Japan-China relations and how the Chinese see all sorts of issues in the Japan-China relationship. And I find the information gap between the two countries very serious. We have to do something to close this gap, and I'll give you one example. When the trawler collision incident happened in September 2010, you see the picture here. This is a drawing that appeared in Xinhua one day after the incident. And I was very surprised when I found this because how did they know that this is what happened? They were not able to interview the captain. I don't think any Chinese boat was close to the collision site. Then it became clear that this was a sheer political fabrication because of the leaked video. One official of the Japanese Coast Guard breached the regulations and issued this video that was taken by the Japanese Coast Guard. If you're interested, you can visit the site and see for yourself what actually happened. But this is the kind of information that the Chinese ordinary people and Chinese ordinary people and the Chinese ordinary cadres have access to. So I'm deeply concerned about this gap.

Another example: Let's take up the case of Prime Minister Abe's visit to the Yasukuni Shrine in December 2013. Very controversial and the prevalent Chinese view is that Prime Minister Abe went to arouse nationalistic sentiments, to unite the nation, and increase his popularity. However, was this the case? I don't really think so because according to the polls that were taken immediately after the visit -- let's take up the one that was conducted by *Asahi Shimbun* -- the result was that 41 percent of the Japanese population thought it was good that he went, but 46 percent thought that he should not have gone there, but it's *Asahi*, so some people may question the result of the polls, but what about Sankei then on the other side of the political spectrum? The Sankei Fuji Network -- Fuji is the name of a television channel controlled by *Sankei Shimbun* -- according to their poll, the result was even, the line was similar to *Asahi*, but the percentage was like this: 38 percent of the Japanese population positively praised it, while 53 percent did not. So it was quite clear that the Japanese views on his visit were divided and by going he was not uniting the nation, but he was actually dividing the Japanese nation.

So the level of nationalism is very different in China and in Japan, but this is not well understood by the Chinese because there have been so many pieces of information that

Japanese nationalism is running very high, Mr. Abe has been successful in arousing nationalistic sentiments among the Japanese. This information gap is so large.

I'm running out of time. I must hurry. One characteristic of Chinese foreign policy, or external policy for that matter, is that the words that have been said by Xi Jinping have been very soft or gentle, but the actual action, the deeds, have been rather tough and hardline. For example, in the Peripheral Diplomacy Workshop in October 2013, a very conciliatory policy line was presented and Xi Jinping, himself, added four Chinese characters upon the conciliatory, traditional policy line towards the neighbors. That's intimacy, sincerity, benefit, and tolerance, all very good and very fine. And also in the same month he went to Jakarta and said that with regard to differences and disputes between China and some Southeast Asian nations on territory, sovereignty, and maritime rights and interests, peaceful solutions should be sought and differences and disputes should be properly handled through equal-footed dialogue and friendly consultation in the overall interests of bilateral ties and regional stability. Fantastic, but what are the deeds?

The deeds were very different: November 2013, the announcement of ADIZ; May 2014, deployment of the oil rig near the Paracels, and the land reclamation, we've heard somewhat about that in the earlier session. Intrusion by Chinese patrol boats into the Senkaku territorial waters continues to this day, and the air-miss between Japanese and Chinese military planes happened twice; not only once, but twice in May and June last year. And we cannot but notice one thing, which is whenever the Chinese bring up the history card, it often is the case that they are trying to justify their deeds. I once had a conversation with a very senior theoretician in China. I asked him well, your idea about peaceful development is fantastic, but doesn't it contradict with the sending of patrol boats to the territorial waters around the Senkakus? He fell silent for a few moments and then after that he blasted out all these criticisms about what Japan did during the war and finally criticized me for having the wrong recognition of history, but I had not touched the history at all. So it made me realize that the grudges are deep on the one hand, but on the other hand they seem to be using the history card whenever they want to justify their deeds.

I'm coming close to the end of my presentation. Why are there these gaps? Why are these gaps in what they say and what they do? One explanation is that there is lack of coordination, which is a perennial problem in Chinese bureaucracy. The Minister of Foreign Affairs tends to be conciliatory while the Propaganda Department tends to be nationalistic and more leftist in their orientation. The PLA and the oil department they tend to act first and secure interest and create faits accompli.

And finally, I think the important question is what do the Chinese want? What are the intentions of the Chinese? And I see some conflicting targets here. The first one, the immediate target, is to unite the party and the nation so the tussle with the neighbors here proves very useful; that's what happened in September 2012, I presume. However, peace and prosperity is also important for the Chinese Communist Party and in this sense, of course, cooperation with

the neighbors, particularly with Japan, is useful and necessary.

However in the long run, if they are aiming to establish control in the near seas -- the East China Sea and the South China Sea -- and the Western Pacific, that will cause a big problem for us all. And the Chinese idea is that they can achieve this hopefully without fighting. They quote Sun Tzu, his masterpiece work, "The Art of War." So by creating a huge presence in the South China Sea, for example, they can achieve their aims, their targets without actual fighting. Thank you very much.

DAVID SHAMBAUGH: Good morning, everybody. I'm David Shambaugh from George Washington University and Brookings. I guess we were introduced previously, sorry. We've been given a broad menu of topics for discussion on this second foreign policy panel. Our organizers asked us to address questions such as China's grand strategy, domestic sources of China's external policies, China's overall global foreign relations, its regional relations in Asia, and its approaches to international order. So lots, a big menu. I'm not going to do any of those things. I'm going to focus, zero in on three elements of China's approach to its foreign policy. Maybe I guess this falls under domestic sources, but part of it falls under approaches to global order. So I'd like to address three subjects: First, China's global identities; secondly, its approaches to global order; and thirdly, its public diplomacy abroad.

So concerning the first, China's global identities, some of what I have to say echoes what you just heard from Takahara-San. I'd like to argue that China's a very conflicted and ambivalent country about its global identity and roles in the world. It is having something of I think a pretty serious international identity crisis. And that identity crisis is reflected in the ongoing debates that Professor Takahara just described for you. These debates have been ongoing really since about 2008 I would argue. They've been very animated, very contested, and they're far from over. And the Chinese who participate in these debates are asking questions, pretty fundamental questions, like who are we in the world? What are our main national interests? What do we stand for? Who are our real friends and enemies? And how to avoid entrapment in other nations' foreign policies, particularly the United States?

So these debates are ongoing and one way of thinking about them is, let's see here, there are in my view at least six or seven different schools of thought that are participating in this debate and they fall along a spectrum for what I call the nativists on one end to the globalists on the other. Nativists are those who argue for a closed, autarkic, insular, disengaged and unengaged China. Globalists are what you might call the Anne-Marie Slaughters of China, very engaged, even liberal. And in between there are a variety of other schools of thought and voices articulated.

That spectrum also can be thought of in terms of what does it mean for the United States? Where do these different schools of thought fall relative to American policies and priorities? And you can see one way that I at least try and illustrate that on a kind of pro- and anti-U.S. and an active versus passive diplomatic posture. So if anything it shows that China's

conflicted. It doesn't have a singular policy, and we see this manifest in China's foreign relations around the world. Sometimes we see China's leader sitting at what you might call the high table of inter-governmental gatherings -- G-20, UN, so on -- acting as global power brokers and playing a pragmatic role as an engaged and seemingly responsible power. Other times the world hears belligerent rhetoric from official Chinese Foreign Ministry spokesmen and from cyber nationalists. Sometimes China bullies its neighbors over conflicting territorial claims or acts even in what you might call neo-imperialist fashion by exploiting natural resources in faraway continents. Elsewhere in the world we see China pragmatically striking trade deals and other agreements with its global network of so-called strategic partners. So you have a contradictory China I would argue on the world stage, not a singular China. And the bottom line is anybody who is sort of looking for consistency in Chinese foreign policy, you're not going to find it. We find a number of different contradictory and inconsistent behaviors.

This should not be surprising. China is wrestling with pressures and opportunities you might say that it never has before on a truly global basis. Moreover, I don't think we should be deceived by slogans. China -- and we've just heard from Professor Takahara -- China puts a high priority on what I call *kouhao waijiao*, slogan diplomacies -- words, words, words; rhetoric, rhetoric, rhetoric. And it's very easy for us as observers to focus on those words and that rhetoric and try and parse them and figure out what they mean and link them to certain institutional groups inside the country. It's a lot of illusion I would argue. We would do much better focusing on Chinese behavior in its region and in the world and not so much on these kinds of rhetorical debates and *chengyus* that come out of the leadership's mouths. So that's the first thing. China is a conflicted power on the world stage I'd argue because it has a conflicted identity. It doesn't know who it is and what it wants.

So that leads us directly to the second subject I want to discuss briefly. What kind of global order does China seek? What role does it see for itself in that order? And here, too, unsurprisingly, we see or at least I see a very uncertain and conflicted China. Does it believe in upholding the post-World War II order, an order, which they're always quick to remind us they were not part of the creation of, at least the People's Republic of China was not -- the Republic of China was -- or does China seek to alter or even overturn that order? Personally, I think China is deeply dissatisfied, always has been, with the post-war liberal order on a normative basis. But it has not challenged that order since the early 1970s. Remember in the fifties and sixties it definitely did, but since the seventies, it hasn't largely because it has been able to extract considerable resources from that order. It's been a pragmatic and tactical decision, in other words, to participate in the post-war liberal order. But now that the resources are not in as great of supply and China is far more developed, we're seeing a more revisionist China emerge, one where the discontent and dissatisfaction is beginning to show itself again. It doesn't mean China is seeking to overthrow the entire order. There are parts of the order I would argue, the economic order, in which it is very satisfied on the whole. The security order it's never been satisfied with and is seeking to revise and overturn I would argue. The social order -- human rights and the whole social basket of issues -- it's more ambivalent about and decides to kind of opt-out of. And then other global governance issues they take on a case-by-case basis.



So we have again a kind of conflicted China. It doesn't act with one view because it doesn't really have one view of what it wants in world affairs. It knows what it doesn't want. It knows what it's against, but it doesn't know what it's really for and that is manifested I think in its behavior in multilateral institutions. It has a strong normative preference for South-South relations, empowering developing countries' voice more in world affairs. It cares very much really about the participation of countries rather than the content of the policies that are decided by multilateral institutions. And it has I think very deep-seated grievances against the West and particularly the United States. Professor Takahara just mentioned *taoguang yanghui*. Well, I think *taoguang yanghui* is still very much an operative approach by China towards the United States. And I essentially see Beijing's approach to Sino-American relations as a tactical one of temporizing, freezing you might even say, the United States while it maneuvers actively all over the globe and the region in Asia to try and build its own relationships for its own ends.

So the best they can hope for -- they don't want to oppose the United States, but they want to freeze the United States while they do all these other things—*yousuo zuowei*—everywhere else. So China, at least the Chinese government, neither trusts nor likes the United States. And we, Americans, should not be deceived by that and we should not be taken in by the rhetoric of building a new type of great power relations, or whatever the slogan of the week happens to be. We need to search for tangible areas of cooperation where we can, with the Chinese government, where our interests overlap and where we can actually work together.

At the same time we have to recognize that competition, strategic competition, is inevitable, it's natural, it's not surprising, it's entirely normal in major power relations like this. The trick or the task, the responsibility I should say, is to manage that competition without it bleeding further towards a full adversarial relationship. So global order is one area where the U.S. and China can and should work together, but that requires a more activist and engaged and confident China. I don't see China as either activist, engaged, or confident in terms of global governance. So we Americans have difficulty finding a partner on global governance in China.

Thirdly, the third issue let me just briefly come to, is that of China's global image and public diplomacy. It's a big and complicated subject in itself, but let me give you a couple of slides that will try and summarize my points. These are from the BBC Global Attitudes Survey. BBC and Pew are the two major surveys that one turns to for this kind of indication.

So we see China right next to the United States in the middle. The world has in other words very mixed views of China, neither overwhelmingly positive nor overwhelmingly negative. They're just mixed. They are slightly more positive than they are negative, but they're basically mixed. Moreover, though, if you look at these polls overtime from 2005 until last year - - China is the top yellow line -- you will see a rather precipitous, secular decline over time with the exception of a spike in 2011 that I can't explain, but over time China has dropped 12 points amongst these countries that were polled. So China's global image is a) mixed, and b) declining. And why is this important? Well, if a nation's to be a global power, image matters, and the

Chinese government has woken up to that fact around about the year 2008. And to its surprise, it finds that its image around the world is mixed and not particularly good. There are some what you might call pockets of favorability in some parts of the world, there are pockets of negativity in other parts of the world, and then there's the big center of ambiguity you might say. Even in areas of the world where you might expect China to have pockets of favorability, namely the developing world of Africa, Latin America, and the Middle East, you don't find it. This is the Pew Global Attitudes Survey on soft power issues and they ask a dozen countries along the left-hand side about Chinese music, movies, and television, and then Chinese ideas and customs. And overwhelmingly all these African and Latin countries see Chinese customs not positively. So soft power where you would expect it to resonate in the developing world, it's not.

So that's of even greater concern to the Chinese government, so they are throwing billions of dollars at this. We don't know exactly, but the estimates are somewhere in the 12 to 15 billion per year range into a wide variety of activities to try and improve its image around the world and increase its so-called soft power. But they're doing this in a way like they build infrastructure and high-speed rail. They throw money at it and expect it to develop. That's not the way soft power develops. You earn soft power. You don't buy soft power. They seem to think, they seem to wish I would argue, that there's sort of a Wal-Mart they can go to and go down the culture aisle and buy an off-the-shelf kit, a soft power kit. Not so easy. You can't just buy it.

So time will tell if China's soft power and global image improves. This is still rather recent; 2008 is when they began to pay attention to and invest in this. So far they do not see a return on their investment, but that's only seven years. We'll have to wait a little bit longer.

The basic point, and let me conclude on this, is that to possess soft power, a nation needs to have values and elements of its society and system that have universality and appeal that both attract others like a magnet and travel outside their own society and appeal, as I say, to others. This is precisely China's problem. China's culture and system *sui generis*, which means unique, and they don't travel very well. They don't have much appeal. They don't attract others to them.

Therefore, to connect this last dimension to the previous two, global order and global identity, China's uniqueness, in my view, is precisely the reason it is so conflicted. And Chinese exceptionalism, if you will, is not going to make China a global power. China needs to find, if it can, some elements of its culture and its society and what it stands for in the world that do appeal beyond its borders and stop asking, why are we unique? – *zhongguo tese* -- special characteristics of China. That's not going to help.

So the long and the short of my presentation is that we're dealing here with a conflicted country that does not have a very clear sense of itself and, therefore, the behavior we're seeing on the international stage and the regional stage is a manifestation of that. Thank you very much.

RUMI AOYAMA: Good morning. I'm Rumi Aoyama from Waseda University, and it's my great pleasure to be here and to have the opportunity of sharing my views with you. Today, I'm going to be talking about China's reemergence in its foreign policy.

I'm sure many of you here are very familiar with China's recent international behavior. On his trip to the United States, President Xi Jinping called for a new type of great power relationship as a framework for future bilateral relations. Tensions are mounting between China and its neighboring countries, especially with the Philippines, Vietnam, and Japan. And China has played a major role in launching initiatives to increase infrastructure financing for developing countries, and it has also taken the initiative to establish two banks and one fund; that is, the BRICS New Development Bank, the AIIB, and the Silk Road Foundation.

But these moves on the part of Beijing have raised questions such as well, is China becoming more and more assertive? Does China have a desire to overturn the existing international order? Are there any tensions between its foreign policy and defense strategy? Are there any differences between its approach to the Asian region and approach to major powers outside of China? Well, I think all these questions are very difficult to answer, but it may help if we put the behavior in context.

In my view there are four fundamental goals of China's foreign policy. First, is to create a favorable international environment; that is, what China needs to establish a stable relationship with the United States and in the meantime to maintain a stable peripheral environment. Second is to defend China's core interests. Well, actually, the concept of core interests is very vague in China, but I think it at least possesses three elements: China's territory in land and sea, Taiwan, Tibet, and Xinjiang. Third is to maintain political and social stability and to keep the momentum of economic growth. Fourth is to reemerge as a super power. You can see all these four goals are very complicated and very difficult to achieve. But I think the Chinese government is trying very hard to achieve all these goals at the same time, so that is why sometimes the Chinese foreign policy may seem very contradictory.

I will move on to talk about the continuity and change in China's foreign policy. Nowadays the Chinese government has mentioned a lot about the new Silk Road strategy, which is also referred to as China's Marshall Plan. But, in fact, if you look at China's foreign policy very closely, you can find that the new Silk Road strategy is not especially a new policy. Maybe it's just the new one in an old bottle. And I think by launching the new Silk Road strategy, China seeks to expand its influence in Asia and to boost its economy by connecting with other Asian countries. So you can see it's not new. We can see the basic line in China's Asia policy starting from the early 1990s.

In China, *zhoubian waijiao*, a policy towards its surrounding countries, it more frequently used than *yazhou waijiao*, Asia policy. The surrounding countries possess three geopolitical definitions. The narrowest definition refers to China's immediate neighbor. And

what about the broadest definition? Well, according to the Chinese it is countries from the West and part of the Persian Gulf to the eastern end of the South Pacific region comprise the group with the broadest definition. So interestingly, but by no means coincidentally, the geopolitical range of the new Silk Road strategy coordinates with the broadest definition of China's Asia policy. That is why I'm saying that China's new Silk Road strategy is just a new slogan for China's Asia policy and a new term for the West-China development program. And we can see a very strong continuity in China's foreign policy in the past two decades.

But, on the other hand, a distinctive change can also be observed in China's foreign policy. Well, actually, in my view I think China made its biggest foreign policy adjustment in the year of 2006. For almost 30 years, economic development has been the ultimate goal of China's foreign policy. But in the year of 2006, China redefined its national interests and since then in addition to economic development, sovereignty and security are also explicitly mentioned as the ultimate goal of this foreign policy. But in my opinion I think this has been the biggest foreign policy shift in Beijing since the adoption of the open door policy in 1978 and this change may be triggered by UNCLOS. According to UNCLOS, May 2009 was the deadline for all claimers to submit their claims. So that's why China redefined its national interests in the year of 2006.

The second change in China's foreign policy is what I call China's pivot to the west and south. During the fall of 2011, the U.S. announced the pivot to Asia policy. I know that it's not a new policy for the United States, but in the eyes of the Chinese government and most of the elite, this is a strategy of containment and preventing China's reemergence. So faced with this from its east, China adopted a new strategy that can be termed as pivot to west and south. While this strategy, which is also called the new Silk Road strategy, aims to strengthen its relations with the countries in the west and south, including Central Asia, the Middle East, North Africa, Southeast Asia, and South Asia.

Looking at China's recent international behavior, we can see that there are several salient features of current Chinese foreign policy. The first one is the engagement and militarism in China's foreign policy. I think we are all very familiar with China's engagement policy in Asia, but in the meantime China has also actively engaged with all the regional institutions in the world in order to increase its political influence globally. You can see there is the bilateral dialogue established by China in other regional institutions like China's CEE, Central and Eastern Europe Summit; China-Arab States Cooperation Forum; China-GCC Strategic Dialogue; Forum on China-Africa Cooperation.

Well, not all the countries in the region can be categorized as developing countries. But in China, nevertheless, the countries in this region are categorized as developing countries. So in order to counter the influence of western countries and to emerge as a global power, China tries to align itself with BRICS countries and developing countries. As a result, there is a reemergence of the South-South Cooperation Principle in China's foreign policy. In the meantime, we can see that China will make no compromise on territory issues.

I'll stop here and thank you so much for your attention.

BONNIE GLASER: Thank you. Good morning, everybody. I've organized by presentation around five questions that I think are really being hotly debated about Chinese foreign policy, and I'll try to pick up on some of the things perhaps that some of our other speakers haven't said or that I might disagree with.

So the first question is does China have a grand strategy and if so, what is it? And I think there is a lot of discussion about what China's grand strategy is. Some people believe that China's trying to achieve global primacy to supplant the United States. There are others who think that China is seeking to push the United States out of the Pacific to implement its own Monroe Doctrine. I, myself, think that China really isn't quite that ambitious yet, but I think that China's strategy -- I actually really take Xi Jinping's statements at face value -- that the rejuvenation of the Chinese nation, the achievement of the China Dream as it's called, returning China to greatness, is really China's grand strategy.

So foreign policy, of course, is still aimed at shaping an international environment that's favorable to this goal, but as David Shambaugh talked about, there are so many contradictions within Chinese foreign policy. And there are different national interests and objectives that China is trying to achieve. So foreign policy has to serve the domestic objective of sustainable economic growth, of forging national unity, of promoting loyalty to the Chinese Communist Party, defending Chinese sovereignty, obtaining energy supplies, persuading other nations to not take steps that would damage Chinese interests, and preventing the formation overall of an anti-China coalition. So there are these many conflicting objectives that China has in its foreign policy.

So the second question is, which has been touched on by others, is China's foreign policy today reactive or proactive? And I would say it is both. The trend is toward increasing proactive, and I think we've seen many examples of this in recent years. Analysts concentrated in 2010 on some of the provocative moves that were taken that the Chinese called provocative by Japan, when Japan arrested the Chinese fishing boat and detained the fishing captain for a prolonged period; or in 2012 when the Philippines had moved a warship into Scarborough Shoal to arrest Chinese fishermen; and, of course, we see more recently the Air Defense Identification Zone in the East China Sea and the positioning of the oil rig off the coast of the Paracels in Vietnam's waters. Just a few examples of more, I think sort of proactive, actions.

I think it's important again to note, as Takahara-san has, that Xi Jinping is very explicitly calling for China to be more proactive, that *fenfa youwei* I think has actually only been used once. There are different formulations in Chinese, but they really all mean be more proactive. And, of course, Xi Jinping at the Foreign Affairs Work Conference last year explicitly encouraged China to adopt great power diplomacy with Chinese characteristics.

So the third question, which also David addressed, is what are China's goals for the international order? And this is also being hotly debated. Again, China has long pushed for a more what it calls fair and just international order. And now that China has more influence and power, I think it is beginning to try to make changes in the post-World War II international system. But again, I would agree with David. It's not completely seeking to overthrow that system. There are parts of the system that China embraces, such as the United Nations as we saw earlier this week when Foreign Minister Wang Yi chaired an open debate at the UN about the UN Charter and the 70th anniversary of the end of World War II. But I think China is attempting to selectively now challenge elements of the international system -- so I like the term selective revisionism -- and engage in agenda setting, rulemaking, and put forward its own ideas for regional and global governance. And I would say even in the economic order, I don't think China is completely satisfied. We can look at the establishment of the BRICS Development Bank and the Asian Infrastructure Investment Bank as two examples. But certainly there is even greater dissatisfaction on the security side.

Fourth question: What are the various factors that shape foreign policy? And I think, again, that this is something that there's so much disagreement on globally. Of course, there are internal drivers of any nation's foreign policy. There are some that focus much more on the internal factors, and there's disagreement about which ones even internally are more important. Others emphasize the external. So on the internal side, I think we have to begin with the role of the leader. Is Xi Jinping dictating, in a sense, foreign policy by himself? There are some people who say collective decision making in China is completely dead. I don't share that view. I think that the Politburo Standing Committee continues to debate and discuss and vote on issues, but we have to acknowledge certainly that the role of the individual leader, Xi Jinping, is far weightier than the role of the leader under Hu Jintao. That's setting a pretty low bar, but I'm not sure that I would say this is the most powerful leader since Mao Zedong. We'll just have to see.

What about factional disputes and struggles? This is something that I think particularly experts in Japan really emphasize in explaining Chinese foreign policy behavior. And I have sometimes difficulty differentiating between the rumors and the facts. It's hard to find really concrete evidence. Public opinion, another internal factor -- important but in my view not decisive. If necessary, the Chinese Communist Party can control public sentiment, and we have seen the Communist Party prevent the conduct of protest, for example, in China.

The military, state security, and law enforcement are all important and influential constituencies. I would argue in most foreign policy areas these are not parts of the system that are at odds with Xi Jinping; rather they are all pushing in the same direction. They all desire a tougher stance to defend Chinese sovereignty and interests. So there are actors like state-owned enterprises and provinces that occasionally act on their own, and there's been a terrific report that was released about a month ago by Linda Jakobson who's in Australia now. And I certainly would agree that you can have cases in which a provincial publishing house, for example, may

issue a new map of the South China Sea and that may not have been approved by the central government. Yes, maybe some foreign policy actions are not effectively coordinated or even sanctioned. But the most important and consequential actions that are taken by China -- I referenced the oil rig, the ADIZ, and the land reclamation activities that we see today in the South China Sea -- are coordinated and sanctioned and so I think we have to recognize that difference.

The actions of other countries, which is a driver of Chinese foreign policy, are very important. When China sees that it is provoked, it hits back and the policy certainly is to hit back. But sometimes the behavior of another country provides China with a justification to do what it wants to do anyway, and certainly China was looking for an opportunity to establish regular patrols around the Senkaku/Diaoyu Islands, and they seized that opportunity when it was presented in September of 2012.

And then finally the impact of China's policies on others; and this is an interesting factor, a driver of Chinese foreign policy. When China conducts some action and there is a strong reaction from another nation, sometimes we do see an adjustment. And the example that I would cite is the very vehement reaction we saw from Vietnam when that oil rig was put in its Exclusive Economic Zone. And the Chinese saw that the balance within Vietnam, in terms of those who wanted a closer relationship with China and those who are open to more security cooperation with the United States, was affected by China's behavior and the Chinese recognized that. And so I think the impact that it had on that balance within Vietnam I think is an example of how China does look at the impact of its policies on others.

And then there's one final question: Is there learning in Chinese foreign policy? And so I think we have heard from some of our other speakers that maybe there's been some recognition in China that it's overreached and maybe China's rhetoric that we have heard from Xi Jinping in the Foreign Affairs Work Conference suggests that China's now being less assertive, emphasizing carrots rather than sticks to win over its neighbors and exercising restraint. I want to all remind you that the public versions that we see of these speeches that are given by Xi Jinping at Work Conferences, whether they be in 2013 at the Peripheral Conference or 2014 at the Foreign Affairs Work Conference, are mere excerpts. They are not comprehensive, and I would encourage those of you who have the opportunity to talk to people who have read the internal versions. These are not moderate statements that reflect in my view a significant adjustment in Chinese foreign policy.

I do think in some cases there's learning, and I just cited Vietnam. If the Chinese do overreach, they know they could cause an anti-China coalition to form. And there is some recognition that Chinese behavior has encouraged its neighbors to expand security cooperation not just with the United States, but also among themselves. So to the extent that we're seeing any adjustment in Chinese behavior, I would say it is partial and it is tactical. It is not strategic. China is playing the long game and it expects that overtime others will adjust to the reality of China's growing power. Thank you.

DR. BUSH: So we're going to talk for a while. Although the stated end time is 12:00, for those of you who can stay we'll go till about 12:15 and just take questions from the audience and then I'll sum up for a couple of minutes. So let me get to my seat and get miked up and then we'll start.

I do think that we heard four terrific presentations and provide a lot of food for thought, and so I know I can count on you for some great questions. When I call on you, please wait for the mike, identify yourself, and we'll go from there. Who has the first question? In the back.

QUESTION: Hi there. I'm Levi Tillemann from the New America Foundation. Terrific presentations, all very enlightening. Professor Shambaugh, I was very interested by a specific piece of data that you presented regarding China's soft power in Africa. There were three countries in which China had a relatively positive perception. I think they were Nigeria, Kenya, and Senegal. Could you explain that a little bit?

DR. BUSH: David? And thanks for asking a short question.

DR. SHAMBAUGH: You're right. It wasn't uniformly that all 12 countries or 14 countries had a predominantly negative -- there were those three, I guess. And the answer to your question, "Can I explain it?" is no, I can't explain it because I don't know much about those countries and I don't know much about Africa. Well, Senegal, Nigeria, and what was the third one?

DR. BUSH: Kenya.

DR. SHAMBAUGH: Kenya. Well, I could speculate, but it wouldn't be even informed speculation. I think what's striking, though, are the 10 or the 9 or the 11, the majority. One would expect all 14 countries to have positive images of Chinese culture and soft power. So I was really struck by that Pew finding in their last year's poll. This is the first time -- last year -- that Pew actually polled on soft power questions. And that's the first data we have on this since the Chicago Council on Global Affairs study of 2008, which was just Asia. So this is the first data that we actually have on these other countries on those sorts of questions and it was very counterintuitive.

But you're quite right to drill down and say, why not those three? You have a young lady sitting a couple of rows in front of you who's from South Africa who might be able to help answer that question, but I can't I'm afraid.

DR. BUSH: Philippe Le Corre?

QUESTION: Philippe Le Corre at Brookings. If I can just follow up on this



question, I'm interested in Chinese investments overseas and in particular in Europe. But it seems to me the perception of China as an investor is becoming a bit of a problem for some of the countries, especially in the West, whether in the U.S. or in Europe. And they have to deal with the public opinions, the electorates, some of the governments. I'm looking at Professor Shambaugh while asking this question.

And I'm wondering what is China's thinking when it sort of encourages its companies to invest in Europe or in the U.S. or perhaps in other parts of the world? I have in mind, of course, the story of the Piraeus Harbor, which is partly run by Cosco in Greece. But, of course, the privatization has been halted by the new Greek government. That was not very well perceived by Beijing and the story is not over yet. But generally do you think China has a strategy to help its companies, whether public or private, to be better perceived when it invests especially in Western countries where it's so difficult to get good press and all this? Maybe others would like to –

DR. SHAMBAUGH: It's a big subject and we don't have a lot of time. I can refer you afterwards to some studies that would answer your question with some precision. McKinsey's done some good work on this. The Rhodium Group in New York has done some good group work on this. I have a whole chapter in my book on the subject.

The short answer to your question is yes, the Chinese government very much has a strategy and subsidizes heavily, particularly the SOE firms, but also some private firms to *zou chuqu* they call it: to go abroad. And the interesting shift that is taking place in Chinese foreign investment is from the developing world to the developed world. If you look at the ODI figures for the last three years, you will find the regions of the world with the fastest growing growth rates of outbound investment are precisely Europe and North America, not Latin America, Middle East, and Africa, which has been up until the last three years the predominant areas for that capital. But it's shifting and it's shifting into Central Europe in particular and Southern Mediterranean Europe, not so much into Northern or Western Europe. You'd have to look at it rather carefully, and I don't want to take a lot of time to go through it.

United States? Our government, our U.S. Commerce Department, says on an almost daily basis -- and I think genuinely so -- that we welcome Chinese investment into the United States. We do, but we have national security concerns in this country that the E.U. doesn't seem to. So we have a CFIUS process, which is an elaborate process to kind of vet these investments. But nonetheless it's growing; 10 percent of China's ODI last year is now coming to the United States, \$12 billion out of \$112 billion. And as I say, the developed world is now the priority for China, not the developing world.

DR. BUSH: David, I think part of Philippe's question was does the Chinese government do image management to help the perception in the recipient countries?

DR. SHAMBAUGH: Not yet, and this is where China should take a page out of

Japan's playbook. You'll recall 20 years ago when Japanese investment began to flow into this country in large amounts, it caused all kinds of reactions with trophy purchases like Rockefeller Center. What Japan very astutely did was to mount a local PR campaign and to get involved in local communities -- Lions Clubs, and to employ Americans in various states at the local level -- but to really build a more positive image about Japan's investment into localities in the U.S. China needs to understand this and follow suit. So far it hasn't. It doesn't get it. It's all top-down central government. They don't understand how to sort of build image at the grassroots in the United States at least is my impression.

DR. BUSH: Okay, thanks. Akio or Rumi, do you have any observations on this question?

DR. TAKAHARA: I should think that not only the state-owned banks that finance these projects, but also the companies: profits first. So really it's profit-driven. That's the only point that I want to make.

DR. BUSH: Okay, fine. Another question?

QUESTION: Thank you very much. Donghui Yu with China Review News Agency of Hong Kong. A new book named *The Hundred-Year Marathon*, written by Michael Pillsbury, asserts that China has had a long-term strategy of as long as 100 years to replace the United States as the global power. I just would like to hear your take on his viewpoints. Do you really believe that China has this kind of long-term strategy? Thank you very much.

DR. BUSH: It's worse than that. It's a secret strategy! So which of my colleagues would like to take on this question?

MS. GLASER: Well, I haven't yet had the opportunity to read the book, but there are many people I think who speak and read Chinese, who go to China and talk to lots of people. So I'm sure Michael Pillsbury has had interesting conversations and read interesting books, but, of course, many other people do as well. And as I said in my talk, there are debates over whether China has a grand strategy and what that is. I personally haven't come across any references to a 100-year marathon, but there are elements of the rejuvenation of the Chinese nation that fit with the goals that he talks about in the book. But I don't think that there's a secret strategy that nobody else has heard of other than the author of that book.

DR. BUSH: Question right over here, second row.

QUESTION: This is a question for Professor Aoyama. You mentioned several banks and the fund, the Silk Road Fund. And I wonder if you could speculate about the future. Do you see that China is more and more likely to set up such banks and funds for other parts of the world, or is it a strategy that is very much targeted at Asia itself?

DR. AOYAMA: Thank you so much for your question. I think the answer to your question is yes and no. I think while China has the desire and maybe is likely to set up more banks and maybe more funds, it's not especially in Asia, but also in other regions. But I think to set up a fund, it's very easy. But to establish a bank, it's not an easy task. So it may depend on the future of AIIB and also I think China is still learning how to run a bank from the Asian Development Bank. So I think the answer to your question is China has the desire to do that, but I don't think China right now has the capability to build more banks right now.

DR. BUSH: Bonnie and then David.

MS. GLASER: Well, I think we have to be careful to not call this a Chinese bank. The Chinese say that this is a multilateral institution and, indeed, there are already some other examples that China has been involved in. And as I mentioned in my presentation, the BRICS Development Bank is being set up with Russia and Brazil and India and South Africa. So I don't see any sign that the Chinese are going to create any banks elsewhere yet. But this is something that the participants in BRICS wanted to do. Part of it is a contingency reserve agreement so that if any of them has a shortage of funds and a crisis such as occurred in the Asian financial crisis, that they could borrow from each other. So it's in part just to protect the participants themselves, but it's also to have lending that would be available and every one of those countries has put up funds. The AIIB has not really started functioning yet, and we'll have to see to what extent it is going to be a successful bank. But I think we have to be careful to not call it a Chinese bank.

DR. BUSH: David?

DR. SHAMBAUGH: An international bank with Chinese characteristics, perhaps?

MS. GLASER: Okay!

DR. SHAMBAUGH: I'd like to kind of broaden out from the bank part of your question to China's broader financial promises that it has made in recent months. Really if you look at the totality of its promises, these are staggering amounts of money. The BRICS Development Bank, which Bonnie mentioned, has been capitalized at I believe \$100 billion initially, \$40 billion of which comes from China. The AIIB is capitalized at \$40 billion I think; the Silk Road Fund, \$30 billion; the Maritime Silk Road also I think \$30 billion. Xi Jinping promised \$250 billion over ten years for "investment" is the term he used in the Asia Pacific region. And then just before Christmas they had a meeting with Latin American countries in Beijing in which another \$250 billion was promised. My back-of-the-envelope tabulation shows this adds up to \$1.5 trillion in promises in a basically two or three month period. That's not pocket change.

So the question is will this money materialize? And if it does not materialize, what will it do to China's credibility? If you're a major power and you promise things, especially

financial things, and you don't follow through, if the money doesn't flow, they become hollow promises. What does that do to your credibility? If you're not a major power, it doesn't really matter. But if you are a global power, credibility is part of image and you're being seen to be a -- well, I don't know what the metaphor would be. But we'll see if the money flows over the next ten years as has been promised. It's really a staggering amount of money, however.

DR. BUSH: The gentleman right there in the middle on the aisle.

QUESTION: My name is Yuda Chou. I'm a second year student here at GW. With my personal interest in Taiwan, Professor Aoyama mentioned that Taiwan is one of the important factors, a core interest of China. I also watched the webcast today about the new report about the Taiwan marginalized security role on the international stage. It was very interesting.

So my question is about this. It's open to all the panelists. After the November 29 election in Taiwan, people are predicting that the DPP candidate, Tsai Ing-wen, might take office in the election next year. President Ma, after he took office, he did a lot of job in stabilizing the cross-Strait relations. And although scholars and specialists from overseas see this as a really good situation right now in cross-Strait relations, it has tremendous reactions in Taiwan, which is not really welcoming this kind of policy carried out by President Ma.

So I would like to know from the U.S. perspective or from the Japanese perspective, what do you expect to come out if Tsai Ing-wen really did take office in 2016? How would China react and what would that impact -- what influences, impacts, or policies might come out by the Chinese government based on the result if Tsai Ing-wen takes office? Thank you.

DR. BUSH: When I was a diplomat, I was instructed never to answer hypothetical questions. But we're all scholars, so maybe one or more of us would like to take the plunge. Do you --

DR. TAKAHARA: I think you should answer.

DR. BUSH: My answer -- I will take the plunge -- is we do not yet know what Tsai Ing-wen's cross-Strait policy will be and she's in the process of developing it. And so we need to know a lot more about the content of that policy and the support it attracts both within the Democratic Progressive Party, but in Taiwan as a whole. We also need to know how Beijing is interpreting it before you can even start to speculate about what would happen if she were elected. But it's a really good question.

MS. GLASER: I'd be happy to add something. I really want to focus on the Beijing portion of it because we have yet to know what Tsai Ing-wen's positions will be. But it's an interactive dynamic. I'm somewhat concerned by the fact that Xi Jinping in his first meeting with the former official from Taiwan did emphasize that differences between the two sides of the

Strait shouldn't be set aside forever. And I think that does represent his personal view. And so that means that he is somewhat impatient.

My second concern is that Xi Jinping undoubtedly faces some pressure and opposition for some of his policies at home, whether they be the anti-corruption campaign or some of the reforms that he wants to implement. So there will be people who are critics who are looking for opportunities to weaken him. And so this is an issue in which he could be vulnerable. And so if there are perceived to be some challenges from a new leader in Taiwan who doesn't embrace the 1992 Consensus that Beijing wants it to embrace, then there could be great pressures for the mainland to take a tougher line and to reevaluate what has been an assumption in its policy that by providing economic benefits to Taiwan that this would ultimately lead to better political relations and ultimately integration. So we really I think need to understand these dynamics on the mainland that could influence policy.

DR. BUSH: Anybody else? This is the report.

MS. GLASER: Thank you. He's advertising for me!

DR. BUSH: Well, it's worth advertising. It is really good. I had the privilege of reviewing it in draft form and it was good then and I'm sure it's a lot better now. Not because of me, just because the authors are very good. But it's a really important inventory of what is going on in an important area and the picture isn't pretty.

The gentleman towards the back.

QUESTION: Yoshi Komori with the *Sankei Shimbun*. I have a question for Professor Takahara. You showed what you call the information gap between so-called hardliner pronouncements and what moderates say both on the developments in Japan. Then you pretty much stated that very often what the hardliners state is not consistent with the facts. I think it's clear in the case of Chinese boat collision with the Japanese Coast Guard patrol boat.

But my question is, unfortunately those hardliners positions becomes more often than not the official Chinese government claim or protest. But if you just look at the facts, sometimes it's easy to prove what the hardliners are saying is not really consistent with the facts. But my question is what is your understanding of the so-called hardliner grasp of the factual situation in Japan? Don't they know really what the real facts are and yet they might say, what they have to say, or are they simply ignorant sometimes? What's your view on that?

DR. BUSH: Akio?

DR. TAKAHARA: I am gravely concerned about the information flow inside the party, whether the Xinhua and other related media agencies are reporting the truth about incidents or whatever that's happening outside of China. I have friends in the Chinese media who

complain that they have to write things that they don't really want to because they know that they're not the facts. But that's the way the propaganda machine is at work now. So I'm gravely worried that Xi Jinping may not be getting the correct information about Japan, about the United States, about Vietnam. So this I think is a very serious problem. So it's not only the public that does not know correctly what's going on, but what about the top leadership, the top leaders? Are they really getting facts? This is a very worrisome situation I must say.

DR. BUSH: Anybody else want to comment on this? Don't get me going on how China is interpreting what has happened in Hong Kong because I think we see the same problem. And the consequence of it is that Chinese leaders don't all always understand that what they see happening that they find is threatening is the result of their own policies. But we could have a whole conference on that.

I think we're about out of time, so I'd like to spend just a couple of minutes summing up. I think what we've found in both the first panel and second panel is that there are some differences on specific points, but what I think we see is between Japanese and American China scholars is a difference in emphasis, not a difference in basic outlook. And that's interesting, that's good. We can continue to talk about where we have the difference in emphasis and what the basis of it is, but I think that's the first takeaway.

I think second of all that this difference in emphasis is not surprising for a couple of reasons. The first reason is that China's external policy is based on a variety of instruments of comprehensive national power, and I sometimes compare it to a symphony orchestra. That you have the string section and this is the part of the Chinese system that does the slogan diplomacy in David's terms. And then you have the drums and the horns, very loud, very striking. And sometimes the drums and the horns come in while the violins are playing and create great confusion, including for the players of the drums, the horns, and the violins, and the conductor. Some of us emphasize the violins and some of us emphasize the drums and the horns, but that's to be expected.

The second reason for this difference in emphasis is that both of our countries are pluralistic and as Bonnie suggested, there are debates that go on in both our countries about all of these issues. And I'll confess that we picked people from both the American China-watching community and the Japanese China-watching community who I think we can say are in the mainstream. And I think there was a good reason for doing that, but there are some people outside the mainstream. One person on the American side has already been mentioned. So the way in which the China-watching community in each country views China is going to be a little bit more varied than what we've represented here. But I think that this really does form an important baseline for our understanding of how our two countries view what, as I said at the outset, is probably the biggest challenge to our alliance and will be for a long time to come.

So please join me in expressing your appreciation to all the panelists. Thank you for your great questions. So the meeting is adjourned. Thank you very much.