

CHAPTER 10

China's Military Modernization: Many Improvements, Three Challenges, and One Opportunity

Andrew S. Erickson

China has exploited key technological and military operational trends to address its core security interests relatively efficiently, and with increasing effectiveness, to the potential detriment of the interests of its neighbors and the United States. Yet, despite this remarkable advancement, it confronts three mounting challenges moving forward, as well as one major opportunity.

- 1) While China's land borders with all nations save India and Bhutan are settled, its major island and maritime claims in the "Near Seas" (Yellow, East, and South China Seas) remain unresolved.
- 2) Further increasing military capabilities to address conflicting claims is efficient technologically but may trigger negative reactions regionally and undermine China in both military and nonmilitary respects.
- 3) Developing long-range combat capabilities such as world-class deck aviation requires significant advances in hardware, software, organization, and integration. Achieving these reforms would be unprecedented in difficulty. Prioritizing requisite resources may be difficult given diffuse objectives amid proliferation of competing priorities.
- 4) China's one great security opportunity lies in the fact that the vast majority of its growing overseas interests may be addressed through a

combination of more easily achievable low-end military capabilities, nonmilitary dimensions of national power, and cooperation with other nations, particularly the United States.

This chapter begins by examining People's Liberation Army (PLA) development and key dynamics. It then discusses the three aforementioned major challenges facing China and its military before explaining how the PLA might enhance its ability to address them. It concludes by considering the potential for China to address its overseas security interests by enhancing cooperation with the militaries of the United States and other nations.

Overview

Beyond continued improvements within existing parameters, there are three major interrelated spectra along which the nature and scope of the PLA's development can be measured, as outlined in Table 10.1. The first is distance from China's homeland. For now, the PLA is focused most strongly on nearby areas where it enjoys geographic and physics-based advantages; further away, it suffers from physics-based limitations and vulnerabilities. The second is jurisdiction, which influences the nature and scope of presence, deterrence, or conflict. The PLA is focused on addressing outstanding territorial and maritime claims on China's periphery, where it requires stand-alone capabilities, but does not need major combat capabilities for the global commons because it can take advantage of the U.S. provision of security there. The third is operational disposition, which affects capabilities and options regarding force employment. The PLA continues to rely on overlapping

Table 10.1. Key Dimensions of PLA Progress

<i>Variable</i>	<i>Spectrum</i>	<i>Implication</i>
Distance	Homeland vs. abroad	Physics-based advantages/limitations/vulnerabilities
Jurisdiction	Sovereign territory/claims vs. commons	Degree/nature/scope of presence/deterrence/conflict
Operational disposition	Overlap vs. integration	Capabilities and options regarding use of force

capabilities clustered primarily in mainland China and radiating with diminishing intensity from there. It enjoys many workarounds to maximize capabilities and minimize limitations. To project power under contested conditions far away, it could not rely on such a patchwork of potent but uneven components, but would have to develop far more sophisticated, integrated capabilities. The PLA will likely continue to progress along these spectra, but doing so is far more difficult than strengthening existing approaches. It will be arduous, time-consuming, and expensive.

Asymmetric Focus

China has astutely harnessed the proliferation of asymmetric technologies to its benefit, with special relevance to the Near Seas and their immediate approaches. China's evolving platforms and weaponry suggest a strategy consistent with Beijing's focus on Taiwan and other outstanding claims there. Since World War II, the United States has helped to secure and maintain the global commons—key media used by all but owned by none. Initially, this involved the sea and air; more recently, it has come to include the space and cyberspace dimensions. For a long time to come, the United States will remain the only nation capable of operating in multiple places simultaneously in the global commons, thanks to continued superiority in long-range precision strike, power projection, and nonmilitary operations support capabilities.

In order to further its interests, however, Beijing wishes to impose controversial territorial notions on the portions of these commons that adjoin its territorial waters and airspace, and to do so is developing "counterintervention" capabilities designed specifically to dissuade U.S. and allied military intervention in any related scenarios. Such an approach purposely avoids matching U.S. forces directly and instead privileges operations optimized for a relatively narrow range of contingencies and missions.

Regional and U.S. Reactions

While increasingly dependent on China economically, China's Near Seas neighbors increasingly fear its military development and its intentions because aspects of its behavior alarm them. They therefore seek closer coopera-

tion with other powers, particularly the United States. For their part, U.S. policymakers worry that China has become increasingly capable of exploiting the aforementioned asymmetric trends to undermine America's preeminent position in world affairs. In Washington's view, in the Near Seas themselves, and possibly beyond them over time, China is working to carve out a sphere of strategic influence within which freedom of navigation and other important international system-sustaining norms do not apply.

China is already capable of engaging in some form of counterintervention operations within and around the Near Seas, assisted in part by its land-based Second Artillery Force (SAF), as well as in other types of longer-range operations: precision strike, space, and global cyber espionage activities. This counterintervention challenge threatens U.S. naval platforms, but is far more than just a Chinese navy-based threat. It could already be difficult for the United States to handle kinetically with its current approaches, and the situation appears to be worsening rapidly. The United States may not have years to develop new countermeasures and prepare to address the most difficult aspects of the problem. There is even a concern that China could eventually become an East Asian hegemon. Since its postwar ascent to superpower status, Washington has strongly opposed any Eurasian state's efforts to dominate the region. This remains the case, and a rising China chafes increasingly at what it perceives as U.S.-led containment.

Short-Range Advantages, Long-Range Challenges

While China's comprehensive national power may continue to increase rapidly, growth may, alternatively, slow or even falter. China is already facing increasing headwinds and constraints. These negative factors could manifest themselves even as China challenges the dominance of U.S., allied, and friendly forces increasingly via asymmetric means, especially in the Near Seas.

Demographic challenges, economic problems, and even resulting political instability could combine with rising nationalism to motivate Chinese leaders to adopt more confrontational military approaches, particularly regarding unresolved claims. If this is the case, the era in which China poses the greatest potential to challenge its neighbors and U.S. regional interests may have already begun. Assuming that high-intensity kinetic conflict can

be avoided given shared U.S. and Chinese interests, China's greatest challenge to the interests of its neighbors and the United States might thus be the already-unfolding strategic competition, friction, pressuring, and occasional crises on, under, and over the Near Seas.

Far Seas Opportunities

In keeping with President Hu Jintao's broad 2004 directives to safeguard China's national security in all domains while supporting economic development and world peace—which his successor Xi Jinping has yet to alter visibly—beyond the Near Seas and their immediate approaches, China's expansion of military power projection is proceeding only at a very limited level of intensity and does not pose a serious problem for the United States or China's neighbors. As a growing great power, it is widely expected that China will increase its presence in this realm, and in many respects it is welcomed. The United States continues to have many viable options to address any problems that might emerge in this area, at least regarding a high-intensity kinetic conflict. Chinese forces themselves are highly vulnerable to precisely the same types of asymmetric approaches that they can employ to great effect closer to China's shores. Given this, there is substantial room for cooperation beyond the Near Seas. China's increasing overseas interests and capabilities allow it to contribute in unprecedented ways. In the maritime domain, China appears to be cautiously open to U.S. ideas about defending common trade routes, and is willing to take advantage of U.S. security guarantees.

Historical Context

To understand where China is coming from strategically, and where it may be going, it is necessary to consider key historical dynamics.

National Security Interests

China has historically pursued three core grand strategic goals: "first and foremost, the preservation of domestic order and well-being in the face of

different forms of social strife; second, the defense against persistent external threats to national sovereignty and territory; and third, the attainment and maintenance of geopolitical influence as a major, and perhaps primary, state."¹ This prioritization of objectives offers enduring explanatory power for PLA development. Unlike Imperial and Nazi Germany, the Soviet Union, and other states that overextended themselves for ideological reasons, China has consistently addressed core objectives foremost, and only pursued lesser priorities as resources and circumstances have permitted.

Since 1949, this prioritization may be depicted as the disturbance formed when a stone hits water, with Chinese Communist Party (CCP) leadership continuity a sphere of foremost concern, resting on a steep cone of party-state institutions; domestic stability of core ethnic majority Han areas next as a pronounced indentation; homeland security and retention of borderlands after that as the first of a series of ever-diminishing concentric ripples; and addressing unresolved territorial and maritime claims a more distant, still largely unrealized objective. Only since rapprochement, Deng's reforms and Four Modernizations, the Soviet Union's collapse, and China's subsequent rise in economic and overseas influence has another major layer of security concerns been addressed in substantive depth: China's growing extraregional interests and its expatriates' security and welfare. Finally, while China has always pursued some form of international influence as a great power, it has far greater ability to do so now that it has made progress on more immediate concerns such as the ability to exert influence on its maritime periphery.

The Influence of Geography Upon PLA Development

The stone hitting water metaphor corresponds well to the physical dimensions of PLA development. China's overall military capabilities remain limited in geographic reach, and the PLA has yet to develop fully the wide range of platforms, weapons systems, supporting infrastructure, and integration capabilities needed for large-scale, high-intensity power projection far beyond its immediate maritime periphery and lengthy land borders. Close to home, PLA capabilities are rapidly reaching a very high level. However, they are making much slower progress, from a much lower baseline, further away. The major exceptions to this diffusion-gradient pattern occur in cyberspace,

in which physical distances are meaningless, and space, in which China's capabilities are more evenly distributed, and hence more global, in nature. For the most part, China is prioritizing Near Seas defenses, with "Far Seas" (i.e., beyond-Near-Seas) capabilities a very distant second.

China's emerging military development pattern clearly reflects its relative prioritization of security concerns. Its military capabilities may be expressed using a series of concentric circles, or "range rings," with the most advanced, potent, and numerous platforms and weapons systems concentrated on China's shores, in its territorial waters and airspace (up to twelve nautical miles from its shores), and in its claimed exclusive economic zone (EEZ), which potentially includes even southern reaches of the South China Sea. To this, on November 23, 2013, China added over the East China Sea what may be the first of multiple air defense identification zones (ADIZs). Here, China's capabilities are advancing rapidly. It is building capabilities to accomplish its primary military task: "winning local wars under informatized conditions," in which information-based systems play a critical role.²

PLA development thus far has been focused largely on achieving forces capable of coercing Taiwan and counterintervention capabilities to prevent Taiwan from declaring independence, in part by developing credible capabilities to thwart U.S. forces should Washington intervene; it is applying this approach throughout the Near Seas. The PLA's current order of battle is based primarily on the world's foremost array of land-based, mobile, conventionally armed missiles; diesel submarines armed with cruise missiles, torpedoes, and sea mines; and improving variants of surface ships and aircraft outfitted with increasingly capable missiles. Though already formidable in firepower, it remains sized and shaped primarily for defending claims on China's disputed maritime periphery. Far Seas operations applications may face limitations because of the smaller portfolio of capabilities with which missile operations can be combined. Quality remains prioritized over quantity.

Scope and intensity of PLA development should not be confused. China is seeking to further its core interests by pursuing an asymmetric approach. Using a side-by-side comparison of all Chinese and American forces as the key metric, as is sometimes done by those who would minimize the PLA's significance, is only relevant if one assumes that the pertinent scenario is a Cold War-style Sino-American global conflict—a virtual impossibility, fortunately. Rather, to assess relevant scenarios, one must compare the actual

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assets that relevant militaries could deploy, which must be done in the context of their missions and geopolitical constraints.

Feeding and Arming the Dragon

Beijing is developing its military much as Deng developed China's market economy: by initiating modernization in the most promising and strategic areas, followed by less-developed, less-crucial areas. China's development of a modern strategic arsenal is part of a comprehensive and costly—though gradual, long-term, and cost-effective—military modernization. Quantity of platforms, weapons systems, and personnel is being held even or reduced while quality is being rapidly increased and integration and training are being steadily improved.

China's FY2014 defense budget is roughly \$132 billion. Even if actual spending exceeds that official figure significantly, China's defense spending is second only to that of the United States—albeit several hundred billion dollars less. This already gives China sufficient funding to develop formidable military capabilities for use on its immediate periphery and in its general region, but not to develop a global force like that of the United States.

Lower Chinese labor and material costs increase purchasing power substantially in certain areas, thereby enabling China to afford considerable capabilities even if official budgets reflect more and more of actual spending. Beijing is investing heavily in science, technology, research and development (R&D), and education in order to facilitate its military modernization. China's defense industry, while still uneven in efficiency and quality of output, is improving steadily. Together, these factors enable steady increases in overall PLA capabilities, with particularly rapid progress in selected areas such as missiles, submarines, warships, and electronic warfare, and with particularly strong application to the Near Seas and their immediate approaches. Cyber and, to some extent, space capabilities are important exceptions to this overall geographic pattern of prioritization, concentration, and capability decreasing sharply with distance.

As part of a larger process of creating expanding "pockets of excellence," China has made great progress in developing certain strategic weapons. For example, increasingly secure second-strike capabilities offer nuclear deterrence, and China boasts the world's only long-range anti-ship ballistic missile.

China is also one of the few nations actively developing and testing counter-space and hypersonic weapons technologies.

Current Challenges

Unresolved Claims, Regional Blowback

Great power balancing and contention, largely ended in Western Europe and North America, is alive and well in Asia. China distinguishes between its present domestic and regional focus and the earlier actions of European powers, which seized overseas colonies and otherwise used military force coercively far beyond their homelands. Close to its own continental homeland, however, it is assertive like few nations today. Regarding present territorial and maritime claims, Beijing is unyielding—and has increasing options to support its position. China has settled its previously extensive land border disputes with all thirteen of its continental neighbors save India and Bhutan. By contrast, it has not resolved territorial and maritime claims completely with *any* of its eight maritime neighbors—a striking disparity.

In 2011, when asked by the author to explain this disparity, an expert at the Chinese Academy of Social Science's Center for Chinese Borderland History and Geography stated that China's pre-1949 treaties had to be honored vis-à-vis continental neighbors such as Russia. By this logic, because no other states judged such agreements to be unfair, Beijing had no redress. However, while Beijing resents all "unequal" treaties that it was forced to sign during the Century of Humiliation, its approach appears to vary based on strategic cost-benefit analysis. It relinquished claims to vast territories in order to obtain security, maritime focus, commerce, and technology deemed essential for development. For instance, Beijing quietly concluded comprehensive border negotiations with Moscow in 1987–2004—thereby effectively reinforcing multiple concessions from previous periods of weakness, including the 1858 Treaty of Aigun, which effectively transferred over one million km² of territory to Russia. While the expert failed to address the 1895 Sino-Japanese Treaty of Shimonoseki/Maguan directly, Beijing maintains that the 1945 Potsdam Declaration mandated return of all territories seized by Japan. Beijing thus perceives no treaty restrictions vis-à-vis maritime neighbors. Instead, it offers them "joint development," but claims all sovereignty

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for itself—ignoring sovereign claims deeply rooted in popular sentiment from its counterparts and coercing them when they respond.

From Beijing's perspective, these disputes stem from failure to recognize China's rightful interests, including the preeminent regional power status that it is now regaining as it overcomes historical injustices. China's Near Seas claims encompass an area of substantial economic activity and resource extraction, transit, and processing for China. For these reasons, the Near Seas and their immediate approaches absorb the bulk of Chinese strategic focus and military deployment, and will likely continue to do so for the foreseeable future.

Central to China's territorial concerns is Taiwan's status; Beijing does not accept the fact that while Washington does not support Taiwan's independence, it nevertheless seeks to ensure that islanders are not coerced militarily or forced to relinquish their democratic system. Mainland China maintains that Taiwan must commit to a process of reunification by an unspecified time in the future, and Beijing insists that it will intervene militarily if necessary to prevent Taipei from declaring independence. Because the PRC remains unable to realize reunification with Taiwan, but insists on pursuing its "One China" principle, Taiwan's status remains Beijing's single greatest military development driver. The issue may intensify when China's economic and military power has increased to the point where Beijing feels more able to assert its interests.

Despite recent improvements in cross-Strait relations, China's leaders are likely to continue to expend considerable energy and resources on preparations to coerce Taiwan because they worry about national strength and territorial integrity, CCP popular legitimacy, and succession politics. The majority of current foreign military analyses suggest that, particularly because of the island's inherent geographic advantages, China lacks the capability to conduct a successful amphibious invasion of Taiwan, particularly if the United States elected to intervene. A missile and air strike campaign combined with an air and naval blockade, by contrast, could devastate Taiwan's military capability and economy while affording China a defensive position. Because submarines and strikes from attack aircraft employing standoff munitions, missiles, and mines are integral to the Joint Blockade Campaign, one of several major potential operations which the PLA trains to execute, the significant PRC buildup of these armaments has altered the military balance in the mainland's favor. Current force balances suggest that,

absent American assistance, Taiwan is likely already unable to prevent the PLA from attacking it with missile strikes or pressuring it with a blockade. The PLA is more capable of imposing a blockade than an amphibious invasion, and with greater speed. In a worst-case scenario, such capability might encourage Chinese decision makers to force Taiwan to stop whatever Beijing perceives as having started the war before U.S. assistance could arrive. Moreover, the PLA has increasing ability to make any U.S. intervention in such a conflict extremely costly.

Other potential sources of Sino-American friction include disagreement surrounding the Senkaku/Diaoyu Islands, covered by the U.S.-Japan Security Treaty based on Tokyo's administration of them; disputed areas in the South China Sea; and unintended incidents involving Chinese and foreign government platforms above, on, or under China's claimed EEZ, including in its ADIZ. The last might occur during U.S. surveillance missions, which occur in international waters and airspace but which Beijing opposes. China's 2013 decision to consolidate four of its five major maritime law enforcement agencies under its State Oceanic Administration facilitates fine-tuning of Near Seas pressure, and frees PLA Navy (PLAN) forces to focus farther afield.

China has EEZ and continental shelf disputes in the Yellow Sea with South Korea and in the East China Sea with Japan, as well as island disputes with Japan. In the South China Sea, while China has cooperated with Vietnam in delimiting maritime claims in the Beibu/Tonkin Gulf, Beijing retains significant disputes with Hanoi and all its other neighbors. The PRC has sovereignty (territory) disputes with Taiwan, Vietnam, Malaysia, the Philippines, and perhaps Brunei. It has jurisdiction (sea zones and accompanying resources) disputes with all of the former parties as well as Indonesia.

Given the South China Sea's status as a resource-rich, heavily transited portion of the global maritime commons, with portions abutted and claimed by many nations, it is likely to be the most strategically central and contested of the Near Seas. Discussions with unofficial Chinese interlocutors by the author in Beijing in 2011–2012 further suggest a hierarchy of Chinese interests, in which South China Sea islands and surrounding waters constitute a "core interest"—a term that has been avoided in official statements. By this logic, the EEZ is China's "vital interest." China has "important interests" in freedom of navigation in the high seas. All territorial integration is a core issue, but, in the view of China's leadership, safeguarding Beijing's core interest in the South China Sea islands is different from safeguarding China's interests in the "big three" sensitive areas—Xinjiang, Tibet, and Taiwan.

Despite its persistence in its South China Sea claims and use of a “nine-dashed line” on all official maps, Beijing offers no definitive official basis for these claims, instead allowing official and semi-official interlocutors to draw selectively on as many as four different legal arguments—sovereign waters, historic waters, island claims, and security interests—apparently to maximize claims while dismissing the contradictions therein.

This is part of a larger pattern in which China is attempting to lead a small minority of roughly 23 of 192 UN member states in promoting revisionist and inconsistent interpretations of the UN Convention on the Law of the Sea (UNCLOS) in order to prohibit undesired operation of foreign military platforms in its claimed EEZ and the airspace above it, including in its ADIZ. From Washington's perspective, Chinese prohibition of military operations in virtually the entire South China Sea would undermine freedom of navigation in some of the world's most important shipping and energy lanes, as well as set a precedent for the 38 percent of the world's oceans potentially claimed as EEZ areas to be similarly restricted—even by nations that lack the capacity to maintain order there in the face of substate threats. The United States is therefore working with interested members of the Association of Southeast Asian Nations (ASEAN), not to adjudicate regional maritime claim disputes—which it does not do as a matter of policy—but rather to ensure that these nations are not unduly pressured by China.

Recent U.S. offers to support ASEAN members in efforts to “multilateralize” discussion of disputes over South China Sea claims, and Beijing's angry responses, threaten to make this a particular zone of tension in the future. Since June 2011, Beijing appears to have improved its regional relations by implementing a more measured approach to managing, though not to settling, claims. It remains uncertain whether this merely represents a temporary response to changes in the regional security environment and adjustment following previous overreaching. Even now, PLAN-affiliated voices continue to express positions at odds with this peaceful approach, with some going so far as to advocate surgical strikes to reclaim reefs and waters occupied by the Philippines and Vietnam to end intractable problems once and for all, teach the smaller nations a lesson to warn others, and show them their place strategically.

While China safeguards all substantive and symbolic aspects of its own sovereignty vigorously, its neighbors perceive a double standard. A key example occurred in the aftermath of North Korea's March 26, 2010, sinking of South Korean corvette ROKS *Cheonan* (PCC-772) on South Korea's side

of the Koreas' de-facto maritime boundary, killing forty-six sailors; and in its November 23, 2010, shelling of South Korea's Yeonpyeong Island, killing two marines and two civilians. Instead of condemning Pyongyang's behavior, which contravened UN and other international norms, Beijing treated both sides equally, hosted Kim Jong-il for a state visit afterward, called for calm, and thwarted meaningful UN sanctions. With the Kim Jong-un regime seeking to demonstrate its military credentials and engage in "shake-down diplomacy" to demand foreign aid, Beijing will likely face further charges of abetting an irresponsible actor.

Given China's increasingly assertive rhetoric and reliance on nationalism as a source of party legitimacy amid possible economic and social challenges, it is unlikely to become more positive or conciliatory in the near future. To some, this represents the partial abandonment of nearly three decades of pragmatic, modest, and extremely effective policies instituted by Deng Xiaoping, who encapsulated them with the slogan "Keep cool-headed to observe, be composed to make reactions, stand firmly, hide our capabilities and bide our time, never try to take the lead, and be able to accomplish something." In 2009, Hu Jintao revised Deng's dictum partially to "uphold (*jianchi*) keeping a low profile and bide [our] time, while actively (*jiji*) getting something accomplished."³ Where many of China's neighbors were recently attracted by its impressive "soft power" approach, they are now increasingly concerned and seek U.S. support as a "hedge" against Chinese irredentism.

U.S. Counterpressure

Beyond safeguarding its homeland and defending its allies, the United States' fundamental strategic objective remains the defense of the international system, in part through securing the global commons. Following the U.S.-led effort to construct this system throughout the Cold War, this now consists of maintaining the existing system. In order to preserve its ability to do so in an era of disruptive new technologies and domestic resource constraints, Washington is now prioritizing its Asia-Pacific presence and working to enhance its diplomatic and military approaches thereto. As National Security Advisor Thomas Donilon has emphasized, the United States is engaging in "strategic rebalancing" by "turning our attention to Asia and resources to Asia, mindshare, if you will, and policy attention to Asia."⁴ Then-Secretary of State Hillary Clinton referred to this same transition as a

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"strategic pivot."⁵ President Obama is determined to prioritize the region so as to "allocate the resources necessary to maintain a strong military [and] security presence in Asia."⁶ In what President Obama himself terms a "broader shift," he recently declared: "I have . . . made a deliberate and strategic decision—as a Pacific nation, the United States will play a larger and longer-term role in shaping this region and its future . . . I have directed my national security team to make our presence and mission in the Asia Pacific a top priority. As a result, reductions in U.S. defense spending will not . . . come at the expense of the Asia Pacific. . . we will allocate the resources necessary to maintain our strong military presence in this region."⁷

In the diplomatic realm, Washington is strengthening cooperation with friends, allies, and partners regionwide. This involves initiatives such as pursuing free trade agreements like that with Korea in 2011 and the Trans-Pacific Partnership. In the security realm specifically, in keeping with its concept of defense of the global system, the United States is emphasizing that it will not let smaller nations be bullied. In July 2010, for instance, Secretary Clinton declared at the ASEAN Regional Forum in Hanoi that Washington would not support unilateral military efforts to change the South China Sea status quo. In her words, "the United States helped shape a regionwide effort to protect unfettered access to and passage through the South China Sea, and to uphold the key international rules for defining territorial claims in the South China Sea's waters."⁸ More recently, in December 2013, Secretary of State John Kerry visited Vietnam and the Philippines to help dispel growing impressions that distractions in Washington and the Middle East were undermining the Asia-Pacific rebalance. This followed cancellation the previous month of President Obama's trip to the region due to the partial U.S. government shutdown. Kerry delivered promises of aid, maritime-focused security assistance, and opposition to the unproductive manner in which China had announced its ADIZ.⁹

In the military realm, the United States is enhancing capability and interoperability with its Asian treaty allies. Secretary Clinton termed these alliances "the fulcrum for our strategic turn to the Asia-Pacific."¹⁰ President Obama's November 2011 visit to Australia featured an announcement of an agreement that gives U.S. Navy and Marine Corps personnel permanent and constant access to existing facilities in Darwin. A higher tempo of visits by U.S. forces, particularly rotations of Marines, will further enhance the already substantial interoperability of the U.S. and Australian armed forces and facilitate their ability to respond to regional nontraditional security challenges.

Cooperation with allies such as Japan, South Korea, and Australia will expand, particularly in anti-submarine warfare (ASW) and integrated air and missile defense. The United States is increasing counterterrorism training and ship visits in the Philippines and humanitarian and disaster relief networking in Thailand. By 2025, broad area maritime surveillance aerial vehicles may be stationed in those nations to facilitate maritime domain awareness. In Singapore, the United States is stationing Littoral Combat Ships. This, or a similar platform, will likely be the predominant U.S. small combatant in 2025. The sovereign U.S. territory of Guam, together with an evolving network of bases and places including Japan, Singapore, and Australia, will support American force projection in-theater, while Diego Garcia will serve as a similar linchpin in the Indian Ocean.

The United States is also improving its doctrine to improve interservice coordination and countermeasures to asymmetric weapons and operational approaches. Developing and implementing an Air-Sea Battle Concept (ASBC) is central to this effort "to sustain U.S. freedom of action."¹¹ This evolving approach was initiated in September 2009 to preserve the ability to assure access wherever it might be challenged. From Washington's perspective, this makes its application a question of which countries, if any, might be willing to threaten the functioning and integrity of the global commons by threatening the use of force to achieve parochial objectives. How best to operationalize ASBC and maintain its effectiveness on limited budgets amid rising asymmetric challenges is currently the subject of considerable debate. The most likely near-term application of ASBC is not China but Iran. Even here, it is premature to assume where, if anywhere, the doctrine might be applied; the United States developed Air-Land Battle explicitly to use against the Soviet military, but instead used it against the Iraqi military in the first Gulf War. Yet, in Beijing's view, ASBC is clearly aimed at China, as part of a hostile U.S. containment policy. Elements of this discussion worry Chinese analysts immensely, although it must be emphasized that not even U.S. analysts know the complete picture of ASBC yet, thus rendering all public analyses speculative to some extent.

Making a Virtue of Overseas Limitations

Although concerns about Taiwan's status have played a large role in driving Chinese defense spending since at least the mid-1990s, the PLA's interests

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have expanded as China's reliance on foreign resources, trade, and shipping lanes continues to rise. Taiwan President Ma Ying-jeou's March 2008 election and his government's cross-Strait policies have greatly reduced the risk of conflict. Now, with cross-Strait relations stable and China continuing to grow as a global stakeholder, the PLA is supplementing its previous approach. Further afield, in the Western Pacific and the Indian Ocean, aside from long-range missiles that offer little in the way of escalation control, China has not developed high-intensity military capabilities. Instead, it has been projecting power in the form of recent peacetime deployments.

Beijing could already augment power projection, but doing so substantially under contested conditions would require far greater investment in nuclear-powered submarines, deck aviation, auxiliary platforms, overall force structure, and training. Such preparations would be visible to outside observers for the most part; thus far there are few indications that China is moving substantially in this direction. For now, at least, these developments suggest increasing capabilities, if not intentions, for the PLA to further common security objectives. Indeed, China's military is training increasingly with its foreign counterparts.

Long-Range Dissipation

The PLA may be moving very gradually toward the Far Seas in some respects, but there remain many highly visible milestones that it has yet to reach. For now, it appears that China is building toward that kind of a force incrementally and in an evolutionary way that prioritizes Near Seas defense. This is not truly a case of China developing two different militaries to fulfill two different sets of missions, since some platforms and weapon systems can contribute in both areas—but there is definitely a multilayered pattern to PLA development. Many vehicles and armaments are primarily relevant in one area or the other. Cherry-picking the characteristics of either of these layers or levels to characterize PLA/maritime power overall fundamentally misrepresents its critical dynamics.

On one hand, it is a mistake to exaggerate the scope of intense build-up: China is simply not moving to develop a blue water power-projection navy at the same rate that it is deploying shorter-range platforms and weapon systems such as missiles. While China commissioned its first aircraft carrier, *Liaoning*, on September 25, 2012, it will be years before its deck aviation

capabilities are relevant in combat against militaries more capable than those of its vulnerable South China Sea neighbors. China is starting from a very low baseline in this extremely complex and difficult warfare area. On the other hand, it is equally misguided to suggest that restraint and limitations in the Far Seas is or will be matched by similar restraint in the Near Seas.

Nor will such a transition be swift or easy. Close to home, China can employ numerous workarounds to compensate for ongoing military weaknesses. Such approaches are impossible further away. Likewise, as Chinese forces venture further afield and deploy increasingly symmetric capabilities in order to do so effectively, they become vulnerable to the same physics-based limitations that they are targeting so efficiently in foreign platforms close to China. *Liaoning*, for instance, is vulnerable to the same attacks as any other high value unit—and then some, given its immature capabilities and defense systems. More broadly, as China starts to field forces that play the same game as the United States, they will have to assume the same risks wherever the game is played. It is certainly advantageous to do so under the umbrella of Chinese missiles, but the options for defeat are many. Even if technological and other advances ameliorate these challenges to some extent, the strategic coherence that focus on outstanding territorial claims generates likely cannot be replicated overseas.

Systemic Slowdown?

In the coming decade, motley systemic factors will further reinforce geographical influences on PLA development. China has risen at a rate beyond even its leaders' expectations over the past three decades, and a power shift is afoot in the international system. The unipolar system that persisted from 1991 to roughly 2008 has dissipated. Based on its remaining potential for inland development, China could very well continue to expand its economy at a rate that the United States, Japan, and Europe would envy. The U.S. National Intelligence Council forecasts that China will become the world's largest economy by GDP in 2022 as measured by purchasing power parity, which it deems likely to be the strongest indicator of "fundamental economic strength," or "sometime near 2030" by market exchange rates.¹² The International Institute for Strategic Studies goes so far as to predict that Chinese defense spending might surpass that of the United States as early as 2025.¹³

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For all its efforts to guide national development and claims of exceptionalism, however, China is not immune to larger patterns of economics and history. As such, it will likely not be able to avoid the S-curve-shaped growth slowdown that so many previous great powers have experienced, and that so many observers believe the United States and its allies are undergoing today. Factors likely to slow China's growth include an aging population, shifts in manufacturing, pollution, corruption, chronic diseases, water shortages, rising middle-class expectations, and growing domestic security spending. China is encountering these headwinds at a much earlier stage in its development than the United States and earlier great powers, thanks in part to its late modernization, dramatic internal disparities, and such governmental choices as the one child policy.

Within its military, China is likewise susceptible to many of the challenges earlier-developed militaries have faced. In addition to a future slowdown in Chinese economic growth, potential dynamics include a variety of factors that increase costs and technological requirements, thus yielding diminishing returns for each additional RMB. These factors include rising salaries and benefits, as well as other entitlements—particularly as growing numbers of retiring officers enjoy the state's greater generosity.

By developing and deploying new military technologies, China is raising the bar for regional arms competition, forcing it to spend more on advanced systems in order to narrow the gap with the United States and Japan. In a worst-case scenario, this could risk pricing China out of some of the asymmetric "market niches" that it currently enjoys. Ironically, by focusing so clearly on relatively low-cost asymmetric weapons capabilities, China has inadvertently published an attractive counterintervention playbook, inspiring rivals to undermine China's own capabilities. For example, in the contested Near Seas, Japan, Taiwan, and Vietnam in particular may increasingly deploy missiles, naval mines, and torpedoes to hold PLA assets at risk. Vietnam's ongoing submarine purchases from Russia are a prime example. China can already exploit its geographical proximity by deploying many overlapping forces to attempt to defeat and overwhelm such approaches. Further afield, removed from the possibility of cobbling together such stopgap alternatives, China is far from being able to defend its forces effectively if they face such challenges from a capable power such as India.

For the near future, the United States is likely to remain a dominant force in areas of Chinese interest. In Wang Jisi's analysis, legal traditions, social

values, technological-institutional innovations, and civil society underwrite America's competitive edge and will keep it the world's sole superpower for the next twenty to thirty years at least.¹⁴ For all these reasons, it is extremely premature to project a global power transition in which China eclipses U.S. power and influence overall. Nevertheless, both America's present fiscal challenges and China's rise and regional interests are undeniable realities. From the perspective of U.S. interests, stability, and access to the global commons, then, the greatest risk would appear to be any Chinese efforts to either exploit a "strategic window of opportunity," during which Washington has not yet resolved its domestic challenges and Beijing has not yet been slowed down by its own, or pursue outstanding claims to divert attention from domestic problems. Either way, the primary arena for this strategic competition is likely to be the Near Seas and their immediate approaches, not further from China.

An Uphill Battle: Grappling with Greater Challenges

China will likely continue to pursue overall improvements, seek to consolidate major Near Seas gains, and enhance Far Seas capabilities as possible; some Near Seas-Far Seas disparities will persist. Beijing's leaders understand these realities and are accordingly pragmatic. China's overseas interests will continue to grow, but it will not address them with the unilateral military focus that it devotes to the Near Seas. Rather, it is likely to pursue a diverse approach, parlaying economic strength into diplomatic and commercial carrots, engaging in low-end military deployments to strengthen influence and address common goals in parallel—if not fully integrated—with foreign militaries, and developing targeted capabilities to rescue its citizens overseas and suppress nonstate threats.

This is the default approach. Making rapid progress in these areas, and/or shifting significantly to a more externalized power-projection military, would demand major improvements in: (1) hardware, (2) software, (3) organization, and (4) integration.

Improving Hardware

Today, because of Western, particularly American, export controls, China is typically only able to directly acquire military technology from suppliers in

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Russia, Ukraine, and—in some respects—Israel. Nevertheless, a full range of licit and illicit acquisition approaches, including purchases of multifarious dual-use technology available on the international market, has greatly facilitated many aspects of PLA development. Talented young engineers and technical experts, many with educational and work experience abroad, are greatly facilitating this advance. China may finally be implementing substantive defense reforms at the central government and enterprise levels, albeit slowly, and with limitations. Beijing promotes critical technologies development through major state research and development funding programs.

Some view repeated reorganizations as proof that China's defense industrial base remains problematic. Despite recent progress, China still loses talented individuals to coastal enterprises, foreign multinationals, and emigration. Elements of China's scattered research institutions jealously guard information and resources while relying on government subsidies or focusing disproportionately on immediately profitable products. Remaining obstacles to reform include employment goals, bureaucratic competition, and local interests. Concern about social instability resulting from shedding redundant workers is exacerbated by the location of many defense firms in China's impoverished hinterlands. And mastering some apex technologies, such as aeroengines, requires technological breakthroughs that will be challenging even for China's increasingly capable defense industry.

Nevertheless, in many respects, China's military has made the most progress, and enjoys the most potential for absolute gains, in hardware. China today is able to devote resources and launch defense industrial programs with unrivaled flexibility, particularly as fiscal challenges and evolution of priorities by societal aging constrain the rate at which the United States, its key allies, and other advanced nations propel the leading edge of military technology. Only the United States is pursuing so many military shipbuilding and aircraft programs simultaneously. Much resource investment may incur some redundancy and inefficiency, and China may still struggle with high-end innovation, but it is increasingly able to develop and acquire the systems it needs to assert itself vis-à-vis the Near Seas.

China's economy is growing fast enough to support the ever-increasing cost of advanced platforms and weapons at essentially a constant defense burden. Since the cost of modern weapons and platforms increases faster than inflation almost by definition, this has tremendous implications for supporting R&D. It offers freedom to innovate rapidly that the United States and other Western countries lack. Military R&D without the burden of legacy

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systems could lead China to field a truly surprising capability that presents a real challenge to the ability of the U.S. Navy to operate in the area. In that case, China might not have to overtly exploit a window of U.S. vulnerability, but simply produce something that calls into question the U.S. ability to operate in the region, and thereby undermines regional confidence in the United States. China is investing in new military capabilities that could lead to an unexpected capability that changes the ways of war fundamentally.

"Software" Reforms

While hardware has progressed rapidly in many respects, "software," in the form of professionalism, education, and training, has lagged, leaving PLA capabilities less than the sum of their parts. Certainly, these problems are widely recognized and receive increasing attention. Xi Jinping has accorded realistic training unprecedented emphasis. Moreover, thanks to China's geographic proximity and numerous means of compensating for quality and coordination with quantity, education and the ability for services to engage jointly in operations may be far more important for Far Seas operations than the Near Seas campaigns that remain the PLA's focus.

Overcoming Embedded Organizational Inefficiency

Intimate connections to CCP rule and legitimacy make China's remaining military organizational challenges the most difficult and least likely to be readily addressed. Optimized for party control, the PLA's command structure is suboptimal for interagency coordination and real-time crisis decision making, especially for geographically distant crises.

There have been no major changes in civil-military relations of late. CCP pronouncements stipulate that the PLA will remain a party army for the foreseeable future. This system has the benefit of maintaining political consensus and avoiding rash decisions, but, as compared with Western military systems with complete civilian leadership and a single chain of command, it suffers from two major challenges that are aggravated by the requirements of modern warfare. First, it is sometimes difficult to clearly divide responsibilities under the unified party committee leadership. Second, it may be difficult to decide which decisions are sufficiently important to forward to the party

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committee. This might slow the deployment of troops into combat situations and limit their ability to react quickly to changing conditions once there.

China's vast territory, diverse populations, and complex geography, with attendant transportation and logistics challenges, initially necessitated a regional approach to national defense that imposed centralized control on decentralized operations. Since February 1949, the PLA has employed a geographically delineated system of "military regions," which encompass military units permanently allocated to them. The military region structure may be increasingly ill suited to military missions with which PLA is likely to be charged, and may gradually evolve into a more externally oriented structure. Based on a proposal unveiled at the Third Plenary Session of the Eighteenth CPC Central Committee that "We must intensify the reforms and readjustment of the structure and makeup of the military" and "We must set off down the reform path which involves a joint operational command structure with Chinese characteristics," state media reported on January 3, 2014, that China would "establish a joint operational command system 'in due course'."¹⁵ Two days later, China's Ministry of National Defense Information Office dismissed this and even more ambitious foreign media characterization as "groundless," referencing its own November 28, 2013, briefing—regarded as the official answer on this issue.¹⁶ In this briefing, spokesman Yang Yujun had confirmed that the PLA "carried out active explorations." He added: "Based on the spirit of the relevant decisions by the central authorities, for the next step, once there has been sufficient study and verifications, we will intensify the reforms at the appropriate time and take the road of joint operational command structure reforms with Chinese characteristics."¹⁷ Apparently the "gun" does not want to be perceived as being out ahead of party guidance, particularly on such a bureaucratically complex, sensitive matter.

Meanwhile, growing Chinese external interests demand gradual reduction of the ground forces' still-preeminent power, but such a change faces considerable organizational resistance and corresponding competition among the other three services and one branch. Each strives to develop in new domains, and can claim vital capabilities. With the most external geopolitical orientation and operations, the PLAN would seem to have an edge in budget claims. Moving from its current Near Seas-specific three-fleet structure toward a two-ocean Pacific and Indian Ocean navy would demand more and better vessels. Yet the PLA Air Force is striving to control China's burgeoning military space assets, a globe-spanning capability vital to supporting modern informatized warfare. The Second Artillery Force, too, seeks space

responsibilities. Interservice rivalry is likely to be exacerbated by factors that constrain PLA budget growth or reduce purchasing power of existing monies.

A partial *de facto* solution to the *de jure* problem of organizational inefficiency may be offered by missions further afield wherein unintended consequences of organizational exigencies can nevertheless address existing problems. Gulf of Aden antipiracy missions, for instance, have elevated the PLAN's role and autonomy. In addition to forcing experience under realistic conditions that might be impossible for risk-averse forces to obtain otherwise, the nature of such operationally complex Far Seas operations encourages a decentralized approach, common to major world navies, but new to China.

Integration

Assuming that the aforementioned requirements can be achieved in practice, the key to realizing advanced overseas combat capabilities will be integrating forces and their supporting elements effectively. Such integration has long been central to American warfare; the PLA is exploring an analogous approach theoretically under the rubric of "information systems-based systems operations."¹⁸ Such movement toward "jointness" and integration emphasizes variable-distance operations in variable spatial dimensions (not only surface and subsurface but also air and space), at variable times (e.g., peacetime, crisis, and wartime). Under this rubric, the PLAN would be charged with "form[ing] maritime operations systems," with aircraft carriers at the core: "employing information systems to permeate, fuse and connect weapons systems can accomplish operational effectiveness that far exceeds what a single weapon such as an aircraft carrier can accomplish. At the same time, this integration can reduce the risks of a single weapon such as an aircraft carrier."¹⁹ It remains to be seen to what extent the PLA can realize this ambitious approach in practice, and whether evolving ways of warfare might render carriers too vulnerable to fulfill the central role that they have played for decades in the U.S. Navy.

Conclusion: Embracing the One Opportunity?

Despite "new historic missions" and gradual progress overseas, PLA development remains focused close to home, with a geographically informed

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hierarchy of priorities whose focus and intensity diminishes with distance. To further key national interests, rectify perceived historical injustices and territorial division, and regain its status as preeminent regional power, China is developing counterintervention capabilities to carve out a zone of exceptionalism in the Near Seas—not just for countering U.S. intervention, but also to deter, coerce, or defeat potential regional adversaries. The PLA already boasts formidable capabilities vis-à-vis the areas most important to China, but progress further afield will be arduous.

To further its own interests, as well as those of its allies and partners, the United States is attempting to prevent Chinese regional exceptionalism by maintaining a strong Asia-Pacific presence through rebalancing its forces. Even assuming that the requisite technical, operational, and financial challenges can be surmounted, some worry that by developing further capabilities and emphasizing them for deterrence purposes, Washington might in fact make matters worse strategically. As Sr. Capt. Li Jie, Naval Research Institute, emphasizes, "We have to follow closely [America's] future development and find out their intention. We will then go from there to come up with the appropriate weapons and new strategies to hit at their Achilles' heel."²⁰ Chinese interlocutors in particular warn that American assertiveness risks creating a new "Cold War" and conflict with China. Employing typical phrasing, Ministry of National Defense spokesman Geng Yansheng denounced recent U.S. initiatives in Australia as "all a manifestation of a Cold War mentality."²¹

Rhetorically, this is overblown. Given substantial economic relations and shared security interests in the vast majority of the global commons, neither side is engaged in what can be properly termed a "Cold War." Both sides have significant concerns, however, and in some ways the situation is more volatile and challenging than the latter stages of the actual Cold War. Among a wide variety of arms control agreements, Moscow signed the Intermediate-Range Nuclear Forces Treaty with Washington; Beijing, as a nonsignatory, has developed the world's foremost substrategic (in-range) missile force—a strategic tool. The Soviet Union did not pursue constant global cyber espionage against U.S. government and commercial targets, as Beijing is doing today. Moscow never had the espionage successes that China apparently has in theft of proprietary technology and corporate intelligence. So, while China's positive global contributions and strong regional focus appear to preclude a Soviet-style approach at this time, its military rise nevertheless presents a significant challenge for its neighbors and the United States.

Bilateral relations more generally, and state visits by civilian leaders, are more positive, but military-military relations remain constrained. As Avery Goldstein points out, "Sino-American crises that could erupt in the near future, while China remains militarily outclassed by the United States, present distinctive dangers."²²

Washington believes it is working to preserve an international system that has benefitted the vast majority of nations, including China. Only by maintaining and demonstrating strength can the United States preserve strategic stability in this promising but volatile region. Beijing, acutely attuned to perceived changes in relative power, probes and pressures unremittingly when it perceives weakness, but moderates, however reluctantly, when it encounters strength. Indeed, as Joseph Nye points out, "After the 2008 financial crisis, many Chinese expressed the mistaken belief that the [United States] was in terminal decline, and that China should be more assertive—particularly in pursuing its maritime claims in the South China Sea—at the expense of America's allies and friends."²³ Now, with Washington's focus on the Asia-Pacific restored, Beijing has adjusted in a more positive direction once more.

Of course, budgetary uncertainties cloud Washington's rebalancing. Some believe that the United States cannot forever sustain its primacy and should seek a compromise and accommodation with China, especially regarding China's EEZ. These are serious issues that cannot be dismissed lightly: sound bites are no substitute for ship numbers. In any case, the United States has long invited, and continues to invite, China to cooperate in the defense and development of the global system. The Pentagon's East Asia Strategy Review, which emphasizes the integration of China into the international system through trade and exchange, "has guided American policy since 1995," in Nye's judgment.²⁴ "China has prospered as part of the open and rules-based system that the United States helped to build and works to sustain," Secretary Clinton emphasizes,²⁵ arguably more so than any other nation. Indeed, no other nation has done more than the United States to facilitate China's post-1978 development.

There is simply no need for the two great powers to enter into a conflict that would damage both severely. The fundamental question is how China can continue to develop while supporting and shaping—but not disrupting—the international system. Washington welcomes the former trajectory, but will not accept the latter. It is making preparations to ensure that it will continue to have the wherewithal to ensure that it does not occur. This is not a

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new "Cold War," but rather a positive effort to shape a stable and productive twenty-first-century world in which the United States remains actively engaged while China continues peaceful development. The key to achieving this goal would be for the United States and China to maximize cooperation in the Far Seas while minimizing friction and managing crises in the Near Seas. Can such a primarily cooperative approach be achieved, or is managing competition the best that can be done?

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Chapter 10. China's Military Modernization: Many Improvements, Three Challenges, and One Opportunity

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Chapter 11. Things Fall Apart: Maritime Disputes and China's Regional

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CHINA'S CHALLENGES

Edited by
Jacques deLisle and
Avery Goldstein

"An excellent collection of essays with a rare combination of sophisticated analysis and extensive empirical detail. *China's Challenges* is ideal for those who closely follow current debates about the future trajectories of the Chinese economy and polity."—Deborah Davis, Yale University

"Xi Jinping and Li Keqiang took over as China's top leaders—the so-called "fifth generation"—in 2012 and 2013 at a time when China faced enormous economic, political, social, and international challenges. The complexity of these challenges are laid out, skillfully and readably, by the specialists Jacques deLisle and Avery Goldstein have assembled here. This volume is a real *tour d'horizon* that will be welcomed by all students of China, whether at the undergraduate level or senior specialists. Highly recommended."

—Joseph Fewsmith, Boston University

When the "fifth generation" of Communist Party leaders in China assumed top political positions in 2012-13, they took the helm of a country that had achieved remarkable economic growth, political stability, and international influence. Yet China today confronts challenges at least as daunting as any it has faced since the reform era began in the late 1970s. In November 2013, the Chinese Communist Party's Central Committee announced ambitious reforms to address vital issues, such as giving market forces a "decisive role" in the economy, strengthening the social safety net, assigning greater weight to factors other than economic growth and social order in evaluating local officials, promoting urbanization, and relaxing the "one child" policy.

China's Challenges brings together fourteen experts on China's social, economic, political, legal, and foreign affairs to examine some of the nation's pivotal policy issues. Their wide-ranging analyses cover economic and social inequality, internal migration and population control, imperatives to "rebalance" China's economy toward domestic demand and consumption, problems of official corruption, tensions between legal reform and social order, and the strained relationships with neighboring countries and the United States that stem from China's rising power, military modernization, enduring territorial disputes, and rising nationalism in domestic politics.

This timely volume offers a broad and comprehensive look at the issues facing China today and lays the groundwork for understanding the shifts to come. How—and how well—China handles these challenges not only will define China's trajectory for years to come, but will have repercussions far beyond China's borders.

Jacques deLisle is Stephen A. Cozen Professor of Law, Professor of Political Science, and Deputy Director of the Center for the Study of Contemporary China at the University of Pennsylvania, and Director of the Asia Program at the Foreign Policy Research Institute. He is coeditor of *China Under Hu Jintao* and *Political Changes in Taiwan Under Ma Ying-jeou*.

Avery Goldstein is David M. Knott Professor of Global Politics and International Relations, Director of the Center for the Study of Contemporary China, and Associate Director of the Christopher H. Browne Center for International Politics at the University of Pennsylvania. He is author of *Rising to the Challenge: China's Grand Strategy and International Security* and coeditor of *The Nexus of Economics, Security, and International Relations in East Asia*.

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CHINA'S CHALLENGES

Edited by

Jacques deLisle and Avery Goldstein

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