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Taking Aim at a Rising China

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A U.S. Navy surveillance ship was listening for Chinese submarine activity in the South China Sea last year when five Chinese surface vessels moved into position to disrupt the intelligence gathering. In what Pentagon officials later called "illegal and provocative activities," the Chinese ships surrounded the *USS Impeccable* in international waters 70 miles south of China's Hainan Island and then steered closer in an attempt to seize a sophisticated sonar boom dragging behind the U.S. spy ship.

Pentagon officials said the Chinese ships closed to within 50 feet of the *Impeccable*, ignoring its calls to keep their distance. U.S. sailors then sprayed the Chinese ships with a high-pressure fire hose to drive them away. But the Chinese crewmen stripped to their underwear, shouted defiantly and came to within 25 feet -- the ocean equivalent of high-speed tailgating. The *Impeccable* finally radioed the Chinese a request for safe passage out of the area and steamed away, narrowly averting a naval -- and diplomatic -- collision.

Among Obama administration officials, lawmakers and foreign policy experts, the March 2009 incident -- and several others like it over the past few years -- is emblematic of a rising China asserting its military and economic power in East Asia while the United States, burdened with two wars and beholden to Chinese creditors, struggles to maintain its military dominance in the region. On Capitol Hill, the specter of a Chinese eclipse of U.S. influence has ignited a fierce debate over Beijing's intentions and Washington's options that is almost certain to intensify when Republicans take over the House for the 112th Congress and find themselves torn between their pledges to cut government spending and also maintain an unchallenged military.

China's military budget has tripled in the past decade, growing much faster than the country's red-hot gross domestic product. For the United States, the most immediate effects are being felt in the waters of the Pacific Ocean. Unwilling to concede any aspect of America's superpower status, the GOP's defense hawks view China's new maritime clout as a growing threat to the U.S. Navy's freedom of navigation in East Asia. They insist that Beijing's ambitions must be contained, not just by hard-nosed diplomacy but also with military might, much like the United States contained the Soviet Union during the Cold War. This means that when lawmakers get around to the fiscal 2012 appropriations process next year, these hard-liners will be seeking more money to

invest in U.S. naval and air power. Their concerns are not only strategic but also parochial: Many of these hawks have defense-related industries in their states and districts.

"China's anti-access capabilities present a challenge to the U.S. ability to project our forces and ensure access to sea lanes of communication," says California Republican Howard P. "Buck" McKeon, the presumed chairman of the House Armed Services Committee. "When one considers the current threat environment and some alarming gaps in our capability, the need for more dollars going to defense becomes critical."

The counterargument -- heard from most Democrats, as well as from some Republicans and tea party members who want to include defense spending in any plan to reduce the federal deficit -- is that China's intentions are peaceful. They say Beijing's principal concern is securing the energy supplies and raw materials needed to enrich its huge population. And, they add, the United States can deal with China's ambitions through diplomacy and, when necessary, impartial arbiters such as the World Trade Organization.

Massachusetts Democrat Barney Frank, unseated in the election from his chairman's perch on the House Financial Services Committee, says the much-trumpeted Chinese threat to shipping in the region defies economic logic. "If I were Chinese and I was selling as much along those shipping lanes as I was, I wouldn't be very eager to close them," he says. Frank called GOP demands for more defense spending an example of "clichéd, outdated thinking that continues to be used to drive unnecessary expenditures."

But it's getting more and more difficult for outside observers to argue that China's intentions are purely benign. Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, started sounding the alarm over Beijing's moves back in June. "Their heavy investments of late in modern expeditionary, maritime and air capabilities seems oddly out of step with their stated goal of territorial defense," he told the Asia Society. "Every nation has a right to defend itself and to spend as it sees fit for that purpose, but a gap as wide as what seems to be forming between China's stated intent and its military programs leaves me more than curious about the end result. Indeed, I have moved from being curious to being genuinely concerned."

The long debate over whether China will be a true enemy or more of a competitor is heating up as President Obama toughens his approach to China, largely out of concern that Beijing has shown little inclination so far to work out its security and economic disputes with the United States. His post-election visit to Asia was aimed at cementing old allies such as Japan, South Korea and Indonesia, and new ones such as India, into a unified front to blunt China's assertiveness in the region. His endorsement of India's candidacy for a permanent spot on the U.N. Security Council was aimed at least in part at balancing China's growing clout. Defense Secretary Robert M. Gates will try to get a better handle on Beijing's strategic concerns when he travels to China early next year.

How Congress ultimately reads China's intentions will help shape a pattern of legislation that will affect not only the size and structure of U.S. forces in the western Pacific, but also defense spending more broadly. Indeed, China's intentions could become a key issue for lawmakers as they jockey over whether to exempt the military from the coming debate over government spending.

"The policy questions are quite stark," says Andrew Krepinevich, president of the Center for Strategic and Budgetary Assessments, a Washington research institute that focuses on the defense budget. "Are we going to abandon our place in East Asia? And if not, what are our options, and where are the resources coming from?"

A Pacific Sphere of Influence

Defense officials point to China's military modernization as compelling evidence of Beijing's intentions to deny the U.S. Navy access to the region, as well as its aims to challenge U.S. dominance in the so-called global commons of space and cyberspace.

According to a 2010 Pentagon report, China has focused particularly over the past decade on building up its surface navy and submarine fleets. Its military planners have also worked to bolster the country's missile arsenal, which now includes highly accurate cruise missiles and medium-range anti-ship missiles capable of sinking U.S. aircraft carriers and warships in the western Pacific, according to another report on China's military capabilities, released last week by the U.S.-China Economic and Security Review Commission.

The commission, created by Congress in 2000, says China's current arsenal of short- and medium-range missiles has "the capability to attack" and "close down" five of the six main U.S. airbases in East Asia, while its improved bomber fleet will soon allow it to target Guam, where the sixth U.S. base is located.

"The main implication of China's improved air and conventional missile capabilities is a dramatic increase in the PLA's ability to inhibit U.S. military operations in the region," the report says, referring to China's People's Liberation Army.

Both the Pentagon report, which Congress has required annually since 2000, and the commission study note that much of China's firepower is concentrated on the coast opposite Taiwan, suggesting that one of Beijing's top military priorities remains the conquest of what China considers a renegade island province, should it declare its independence. But Pentagon officials also point to other developments that indicate China's military is preparing for roles and missions that go beyond the country's immediate territorial interests.

For example, China is expanding its space-based intelligence capabilities through the launch of surveillance, reconnaissance, navigation and communications satellites, the Pentagon report says. At the same time, Beijing is improving its rocketry to shoot down its adversaries' satellites. In cyberspace, China has become a formidable adversary, hacking into U.S. government computers to download strategic information.

Meanwhile, Beijing's contribution of warships to the international anti-piracy flotilla off the coast of Somalia represents the first time Communist China has undertaken such long-range naval missions. Military analysts say the Chinese navy stands to learn valuable lessons for future extensive at-sea operations.

China also now maintains a large naval and air force base on Hainan Island, which allows its surface ships, submarines and aircraft to project power far beyond its coastal waters. Its fleet of ultra-quiet diesel-power submarines already patrols the waters of the South China and East China seas -- sometimes apparently without the knowledge of U.S. ships. In 2007, U.S. military chiefs were dumbstruck when a Chinese submarine surfaced right in the middle of a major U.S. Navy exercise in the western Pacific, within torpedo range of the supercarrier *USS Kitty Hawk*.

Officially, China said the incident was a mistake. But U.S. and Chinese military analysts believe Beijing wants the world to know it has the capability to threaten foreign powers that meddle in its back yard. "They were sending us a not-so-subtle message," says Bernard D. Cole, an expert on the Chinese navy at the National War College.

Earlier this month, Beijing held major naval exercises in the South China Sea that involved 1,800 marines and more than 100 ships, submarines and warplanes. Official Chinese newspapers, quoting military analysts, called the live-fire display of China's growing military power a response to interventions by unnamed foreign countries in the area. The Communist Party newspaper *Global Times* quoted military analyst Li Jie as saying, "It's time to oppose these interventions with power politics."

It might seem natural that a major power wouldn't want the U.S. Navy traipsing around off its shores, but China is also investing in a major shipbuilding program to produce its own aircraft carriers over the next decade. The Chinese navy has decided to launch a program to train pilots to operate from aircraft carriers, using a former Russian carrier that was purchased in 1998, the Pentagon report said.

'Blue-Water Navy'

"They're a threat, and their challenge to us is not limited just to stand-off capability and cyberwarfare," says Missouri Republican Todd Akin, the presumed next chairman of the House Armed Services Seapower subcommittee, who represents a district near St. Louis where defense giant Boeing is a major employer. "They're increasingly becoming a blue-water navy. To think that they're going to stay regional is to misread their logical growth path."

Cole says China's naval doctrine calls for the establishment of what he calls "the Great Wall at sea" to protect the commercial sea lanes that keep China's economy humming. Right now, he says, the doctrine seeks Chinese control of the East China and South China seas up to what strategists call the "first island chain," running south from Japan, through the Philippines, to the Indonesian island of Borneo. That doctrine fuels numerous territorial disputes with East Asian neighbors.

But Cole notes that Chinese naval planners also envision the eventual projection of Chinese sea and air power into the western Pacific as far as the Marianas and Carolines, the "second island chain." In the Indian Ocean, the Chinese are building naval ports in Myanmar and Pakistan so their navy can help protect ships carrying petroleum and raw materials back from East Africa.

The success of such a strategy, of course, would require the United States to withdraw its military presence from the region and for Japan to allow the balance of power in the region to shift in China's favor. Cole and other military analysts say that is unlikely. In recent statements, Secretary of State Hillary Rodham Clinton and other senior officials have made it clear the United States will not abandon its East Asian allies. And last month, Japan announced that it was considering expanding the size of its submarine fleet, from 16 to 22, out of concern over China's military expansion.

Ship for ship and plane for plane, China can't expect to match U.S. military strength for 10 to 20 years, Cole and other experts say. But they acknowledge that its military expansion has, in fact, forced U.S. Navy planners to think twice before venturing unannounced into Chinese-claimed waters. "They can definitely slow us down," Cole says.

For lawmakers such as McKeon and Akin, such limitations are unacceptable. "China's trajectories for surface combatants, submarines and fighter airplanes are all up. Ours are all down," says McKeon, whose district is home to some of Lockheed Martin's and Boeing's major research, development and flight-testing facilities. "The Navy is going to have to be given more resources."

Akin cites an independent review of the Pentagon's 2010 Quadrennial Defense Review, which challenged the QDR's assessment that the U.S. Navy's current size of 287 ships is sufficient to carry out its worldwide missions.

"With the threat of China, probably a 350-ship navy is closer to where we should be," he says. And to make these investments, he says, defense spending will have to grow in fiscal 2012 beyond the roughly \$513 billion that the House has set for the 2011 base budget.

It's the Economy, Stupid

At a time when GOP leaders in the House are proposing \$100 billion in cuts to domestic spending next year, defense hawks fear that some of that money could come out of defense accounts. To avoid that, they're calling for cuts to entitlement programs as the way to find money for defense increases: "If you go out 15 or 20 years without any changes in the Medicare and Social Security laws, the projection is you won't have any money for defense or anything else that's discretionary. They just gobble up everything," Akin says. "So shrinking defense to continue to pay for entitlements is not a long-term solution, and it's the wrong priority."

But Frank, along with some prominent deficit hawks, contends that the United States realistically can no longer afford to guard the sea lanes of the western Pacific by itself and that Japan, South Korea and other

allies in the region should shoulder some of the burden. "I don't understand why it's America's responsibility alone to protect those shipping lanes," Frank says.

Even amid Beijing's military modernization over the past decade, deficit hawks do not regard China as the threat that defense hawks do.

"The Chinese are looking to establish themselves as the dominant power in East Asia, but they are not looking for war," says Krepinevich.

After all, the argument goes, China and the United States are economically joined at the hip. The United States needs China to buy its debt, and China needs the United States as a market for its exports. Any isolated disputes over security or economic issues are subsumed by that dynamic of mutual dependence.

Moreover, deficit hawks say, the United States cannot have a strong defense without a strong economy. They propose cutting defense spending in the short term to build up long-term economic strength. China, they note, won't be any match for U.S. power in the western Pacific for decades to come. Indeed, after the past 20 years of high Pentagon budgets, they argue, the military balance there and in other parts of the world has grown so lopsided in the United States' favor that it can afford major cuts in defense outlays and existing infrastructure without a big risk to national security.

"It's true that China is expanding their navy, but they've got a long, long way to go," says **Benjamin Friedman**, a military analyst at the libertarian Cato Institute. He notes, for example, that the U.S. Navy has 11 aircraft carrier battle groups, while China still has none. "There's a lot of time before we might have to grow our Navy in response to theirs," he says.

Friedman is a member of the Sustainable Defense Task Force, a group of defense and budgetary analysts who produced a study in June saying that \$960 billion could be safely cut from the defense budget over the next 10 years. The report has been endorsed by an odd-bedfellow coalition of lawmakers including Frank; Oregon Democratic Sen. Ron Wyden; Texas Republican Rep. Ron Paul and Oklahoma Republican Sen. Tom Coburn. It has been submitted to Obama's National Commission on Fiscal Responsibility and Reform, which is slated to publish its recommendations for spending cuts next month.

The Sustainable Defense Task Force's recommendations include trimming two aircraft carrier battle groups and removing U.S. troops from Pacific bases in Okinawa and South Korea.

Carl Conetta, another defense analyst on the task force, says such adjustments won't significantly alter the balance of power in the Pacific. He notes that the U.S. Navy flies twice as many carrier-based aircraft as all the other navies in the world combined; it floats more tonnage than the next 13 navies combined; and it has more firepower than a combination of the next 20 navies. Meanwhile, he says, the United States can project considerable power over East Asia with its long-range bomber force.

The task force's proposals merely "trim the U.S. margin of superiority back to into the realm of reality," Conetta says. "But they are not deep reductions."

Others have come up with ways to protect U.S. national security interests in East Asia without directly confronting China or maintaining current levels of spending. One plan, authored by retired Marine Col. Pat Garrett, envisions a smaller U.S. Navy fleet of 250 ships, a 15 percent cut in defense spending and a new force structure in the Pacific that would shift its center of gravity away from Japan and South Korea to the island chains of Oceania -- Guam and the Carolines, the Marshall, Mariana and Solomon islands -- and to the western coast of Australia and its Ashmore Islands.

Such a move would strike a compromise between "resisting a Greater China at all costs and assenting to a future in which the Chinese navy policed the first island chain," wrote Robert D. Kaplan, a senior fellow at the Center for a New American Security, in the May/June issue of *Foreign Affairs magazine*. "It would also allow the United States to scale back its so-called legacy bases on the first island chain but nonetheless allow U.S. ships and planes to continue to patrol the area."

Meanwhile, administration officials say part of any new force structure in the western Pacific includes stepped-up security cooperation with U.S. allies in the region. The officials are careful to note that such cooperation, which includes joint naval patrols, is not meant to contain China but to reassure those allies who are fearful of China's growing strength of the United States' security commitment to the region.

"The United States remains the pre-eminent power in the Asia-Pacific," Adm. Robert F. Willard, chief of the U.S. Pacific Command, told the House Armed Services Committee in March. "Modernizing and expanding our relationships with our allies and security partners is vital to maintaining stability and enhancing security in the region."

Frank, along with a number of deficit hawks, says new thinking is no longer a defense planner's luxury but rather a fiscal necessity. The United States, with what Frank regards as out-of control borrowing and spending, faces what he calls a "zero-sum situation" in which Congress will have to decide whether the defense budget will be put on the table when lawmakers decide where to make their spending cuts.

"Yes, there are fears about cutting defense budgets," he says. "There are also fears about cutting Medicare and Social Security. So if you have to chose between them, if you make clear what the trade-offs are, then I think it becomes a much more even argument politically."

Krepinevich agrees that it is highly unlikely that defense spending won't be on the cutting block. "If entitlements are going to be cut, I can't imagine that defense won't be on the table," he says. "It would take another 9/11 to take it off the table."

A Record of Miscalculation

Just before Obama presents his fiscal 2012 budget to Congress early next year, Gates will travel to Beijing for long-postponed official talks. He was scheduled to go last June, but China scrubbed the trip as part of its decision to sever all Sino-U.S. military-to-military contacts in protest against a U.S. weapons sale to Taiwan. China is slowly allowing those contacts to resume.

Administration officials say the shape of the defense budget request will depend in part on how Gates' visit goes. He is expected to raise a range of security issues that include disputed territorial claims in the East China and South China seas.

Those talks are likely to be fraught with tension. China has shown no signs that it is willing to soften its territorial claims to those waters. Indeed, when Clinton offered last month to mediate a routine dispute with Japan over fishing rights in the East China Sea, China effectively advised her to butt out.

China also has shown that it's ready to use other levers to assert its power in the region. In the same dispute with Japan, Beijing upped the ante by temporarily cutting off exports of rare-earth elements to Japan and later to the United States and Europe. China produces as much as 97 percent of the world's supply of these elements, which are used in weapons systems, as well as other processes.

Earlier this month, aides from both parties reacted with concern to a Pentagon report that downplayed the impact of Chinese restrictions on rare-earth exports. The report predicted a two-year spike in the cost of the minerals, followed by ample supplies as new mining operations outside China rev up. The House Armed Services Committee is scheduled to hold a hearing on the report next month.

Meanwhile, lawmakers are expected to reintroduce bills in the next Congress aimed at ensuring a long-term domestic supply of rare-earth materials for the nation's clean-energy and defense technologies. One of those bills, authored by outgoing Pennsylvania Democrat Kathy Dahlkemper, passed in the House, but without a Senate vote on the measure during the lame-duck session, her bill will die.

As China watchers try to discern Beijing's intentions, they note with concern that incidents such as the one last year involving the U.S. spy ship, as well as Beijing's diplomatic strains with Tokyo, point to a certain swagger in its dealing with rival powers.

"Why, one must ask, is China antagonizing the very countries that it needs as markets for its goods?" Krepinevich says.

The explanation, he and others say, may lie in the growing power of the military in Chinese political circles and in its success at tapping into the nationalistic mood that now pervades the country.

"China's leadership wants three things: to keep the Chinese Communist Party in power; to maintain the country's economic growth; and to be the hegemon in East Asia, which is to say they don't want anything happening in East Asia of which they don't approve," says Cole. "They're a long way from being a threat to the United States, but

they're clearly already in a position where they can influence events in East Asia that may not be to our liking."

Cole and other military analysts say their biggest concern is that China will overplay its hand in East Asia, especially when it comes to testing the longstanding U.S. commitment to defend Taiwan. He notes that Beijing regards the United States as a "power in decline" -- a mind-set that could invite an attempt to deny U.S. ships access to the Taiwan Straits or other acts of military adventurism.

"I hope that they don't think that they're in a position to deny access," says Cole, who has written extensively on all the U.S.-Chinese crises surrounding Taiwan from 1950 to 1996. In every crisis, he notes, China misjudged the U.S. response, which involved an overwhelming display of naval power.

"That's not very confidence-inspiring," he says. "You want the other guy to understand the consequences of their actions."

Frank Oliveri and Lauren Gardner contributed to this story.

FOR FURTHER READING: *Senate Foreign Relations Committee in 112th Congress, CQ Weekly, p. 2564; Obama's Asia trip, p. 2510; rare-earth minerals bill (HR 6160), p. 2298; cybersecurity, p. 1858; China's new weaponry, p. 1428; Navy's budget squeeze, p. 1137; U.S.-China relations, 2009 CQ Weekly, p. 1366.*

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