

China 2025: Panel III: China's Security Future

Panelists: Mark Stokes, Executive Director, Project 2049 Institute
James Mulvenon, Director, Center for Intelligence Research and Analysis
Maryanne Kivlehan-Wise, Director, China Strategic Issues Group, CNA
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From left to right: Randall Schriver, Mark Stokes, James Mulvenon and Maryanne Kivlehan-Wise

RANDALL SCHRIVER: I have the honor of chairing the panel that addresses security issues. And we have an excellent panel here to help us do that.

I might say, as a chapeau to this, one thing that has really changed in the last 15 years -- I know we're supposed to be looking 15 years ahead, but looking 15 years back, one of the things that is really markedly different, the amount of information that's out there in open sources about the People's Liberation Army. I think 15 years ago we were still a bit in transition, after having looked at Soviet military for so many decades, to growing a body of expertise and people who are more interested in the People's Liberation Army. And now there's a great deal of information out there, and thanks to our friends in Congress, we report on it every year in the PLA capabilities report. And so there's a great deal of information.

But I might hasten to add, we don't always focus on the right things or the most important things. I probably am preempting the comment, by virtue of my comments here, but there's a lot of discussion about Chinese aircraft carriers, for example. And, you know, there might have been a question about that, but it's probably not the most important development or the most important issue for us to consider when we look at security developments and look at the evolution of the People's Liberation Army.

So we're going to take particular pieces of this. I think our panel is well-equipped to deal with the full spectrum of issues associated with PLA modernization and the security implications of that. But in terms of the opening presentations, we're going to address some very specific issues that we feel are maybe understudied or underappreciated, and hopefully that will stimulate a discussion about the trend lines that are most critical and most important to us.

Again, to help us do that, we have an excellent panel. To my immediate left is Mark Stokes, the executive director of the Project 2049 Institute. Mark has served in the Office of the Secretary of Defense. He's also served in our embassy in Beijing as a assistant Air Force attache.

Dr. James Mulvenon is with Defense Group, Inc., and is, within that, the co-founder and director of the Center for Intelligence Research and Analysis. "Defense Group, Inc., CIRA" -- next time I submit my screenplay for a Bond film, that's going to be the evil -- (laughter) -- conglomerate. But James is a very accomplished scholar. Has written a great deal on the PLA, including "PLA Enterprises," and has certainly contributed a great deal to a topic of great interest now, Chinese cyber capabilities.

And Maryanne Kivlehan-Wise is also a very accomplished scholar. She's now director of the China Strategic Issues Group at the Center for Naval Analyses. She's written on Chinese leadership, and various issues associated with China's military modernization, and is going to help us understand some of the drivers to China's acquisition of maritime capabilities.

So, without further ado, Mr. Stokes.

MARK STOKES: Thank you, Randy. And also thank you to Council on Foreign Relations for helping to sponsor this event. This event comes at a propitious time, an exciting time. There's lots of change going on.

Over the last six months -- or actually, nine months, I've spent quite a bit of time in China. And it was after about a three-year break, where I focused almost exclusively on Taiwan. So I'm sort of like Rip Van Winkle, coming back and, sort of, retracing some of the old work that I did on one of my favorite topics, which is on Chinese space and ballistic missile developments.

And coming back in this particular area, this has also been something that's undergone a lot of change, and this is not the China that I used to know. Today I was asked to talk about, again, my favorite topic, but focused more precisely on one aspect of China's overall space and missile development, and that's on their - for lack of a better term - strategic conventional long-range precision strike program. And this is generally defined as ballistic missiles -- conventional ballistic missiles, but also on their extended-range, land-attack cruise missiles. And where are they going over the next 15 years?

Over the last, I'd say, six months and nine months, there's been a lot of public reporting -- and, frankly, some degree of hype over something called "an anti-ship ballistic missile," ASBM for short. One of the things that I'd like to do is, sort of, ask the question: What's beyond the ASBM?

When it comes to this ASBM capability, I've been one who has tended to be focusing on the "art of the possible," not wanting to be a skeptic about what China is capable of. And this goes back to, I'd say, 1992 when there were initial indications of China developing a conventional ballistic missile.

At the time, there was a significant degree of skepticism that they would do it. All the way up until, I'd say, about 1999, after they stood up their first conventional ballistic missile unit, there was skepticism that this was anything more than a weapon of terror. But as time went on, it became readily apparent that these ballistic missiles were no longer just a weapon of terror or deterrence, but actually a potentially-devastating weapon of military utility.

In a similar degree, China's development of a terminally-guided ballistic missile -- in other words, a ballistic missile that is, upon reentry, able to adjust its trajectory in its terminal phase to go after, with relative pinpoint accuracy, go after a fixed target. For example, a particular runway, or a particular building, like on an air base, for example; or on a CCK air base in Taiwan or Hualien some significant capabilities. So, looking at the ASBM, I, for one, am somewhat of the school that if there's a substantial degree of writing about it, particularly if it's coming from their research and development organizations, then it's real.

But what I would like to be able to do is, sort of, address what I would call, sort of a "phased approach" on where China aerospace industry appears to be heading over the next 15 years. It starts with this anti-ship ballistic missile capability, a rudimentary anti-ship ballistic missile capability.

The primary driver, of course, is Taiwan -- with the concept of being able to complicate the ability of the United States military, U.S. Armed Forces, in enforcing or acting upon the Taiwan Relations Act, to be able to intervene in a Taiwan scenario in response to Chinese use of force effectively and efficiently; with the idea of being able to, being able to get Taiwan to the negotiating table on terms favorable to Beijing.

When I say "basic ASBM capability," the idea is it's basically a follow-on to their DF21C, which is a terminally-guided, medium-range ballistic missile that was fielded in the operational force maybe five, six years ago.

The notion of taking a missile system that was intended to go after a fixed land target, and making a maritime variant, there are precedents for it. For example, we did it with our JDAM, Joint Direct Attack Munition. We did it with, of course, with our sensor-fused weapon, in terms of the United States. So it's not that much of a leap to be able to take a system that tends to go after land targets and develop a maritime variant.

But what also is needed, of course, is the sensor network -- the sensor architecture, being able to provide a sufficient degree of cueing for this particular missile. And this is where a lot of the

skeptics today argue that their sensor network just doesn't appear to be sufficient. I would argue, though, that it really depends upon the technology that these anti-ship ballistic missiles have on-board, the autonomous sensor technology. A direct link between the sophistication of the sensor architecture is needed and what they have on-board the missiles.

But, in terms of their writings -- their industry writings, it doesn't really stop at this anti-ship ballistic missile. The fundamental anti-ship ballistic missile, again, would operate on a fundamental ballistics trajectory similar to their DF21C, which is, in turn, based upon our old Pershing II missile. But as time goes on, there's also a degree of writing that indicate movement toward a very sophisticated trajectory that exploits the characteristics of what's called "near space."

When you look right now the atmosphere goes up, technically, up to Karman line, about 100 kilometers, it goes up to that level. But up to about 60,000 -- about 70,000 feet, over about maybe 20 kilometers, that's considered to be the general atmosphere where aircraft fly. Between the 20 kilometer point, up to 100 kilometers, it's a whole different ball game, a whole different environment.

Most systems simply go through this environment -- the goal is just to get through. But to operate in this environment, it's a totally different dynamic, and a different set of technologies the Chinese appear to be geared -- looking toward, or trying to figure out how to exploit.

But, beyond this, also looking to -- in sort of a very, in a very incremental fashion, also being able to extend what they have right now -- in terms of their conventional ballistic missiles, that are intended to go after targets out to, say, 1,700 kilometers, and extend that range out to, let's say for example, 3,000 kilometers, to be able to go after, for example, facilities on Guam, which is, in terms of our own force deployment in the Asia-Pacific region, is considered to be a central node.

But even beyond this, looking further out, perhaps taking a page out of our own research and development into something called a Common Aero Vehicle, which is part of a larger program, "Prompt Global Strike," a significant amount of literature that indicates a movement, or at least trying to develop an understanding of an ability to strike a target, from Chinese territory, within an hour, or within a very short time frame, and be able to strike targets on a global scale.

And this is a staged approach, out to 2025. It's nothing, necessarily, that's intended to be in the near-term. It's something very interesting to watch and something that deserves a lot more attention, in terms of looking beyond ASBM.

So, I'll hold off, and open up for questions after the panel is finished.

SCHRIVER: Thanks, Mark.

James.

JAMES MULVENON: Thank you, Randy.

And I'd like also to thank Project 2049 and the Council for inviting me today.

I do work for a company called Defense Group, Inc. When I left the world-famous Rand Corporation, I had never heard of Defense Group, Incorporated. But at the time I thought to myself, you know, it does sound like a CIA front. It does sound like some sort of Bond, you know, "International Trade, Limited.," or something like that, and I said, this is the right place for me to be. (Laughter.)

I have spent the last 12 years of my career, off and on, looking at the China cyber issue. And so it's actually interesting to me to stay focused instead on these long-term trends, to look back and use that as a mirror for the future, rather than what I usually have to do, which is focus on, you know, very narrow aspects of the intrusion set -- the China-origin intrusion set, and all the -- all of that going on.

Of course, I'm a victim, as many are, of the intrusion set. The Chinese are throwing everything but the kitchen sink at my corporate networks. (Laughter.) But I'd like to make -- in the, you know, just to presage Kurt Campbell -- (laughter) -- I'd like to make five brief points. (Laughs.)

The first is at the strategic level. One of the things that fascinates me about the China cyber issue is the extent to which we face very difficult trade-offs in being able to deal with China at the strategic level on this. On the one hand, as, you know, it's clearly one of the top state-based threats, but at the same time it's also the world's IT workshop. I mean, every piece of electronics that you have in your bag or in your pocket were all made in China.

And so many of the tools -- whether it's trade, or whether it's strategic, that we might have to be able to push back on the Chinese for some of these cyber issues, are actually taken off the table because of -- and this is, frankly, a larger microcosm of the U.S.-China relationship, the difficult trade-offs that come with strategically interacting with a country which whom we have hundreds of billions of dollars of interdependent trade. And so, whereas in the Cold War with the Soviets, you know, there wasn't that linkage, that interdependency that restricted some of our options, we clearly have that in spades with China.

And the trend line, out to 2025, is simply going to continue as China pursues its national innovation agenda. More and more it's going to go from being an export processing zone of IT componentry to actually an innovation zone of IT componentry, and our interdependence with them, in terms of the technologies that we bring in, is going to be even greater. And I'll talk about it at the end, with respect to issues on the supply chain, and other things that really worry people.

The second issue is -- I just wanted to point also, and this is not hard for the Chinese, obviously, with their philosophic tradition of being able to hold two contradictory thoughts in their head at the same time without cognitive dissonance -- but the Chinese have long faced a very contradictory phenomenon with respect to cyber, and information, and information security more broadly. Which is to say that, on the one hand, they know intimately that economic development -- which is obviously the top state priority because it's the basis of social stability, requires access to the global information grid at every level.

But at the same time, they know that the introduction of some of these technologies bring with them certain values which are inimical to single-party rule -- the Chinese Communist Party, and the data and the content that comes in, via these technologies, is also contrary to the goal of single party rule. So they've always had to strike this very narrow and, in many ways, a "knife edge" balance between access and control.

But contrary to the prophets of the Internet, who said basically that the tsunami of cyberspace was just going to wash authorization regimes off the planet, and China would be liberated along with all these other countries, in fact, the Chinese government, despite its political dysfunction, despite the fact that it's an atavistic government bureaucracy, has proven remarkably nimble and flexible in responding to the introduction of a whole series of information technologies, and in many ways has the high-ground with respect to the use of this medium as a potential subversion of the regime in Beijing.

Of course, it's important to note that there's a lot of myths about Chinese Internet censorship, the most important of which, and the most pervasive of which is that it matters how many Internet police China has, or what technology they put in place to police the "Great Firewall." In fact, the Chinese Internet and cyberspace system is much more nuanced and sophisticated because they've delegated enforcement down to lower levels.

I mean, just one example, the Internet Service Provider law -- I mean, anybody from Verizon or AOL in the room would get the shivers when they hear this, but the ISP law says that Chinese ISPs are responsible for the actions of all their subscribers. And what that means is they have that -- they've delegated enforcement down to the market. And so the ISPs put the "big mamas," the "da mamas" in the chat rooms, and kick people off who engage in political content.

The third point is, what's interesting to me, both in the China and Russia case, is how cyber has emerged in both countries as an overt tool of state power, something that both Moscow and Beijing appear very comfortable with. Overt in the sense that they don't work very hard to deny, and it's not very hard to actually attribute that these attacks, whether they be in Estonia, or Georgia, or the China-based intrusions into the United States -- of course, they get very arch when you accuse them of it.

But the plausible deniability of computer network exploitation activities means that they do always have that certain measure of deniability that allows them to employ cyber as a tool of state power. And this is in contrast, of course, to the U.S. approach, where computer network exploitation and computer network attack activities are held at very, very highly classified levels, treated as compartmented capabilities, and the only people that are allowed to conduct them are people who have passed all manner of highly intrusive, you know, full-scope polygraphs, and everything else.

Whereas the Chinese and the Russians, by contrast, seem very comfortable with the use of non-governmental, even non-state, or non-Chinese, or non-Russian proxies to be able to carry these out for them. And we've tried to confront this issue in the Comprehensive National Cybersecurity Initiative, but there's such a stark cultural difference between the two -- between the systems, that I think it accounts for a lot of the difficulty we've had on the deterrence side in particular.

Fourth is obviously the role of the Chinese military in computer network operations. Now, a lot of my thinking about this is -- I've talked about this in various Congressional testimony, and so on, and so forth, and a lot of it deals with the intrusion set and capabilities. But I would just say that what's interesting to me, in terms of 2025, is the extent to which I've already seen an expansion of the discussion of the target sets, for both computer network exploit and computer network attack activities, to go beyond the Taiwan scenario, to go beyond U.S. military intervention, and to encompass a much wider range of countries and regions, frankly, in line with the new historic missions, as articulated by Hu Jintao and others, and I'm sure Maryanne will talk more about that.

And then finally, I just want to highlight that whereas our short-term interest in this issue has been the cyber espionage, and our medium-term interest has been the computer network attack scenario involving Taiwan, that there's a series of much more profound long-term issues that we're going to be confronting out to 2025 in the cyber arena.

The first is supply chain. There's really been a revolution in this town, in a lot of people's minds, about computer network defense and cyberspace defense in the following sense: no one that is serious on the topic anymore believes that you can build technologies or build systems where perimeter defense is possible any longer. Instead, we have to operate -- mainly because of the introduction of foreign componentry from China and other places, and foreign software, and back-office coding being done in Bangalore, and Beijing, and these other places -- you have to assume, in your network, as I do in mine, that componentry and software in that network is potentially malicious, and that you have to, nonetheless, be able to operate the network effectively -- you can't simply take it off-line, but that we have to operate as if perimeter defense is impossible and we have to do defense in-depth within the network.

There's a bunch of other -- you know, the other implication, obviously, for supply chain, that has been much more uncomfortable for companies and for governments to deal with, is that we're going to have to spend a hell of a lot more money on code and hardware auditing than we ever have in the past. And that, you know, people at the C level have to understand that that's a major expense -- it's very difficult to do; it's very time-consuming; it's very expensive, and not 100 percent fool-proof, but they're going to have to spend a lot of money on it.

The second set of longer-term issues really deals with CFIUS and infrastructure. You know, if I had a Chinese trade official in front of me right now I'd say, I'd say, go for some low-hanging fruit, please. Have a Haier buy Whirlpool, you know, something where it says, incontrovertibly, that there is -- you know, I mean, somebody somewhere will find a national security justification for it, but, you know, the vast majority of people will say the sale of Whirlpool to the Chinese does not constitute a threat to U.S. national security -- you know, inure the American public to the idea that the Chinese are going to be buying assets in the United States.

But instead we get Huawei-3Com, you know, where the entire U.S. government comes up in one gigantic paroxysm about Huawei. And now the Chinese are, of course, in their defensive crouch -- you know, "this is racist;" "this is xenophobic," you know. No, it's Huawei. You know, it's not xenophobia, it's Huawei, whose sins are well known.

Similarly, on infrastructure, you know, it's not just buying companies, but it's also buying submarine cable backbone. I mean, Huawei -- now, through the purchase of Global Marine ---

has 40 percent of the cable-laying ships in the world. So when you start thinking about information security broadly defined in terms of who owns submarine cable backbone in the Western Pacific and things like that, these are much broader issues, much more long-term issues.

And then even farthest out in terms of long term --- and I'll stop here --- is that unlike the United States, the Chinese actually have a very focused dedicated, coordinated national strategy with bureaucracies and meetings and everything about Internet governance and IT standards. You know, for a long time in the United States we said, oh, you know, Verizon will take care of that or Cisco --- you know, Cisco will go to that meeting, that IEEE meeting. The U.S. Government doesn't have to send anyone to that meeting.

But in fact, what we find is a very coordinated Chinese effort on this front. And then the IT standards is probably the biggest threat potentially of them, because China simply did not want to pay royalties to Irwin Jacobs and other people and said, you know, we're just going to develop our own inferior Chinese IT standards for every possible protocol and then use our own market access as leverage to force the companies that build componentry and export them out of China to have to make them compatible with our IT protocols.

In some cases, those involving security --- like this WAPI phenomenon, which is the Chinese replacement for 802.11, which was rejected by IEEE, rejected by the International Standards Organization --- but nonetheless, keeps rearing its head. And you know, here's the list of Chinese -- 11 or 50 Chinese joint venture companies with whom you have to partner, all of whom have some linkages to the Ministry of State Security. And by the way, you have to give over all of your cryptography source code to them, because they will build the APIs for your technology.

And you're sort of thinking to yourself, okay, I sent --- you know, again, it shows a perfect example of how the Chinese, for their own economic development purposes, use market access as leverage to be able to turn the innovation ladder on its head. But in the IT area in particular, when you look at the protocol level --- the very utility and plumbing of the Internet --- we're looking at changes over the next 10 or 15 years, particularly in Chinese leadership on IPV6, which is the next generation of the Internet, where our lack of a strategy, our lack of coordinated bureaucratic action could ultimately be of much greater harm to us in the cyberspace arena than anything that's ever come before.

Let me stop there.

MARYANNE KIVLEHAN-WISE: Thank you.

My name is Maryanne Kivlehan-Wise. I'm from the Center for Naval Analysis and I'd like to thank Project 2049 and the Council on Foreign Relations for inviting me to participate in today's events.

I know time is brief. Randy had asked me to look at factors and trends currently in place in China that will affect how China is --- may behave in the future in the maritime domain. There's three points that I want to make.

First, I would argue that for PRC leaders, establishing and maintaining strength in the maritime domain bolsters China's core national interest. Now, why do I say this? Because whether we adhere to the logic or not, CCP leaders believe that its legitimacy rests on two legs. The first is the ability to safeguard China's territory and sovereignty; and the second is the ability to ensure continued economic growth, or at least maintain economic stability. And there is a maritime component in China's pursuits of each of these objectives.

The connection between a strong China in the maritime domain and territorial integrity is fairly straightforward from the Chinese point of view, anyway. Beyond the obvious Taiwan contingency, China's leaders believe that in order to preserve its sovereignty, it must be able to protect its maritime borders and exclusive economic zone.

Now, this sounds simplistic, but some things I hear when we go over and speak to members of China's military again and again are two points. One is that China has a long coastline and its most valuable assets are located along its coasts. And that's something that they feel the Americans sometimes forget. And the second is that China has received unwelcome visitors via its shores in the past and they experienced a violent and turbulent regime change as a result. PRC leaders are just simply not anxious to repeat that experience.

Moreover, China has more than a passing economic interest in the maritime domain. Its dependence on the oceans is quite tangible. China relies on maritime transportation for 90 percent of its imports and exports; today, 40 percent of China's oil comes from the sea and of that, 80 percent of that flows through the Straits of Malacca. The implication is clear. China's dependent on a stable and secure maritime environment in order to safeguard its economic growth.

One can attribute at least some of China's investment in its navy as a sign that it is uncomfortable with depending solely on the U.S. to provide the stability. So as we look to the future and ask how China will pursue its core interests, we can expect to see a desire to establish self-reliance when it comes to issues such as ensuring an ability to gain and maintain access to energy resources, to protect key SLOCs (Sea Lines of Communication) and for ensuring maritime security and unfettered shipping at least for its own fleet. I don't expect that we're going to see a rise in benevolence among the Chinese for foreign ships that are floating around in its periphery.

Point number two: China's military, and its navy in particular, has been given a mandate to expand strategic depths and prepare for new missions. In December 2004, China's president Hu Jintao delivered a speech in which he delineated four key missions for China's military. In addition to the expected charges --- protect the party, protect China's territory and sovereignty -- Hu also commanded China's military to protect national development, safeguard China's expanding national interest and help maintain world peace. That's a tall order for any military!

Now, much has been said and written about China's new historic mission, so I will avoid the temptation to retread that ground, but I do want to highlight the significance of this event. Observers of China's military, especially China's navy, will be pointing back to the December 2004 speech for some time to come when trying to interpret events that they see unfolding.

Since the issuance of the new historic missions, we've seen China's navy rise in prestige within China's armed forces. Today, the PLA Navy is increasingly viewed as a strategic-level force. Now, some evidence of this is found in China's 2006 defense white paper. There, China's government listed the expansion of China's navy strategic depth as a national goal. So they're not being coy about this desire. They're being quite open.

Since the 2004 historic missions, much has been written about China's navy and there's certain noteworthy developments --- and I'm just going to list the broad categories they would fall into - - increasingly sophisticated anti-access capabilities; an increased ability to project force; and an expanded repertoire of operations and operational capabilities. China's navy is conducting a more diverse set of operations and its expanded repertoire includes a greater mix of military operations other than war such as humanitarian and disaster relief and participation in anti-piracy operations.

Military operations other than war received a fair amount of attention in China's latest defense white paper, a fact that many would interpret as a sign that we should be expecting to see more, not less of these types of activities in the future. And in terms of an expanded mix of capabilities, we're seeing an increased capacity to conduct sustained operations further from China's shores and a continued desire to conduct integrated joint operations.

They're not where they want to be; they're actually a great distance from where they want to be in some cases, but we can expect they will continue to work along these lines and that China's navy will make at least incremental progress in these areas.

In some cases, this will provide opportunities for cooperation, such as participation in international disaster relief efforts. And in other cases, we will see signs of increased tension such as harassment of foreign ships in China's exclusive economic zone.

As others have pointed out, this March both were taking place simultaneously. I suspect that will be the trend for the future. Cooperation far at sea and tension and competition close to China's shores where the real issues are more political than military.

Point three -- China's future is not yet written. It's easy to get caught up in the debates over China's strategic intentions. When one looks at military procurements or investments in strategic ports around the globe, one cannot help but start to envision a meticulously thought out plan in which the PRC government has managed to create an international system in which it has veto power over all that has transpired in East Asia --- a Chinese Monroe Doctrine of sorts.

When I think of China looking out into the future, I see something different. I think we're unclear about China's intentions, because even China doesn't know where China is going. China's national interests have changed profoundly in the last 30 years. Indeed, they've changed a great deal in the last 10 years for that matter. And the leadership in Beijing is still grappling with the implications of these changes.

They're still struggling to find the right balance of military, economic and diplomatic interests; they're still struggling to determine the best way to manage all of the points of the Chinese

bureaucracy that have the potential to affect foreign policy; and they're still struggling to figure out where the military element of national power fits in when you're safeguarding national interests that are not bound by geography.

Not only is China still trying to figure out where China is going, but the PLA is working out where the PLA is going at the same time. The PLA navy is still learning how to use its new capabilities and the Chinese government is still struggling to figure out where the maritime domain fits within its pursuit of its national interests.

In some cases, seemingly fundamental issues are still under debate. PRC and PLA analysts are still debating the best utility for aircraft carriers, what a blue-water navy may mean for China. Indeed, some might look at this current moment in time and see it as a window in which China is rethinking the strategic assessments that will inform its new foreign policy. As these decisions are made, U.S. actions -- what we say, do and write -- will no doubt factor into almost every assessment that informs PRC leaders.

Now, the optimists among us should see this as a window of opportunity. We could be in a moment when the right message or the right form of engagement repeated the right number times could set the U.S. and China on a path for cooperation into the future. And course, the cynics among us will point out that it's highly likely that our most powerful shaping effects are going to end up being unintentional. And I suspect both may be true.

In the meantime, however, we have no choice but to hope for the best, plan for the worst and pay careful attention to any insights that we can gain into these debates as they unfold.

With that, I'll thank you for your attention.

SCHRIVER: Thank you very much.

Let me take the prerogative of the chair and ask the first question and pick up on one of your last points, Maryanne, about where we figure -- we, the United States, figure into the Chinese plan.

Now, you did as asked and talked about specific programs and specific developments under way in the PLA. But you didn't necessary talk about how we're factoring into this. How much of a driver would you say -- Mark, James and Maryanne -- the United States is to China's acquisition strategy? And I don't mean this in an alarmist way -- set aside intentions -- but in a pure capabilities sense of it. How much of their acquisition strategy is oriented toward the United States trying to exploit our potential weaknesses, et cetera? How do we factor in?

KIVLEHAN-WISE: Well, in some of the --- I'll throw out the obvious answers and then James and Mark can give the really nuanced points that require more thought.

When you look at how China has been developing its strategy in the past, certainly there's no secret that the U.S. factors into all of its planning. When we go and talk to people in the PLA, I've seen some graphics out there where they have a picture of a menacing Captain America and

then bubbles around the Captain America will show different pictures or comments about things that the United States is doing in East Asia.

Certainly, they begin by making assessments of their international strategic environment and they look at the United States and where the United States factors in and they use that as a driver when determining their needs. Now, I don't think we often agree with the assessments that come out from that decision -- that part of the decision-making process, but as much as possible, trying to understanding what those assessments are is essential. It's through understanding that that we can at least figure out how to engage and what points we should be discussing --- I would say.

MULVENON: Well, the interesting thing, of course, is that when China was developing its cyber strategy in the mid-90s --- well before it had, necessarily, the technology capability to carry it out --- they did very correct, in my view, assessments of our strategic vulnerabilities in this area -- both on the civilian and particularly on the military side.

And as I've written in other places, particularly, are the Pentagon's use of the unclassified computer systems to be able to do automated logistics and things like that. And it fed right into the scenario about tripping up our deployment to a Taiwan scenario and so forth.

Over time, as we began to get more and more evidence of the intrusions that they clearly proved that that was indeed not only a vulnerability, but an accessible vulnerability. And so the entire strategy, in my view, has been predicated on their correct view of us. Now, over time it's interesting that cyber, along with space, is an area in which the Chinese might asymptotically moving or converging towards us in the sense that they become status quo players in terms of their own space-based constellation and status quo players in the respect of their military's dependence on their own thousands of kilometers of fiber optic cable.

What's really striking, though, is in the Chinese literature and the discussions and the track twos and everything else that this appears to be a perceptual blind spot for the Chinese -- that somehow we're information dependent and technology dependent and space dependent and cyber dependent, but they're not. And my point, you know, in these type situations is not to disabuse them of it, but simply to exploit it.

SCHRIVER: Till right this moment. (Laughter.)

STOKES: Randy, I would argue in terms of the United States being a driver for PRC force modernization, I would argue mostly there are three.

The first is --- my read is that the Beijing political leadership, as well as military, are all obsessed by the Taiwan issue. For example, a key driver --- at least in its origins --- of the anti-ship ballistic missile was in 1996, the United States deployment of two, possibly three, aircraft carrier battle groups off the coast of Taiwan. The idea there --- and the Chinese found themselves somewhat helpless in their ability to respond.

And so in terms of a driver, one of the key drivers is the ability to be able to complicate the United States ability to intervene on behalf of Taiwan. Thereby --- if you can intervene, if you

can complicate the United States' ability to intervene in Taiwan, thereby you can also reduce the confidence of the people of Taiwan that the United States should be there in any and all situations. That'd be one.

The second driver would be arguably the concerns, for example --- at least on ballistic missile side --- missile defense. Ever since 1983 with President Reagan's announcement of the Strategic Defense Initiative, they've invested quite a sum of resources and time into figuring out a way to maintain the viability of their nuclear retaliatory force. A lot of this funding came --- James and I were talking before about a special program called the 863 Program, which is a pot of money to be able to go into applied research on looking at some of the fundamental technologies that could be applied across a whole range of issues. But you know, trying to maintain the viability of their nuclear force and sort of almost a paranoia of U.S. missile defenses.

A third driver would be --- and there's really not a rational way to put this --- but it's this --- a notion to prove themselves as being equal. And this goes back hundreds of years --- an equal of the West, particularly in terms of technology. And so therefore, whenever they see a program -- like, for example, the Strategic Defense Initiative --- there's this knee jerk reaction to develop their own counterpart. Part of it, of course, is the ability to be able to understand it better for their own force modernization programs. But a lot of it also is to prove, "Well, if the United States can do it, then we can do it too."

So therefore, for example, when you see efforts going into Prompt Global Strike or a common aero vehicle program, you also see a mirror program or the beginnings of significant research and development on a program that mirrors what we're doing.

So those would be the three that I would throw out.

QUESTIONER: Bill Gertz (Washington Times). I have a political question, but it's also a security question, and it has to do with the debate on China and government. Though it's not obvious in academic circles, in government circles there's debate over policy and intelligence. And you have one school that says if you treat China as a threat, it will become a threat. On the other side, you have sort of the hedgers who say that we've got to prepare for a hostile China.

To what extent is this debate going to hamper the ability of the U.S. to respond to China in 2025?

MULVENON: Well, I mean, it's interesting to me that, you know, I was involved with the Comprehensive National Cybersecurity Initiative from the beginning. And you say to yourself, "Well, there's been, you know, 14,000 or 15,000 presidential blue-ribbon commissions on cyber and 17 (million) or 18 million reports written about cyber."

What was it that finally gave this thing traction, where you had this massive coordinated bureaucratic response and, miracle of miracles, a single unified budget request to Congress across all departments for cyber? What was it? It was the shock at the scale and the depth and, frankly, the level of intrusion of the China-origin intrusion sets, as well as the Russian-origin intrusion sets.

And that really finally woke up a whole generation of political leaders and bureaucrats as to the scale of the issue and was singularly responsible for getting CNCI to move from something that became a very large successful initiative from one that just could have been put on the shelf with all of the other previous initiatives.

KIVLEHAN-WISE: Can I just chime in and say if you look at U.S. policy towards China between the previous administration and this one, you see a lot more continuity than change. And that's only unusual because it hasn't happened in many other administration changes. Often we're reinventing China policy.

So I think that there's a recognition within government, either a collection of lessons learned or a recognition within government that there really aren't quite as many ways to get to the same point as we would like. And I think that we're actually on a pretty good path right now if you look at some of the major issues that are facing the Bush administration right now, be it Af-Pak or environmental issues --

MULVENON: Obama.

KIVLEHAN-WISE: Oh, pardon me -- the Obama administration. How embarrassing.

There is a China component, a way where China can help us to reach the solution. And yet, at the same time, there are parts of the relationship where there are tensions, particularly within security and the military-to-military relationship. And so far, at least -- knock on wood -- there's been success in keeping those tensions confined to that lane of the relationship. And to the extent that we are successful in doing that, I think you're going to see something appropriate come about.

QUESTIONER: Parris Chang from Penn State.

I'd like to ask Mark Stokes and the panel to comment on the relationship between China's missile development and its power projection and U.S. national strategy now that ASBM is able to strike the targets beyond 1,000 miles. And so Taiwan is no longer the driving force.

I think the past 10 years we have noticed China's military exercises about how to sink an aircraft carrier. Taiwan doesn't have aircraft carrier. So I wonder, U.S. hedging strategy, moving back from Okinawa and towards Guam, is that a reflection of U.S. concern about China's ability to sink a U.S. aircraft carrier? You have to be concerned about its power projection.

STOKES: I would say, actually, this is a great opportunity to be able to link your question with that of Bill's, which was related to the sort of self-fulfilling prophecy, that sort of idea.

To this day, I tend to be somewhat Taiwan-focused. In other words, whenever I see the PRC doing something, I tend to look at it from a sort of Taiwan perspective. And so, to answer your question in terms of the relationship between PRC power projection and what they're doing in terms of beyond Taiwan, the ASBM -- I view the number one driver behind that still being Taiwan.

It's not just U.S. aircraft carriers, but it's also other ships at sea; for example, Aegis destroyers, the sort of command-and-control center of the battle group, but even beyond that. Again, the idea is to complicate the ability to be able to intervene in a Taiwan Strait crisis and actually take action on some of our obligations on the Taiwan Relations Act.

The notion of moving beyond an ASBM and toward, for example, a conventional strategic strike capability against Guam, a lot of our operations that would be geared toward supporting our carrier battle groups and our Air Force response are moving increasingly toward Guam as the center for it; not just Guam, but Kadina, for example. One cannot imagine sort of an air operation, at least in the U.S. Air Force, being done in the region without Kadina.

But even further than that -- let's say, for example, Australia; you look at some of our Pine Gap facilities in Australia that's used, for example -- that support our space operations. Again, the idea is if you can complicate the U.S. missile-defense capability by targeting ground facilities that are vulnerable and which support some of our operations, it still comes back to sort of a Taiwan scenario.

Now, what would happen if, for example, there was some resolution of differences between the two sides of the Taiwan Strait? Would China continue on the path toward, for example, a global-strike capability by 2025? That's a question that is yet to be answered. But the path that they're on right now, if the United States is still committed to its obligations under the Taiwan Relations Act, then there's going to be a response to what the Chinese are doing. There would need to be, have to be.

So -- and what that would be -- this is not sort of -- I know that it's not predetermined that we would sort of move toward this path, but right now to me it still comes back to Taiwan.

QUESTIONER: I work for U.S.-China Business and Cultural Exchange. I have a question for Mr. Mark Stokes. I want to know your comment on 60 years Chinese anniversary, on the military parade. I know now that the PLA has the ability to shoot missiles at most targets in the US. So I want to know why they want to expose these types of weapons in the parade. I think this is for Chinese experts, because for the average US people this will cause concerns, so I want to know why they would want to expose these weapons which will cause concerns on a larger scale globally, especially at a time when President Hu Jintao is trying to emphasize China's peaceful rise.

STOKES: Well, in terms of the parade in Beijing, the systems that were demonstrated -- and I'm willing to be wrong -- are, in a relative sense, old. In other words, they're already in the PRC active military forces; for example, the DF-21 -- presumably that was a C -- it was in canisters; you can't exactly tell -- which has been in the active operational inventory for five years. The DF-31A has been there for quite a while. The DH-10 land-attack cruise missile has been in there for several years.

Really, the more elaborate, sophisticated, and sort of the sexier capabilities are not going to be in the parade. Actually, they're still in development or just now being deployed, for example.

In terms of why the PRC would put such a parade out, some of it's for popular domestic consumption. In other words, I mean, the communist party presumably still has to at least try to get some support from people and to justify their increasing military budget. So I guess they have to sort of show what the money is being spent on to the public.

My impression, from looking at -- I mean, the Chinese public is just as -- they're fascinated. There's a lot of military buffs in the Chinese public, and they'd love to know exactly what they're doing. And they're just as curious as some of the rest of us are about what the Chinese are focused on in terms of their military modernization.

So, arguably, part of it is to justify to the public what the resources are there for, and also to show the world that, you know, we do have military capability. You know, we're tough. We can do something. So, in that sense, it reflects -- in terms of showing what they can do internationally, it demonstrates some degree of insecurity it seems. But I'll open it up to some of our --

MULVENON: I mean, I have to say that I was somewhat flummoxed by the parade, and perhaps even more confused by the conversations I've had with people in China subsequent to that, and I haven't found a person yet who understands why anybody would look at that parade and not just feel a swelling of Chinese pride for something like this and sort of a hostile reaction to the idea that anyone would look at that parade and see hostile intent or militarism.

And then you sort of point out to them, "Well, nobody else does parades like that anymore. And, you know, the Soviets used to do parades like that." "Well, it's only for domestic consumption." I said, "Well, then, why was it on CCTV 9 in English?"

You know, I mean, there's a clear sort of deterrence message there. But, you know, like Mark said, most of the systems we've seen before. The one, though, that continues to confuse U.S. intelligence and other observers, though, was the phalanx of female soldiers in knee-length white leather boots -- (laughter) -- whose precise military function is currently not clear. (Laughter.)

KIVLEHAN-WISE: Political work.

QUESTIONER: Nadia Tsao. Not long ago, we heard from the Obama administration. One official mentioned the U.S. wants to seek strategic reassurance with China. This is something mutual I don't know. On the military side, you know, what strategic reassurance means, you know, from your point of view?

And the other thing is that, you know, for many years the U.S. has sought military transparency as far as intention of PLA. But from the, you know, weaker party's point of view, you know, China never -- it's never in their advantage to show their intention.

So will U.S. just keep pushing it, or, you know, there's other mechanism or way to deal with China? Because it seems like China is using its military, you know, leverage on the U.S. when they have a negotiation or talk with the U.S. government. You know, this has always become a

bargaining chip for the military transparency, military exchange. I wonder, will this approach change or not? Thanks.

KIVLEHAN-WISE: That's a great question. I'll take the second part of it first.

In terms of the question of transparency, it certainly has been a hot-button issue in the military-to-military relationship for some time. And I think that you are going to continue to see that discussion. It would be good, I think, if we could move beyond the issue of transparency and start looking for other metrics to gauge success in the military relationship.

China is never going to be able to get the United States to change its domestic law and stop publishing its report on Chinese military power. We may decide to do that on our own someday, but it will not be because China was pushing in the military relationship.

And on the same token, the United States is unlikely to get the level of transparency that it seems to be seeking for reciprocity in some of its military-to-military exchanges. So I think the important move would be to determine what it is that each side hopes to get out of the military relationship and then come up with metrics that line up with that. And I think that that would be a more productive way into the future.

And in terms of strategic reassurance, I think, in some ways, it's up to China to decide what exactly that's going to mean. When I was giving my talk, I laid out some trends that are in place in China right now that don't necessarily put us on a path of peace and friendship around the world. And I think that both the United States and China are going to need to take hard looks at how each side looks at their core interests and then looks for ways to reassure the other that we are going to be trying to find cooperation wherever possible.

STOKES: Just very quick, on strategic reassurance. I don't know; it sounds like the newest catch phrase.

But in terms of transparency, I tend to be somewhat on the -- adopt somewhat of a contrarian perspective. The Chinese -- the PRC is not going to lay everything out for us, you know, on a platter to make our lives easy, for those of us who watch PRC military developments.

But arguably, in some ways they are relatively transparent. They just don't make it easy for us. You look at some of their writings and some of their blog entries and some of their bulletin-board system entries and some of their other sort of what you would call popular media releases; they've signaled quite a bit in there. And if you do your homework, you can paint a fairly interesting picture that may be 80 percent correct, but 80 percent is pretty good. So I would argue that they are relatively transparent.

But in terms of our definition of transparent, I just don't think the Chinese are ever going to meet our expectations, for at least two reasons; number one, because there is still a fundamental difference over Taiwan. In that sense, we are the adversary. And so until Beijing drops its commitment to the use of force to resolve its differences -- not its commitment, but as long as it sort of holds that perspective that force is a legitimate way of resolving differences with Taiwan, then this issue is not going to be on the table.

Secondly, in terms of strategic culture, in terms of our deterrence, we tend to sort of show the stick that we have, that this is the way we deter it. You see our stick; we're going to hit you with it if you don't do what we want, whereas in the Chinese perspective, there's a lot more ambiguity. In other words, there's a lot more emphasis on not knowing exactly what's accurate and what's not accurate, a little bit more of an ambiguity over the nature of the state.

KIVLEHAN-WISE: Except when they have a military parade and put all of their weapons out --in which case it's going to make people worry about deterrence.

QUESTIONER: Hi, I'm Tom McClure from the Naval War College.

I think we've seen China in the last decade or so develop very credible anti-access capability in the first island chain. What is your assessment of their ability to push beyond that in a meaningful way, not just onesies and twosies, but in a meaningful, sustained, operational way? And what are the implications for that for the neighbors to the south in the South China Sea?

MULVENON: Well, I would just say on that issue that clearly they've created a very lethal environment. You know, it's not sea-control, but it's certainly temporary sea control in a certain radius, whether it's double-digit Russian SAMs that pose a tremendous lethality threat to U.S. aircraft or whether it's -wake-homing torpedoes on quiet diesels or whether it's (inaudible) or whether it's anti-ship ballistic missiles. But you're right; it's a temporary -- it's a very temporal thing. It's a very geographically focused thing on Taiwan.

What's interesting to me about the participation in the anti-piracy task force off the Horn of Africa is not their commitment to rid us of the scourge of piracy, but it's the real operational lessons you learn from undertaking long deployments where you have to do replenishment at sea, where you have to sort of work out what power-projection communications looks like.

It's very easy to build communications systems when you're operating on interior lines and you're only going a couple of hundred miles off the coast. It's something else entirely to be able to do that in the distance of thousands of miles. And so I think they're learning a lot of very valuable lessons from it, and they are actually writing a great deal.

I mean, just to echo Mark's point, I think the Chinese military is much more transparent than people give them credit for. The only distinction is you have to be able to read Chinese. I mean, the Chinese language is China's first line of national defense. (Laughter.) It's its first layer of encryption, you know.

And, you know, as someone who's a Chinese linguist -- and everyone here is a Chinese linguist -- and run teams of Chinese linguists, you know, there's a very small coterie of people. But there's an enormous amount of material. And our problem is what gets left on the cutting-room floor. I mean, we have to be very careful about prioritizing material because we're simply overwhelmed by the amount that the Chinese publish and what's on the Internet and everything else. And it's just completely overwhelmed the system.

QUESTIONER: Claudio Biltoc from Institute for Defense Analysis.

Looking at ASBM ability, there's a thing to be said about the ability, but also then the capability and willingness to use it. At what point or what do you see as the threshold for the Chinese using that ASBM weapon, short of war, and take out 5,000 American souls?

STOKES: Well, that would involve trying to get into the heads of the political leadership -- Zhongnanhai. In order to take a risk like that in terms of a major escalation, a conventional, though, I think the whole goal here is to be able to avoid weapons of mass destruction. It would be an escalatory strike. But they would have to have fairly -- a high degree of confidence that the United States would either, from aircraft carriers, either preparing to launch strikes against the mainland, against China itself, or had already done so. In other words, they would have to have some sort of unambiguous warning that a strike was either being ready to be launched or had already been launched.

One key aspect of the anti-ship ballistic missile is that people tend to look at it from a maritime perspective, but in many ways it's also a key air defense. It's part of their active air defense as well, sort of an integrated approach to air defense, where you have the ability to strike, basic suppression of long-range interdiction against systems that they believe could potentially strike them. But exactly what that point would be, what that threshold would be, I don't have that answer for you.

MULVENON: Well, the thing is, we do have -- we have seen some very authoritative and very sensitive Chinese sources in the last couple of years that frankly raise some troubling questions about escalation thresholds. In particular, the second artillery campaign studies materials that have been published contain two chapters, two campaigns of the second artillery, conventional missile strike and nuclear counterstrike.

In the conventional missile-strike chapter, which is being used in senior professional military education for second artillery personnel of the strategic missile force, very frisky discussions about escalation, control and thresholds, and, just maybe as an analog, discussions about EMP warhead strikes against carrier strikers that are only discussed in the conventional missile-strike chapter, not in the nuclear counterstrike chapter.

So if you want to understand perhaps perceptual or misperceptions or misaligned perceptions about where thresholds are, the idea that EMP would be discussed only in the context of conventional missile strike is troubling, to me at least.

KIVLEHAN-WISE: That I would just consider to be one of the issues that I don't feel so badly about not knowing the answer, because I'm not convinced that the PLA really knows the answer to that yet either.

I think that you see materials, like what James was referring to, and certainly there are differences between the Chinese concept of deterrence and the U.S. concept of deterrence; namely, that the Chinese still consider it to be deterrence when they're doing some conventional strikes. I think that anything that involves conventional strikes that have strategic implications or strategic significance, I think that the PLA is still really feeling their way around and trying to figure out what those thresholds ought to be.

QUESTIONER: John Pomfret, Washington Post. The discussion raised a larger question about the civil-military relations in China. So you have this discussion of first strike or these issues within the PLA. Is the Politburo involved in these type of discussions, or is it simply something that the PLA is doing within themselves? And then obviously you have recently the events with the Impeccable and the Victorious in the Yellow Sea and the South China Sea with the ASAT test.

My question is, do we understand in the United States what is the relationship between the political structure and the military structure in terms of us thinking of China's security needs in the future?

SCHRIVER: We'll make this the last question.

MULVENON: John, as you and I have talked about before, I see real strains, not because of the desire of a Praetorian military to effect more autonomous action. In fact, there's been an anti-Praetorian tradition in China for many years during the PRC.

What I see, though, is a military whose -- the geographic scale of its capabilities, what it regards increasingly as the boundaries of normal patrolling behavior for submarines or normal behavior, is growing to the extent where, in my view, it's stripping the capacity of the civilians to actually monitor and control it.

I mean, when you were only talking about activities operating within China's borders on interior lines, that's one thing. You have a whole system of political controls that you can exercise. But when you're talking about things like a commander of a diesel-electric submarine who's east of Taiwan and has been submerged for a week and has not been communicating with Beijing because it doesn't want to get sunk by a depth charge, then suddenly happening upon a carrier strike group, has Beijing provisioned that guy with rules of engagement, with targeting data? Does he have permission to fire? Does he have to come up to periscope depth to ELF back to Beijing and thus possibly expose himself?

You know, the Chinese military command-and-control literature is replete with sort of clothes-rending discussions about these kinds of contradictions, because, on the one hand, you know, next to my wife, the Chinese are the world's greatest control freaks when it comes to this stuff, okay? (Laughter.) And they don't -- you know, so they have road-mobile, you know, ICBMs that we saw in the parade. But, you know, are they really going to give that lieutenant commanding that -- (inaudible) -- targeting data and permission to fire if Beijing is decapitated? So are they hobbling the real capabilities of these systems because of the dysfunctions of their own political system and their own control tendencies?

And so I see a real tension there, because the Navy says, "Well, of course we should be patrolling. That's what navies do." But at the same time, it's stripping the capacity of the civilians. And I think we've seen that in EP3A. I thought we saw it in a whole variety of crises, ASATs, where it was clear that there wasn't perfect civil-military coordination and integration, and they went into a paroxysm afterwards to try and sort it out, while the rest of us stood around going - [shrugs] - you know.

And what was the net result after 10 days of debate in the western hills? The Chinese conducted an anti-satellite kinetic test in order to convince the United States to not weaponize space. I still haven't figured that one out. That's the best they could come up with after 10 days?

SCHRIVER: I'm afraid we're going to have to wrap there. Let me just make a couple of comments in summation.

I think we can say that the PLA is engaged in a very aggressive modernization effort, that there are drivers behind this, some of which are completely sensible and common to any particular country, whether that be sovereignty or economy motivations, et cetera. And some of them may reflect some more ambitious sentiments.

They're having success in their modernization efforts. Some of that is oriented against the United States. And that's not to say that in an alarmist way. That's just simply to address the capability side of the equation, that they're having success in some of these program areas, and that will have implications for the United States and our allies.

But the other side of that threat equation, the classic military definition of threat, is a combination of capabilities and intent. That intent side of the equation is still the murky, fuzzy side. But, at least in terms of the capability side, there are some very important trend lines that need to be appreciated and taken into account as we do our own defense planning and our own acquisition strategy.

So with that, we'll bring this panel to a close and we'll have a short break before our closing keynote with Kurt Campbell. Thank you. (Applause.)

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