

China and the Challenges Faced

Dr. Richard C. Bush

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Moderator: ... the Brookings Institution, a PhD from Columbia University. He's served in a number of government and private roles, specializing in East Asia and national intelligence. He is fluent in Chinese, and I'm going to plug his book. I normally don't do this but I've read it and it's a great book. It's called *A War Like No Other: The Truth About China's Challenge to America*. It's just out this year. It's a fantastic read. Many of you know and have studied China, and you know most authors come out with; they're either dragon slayers or panda huggers. [Laughter]. Now I'm in the middle, and I don't know if that makes me a panda slayer or a dragon hugger, but either one, it doesn't sound very good to me. So you might consider that as we welcome Dr. Richard C. Bush to the stage.

[Applause].

Dr. Bush: Thanks you very much, General Dunn, for that introduction. It's a great pleasure to be with you today, and I will use the text of my book. I wrote it with my colleague, Mike O'Hanlon, whom you see all the time on television. He's my defense colleague at the Brookings Institution. He is very charismatic and very productive.

I learned that General Dunn, when he was still in the government, had to negotiate with the North Koreans, and he must have committed some grievous sins in his earlier life to have to do that. [Laughter]. It's a terrible job, but there are many ways to serve your country. [Laughter].

The book is *A War Like No Other: The Truth About China's Challenge to America*. It's published by Wiley Publishing. You can get it on Wiley.com or Amazon.com.

Back in the mid 1990s, I spent two years as the national intelligence officer for East Asia. It was a wonderful job. Part of my job was preparing long-range forecasts; part of it was participating in meetings on current decisions; part of it was simply helping policymakers understand trends in East Asia, which, as you know, is the dynamic region that my seniors were trying to shape through policy. Sometimes they got very agitated at what was going on in the region. In that case, I soon learned it was my job to try and calm them down. Other times, they became a little too complacent or distracted, and then it became my job to get them stirred up, to get them excited.

If you want to use a beverage metaphor for what my job was all about, sometimes it was to give them a cup of calming

chamomile tea; other times it was my job to give them a jolting cup of Starbucks coffee. In our book, Mike O'Hanlon and I do both of those things; both calming and jolting. On the one hand, we talk at some length about the rise of China and what it means for the United States; on the other hand, we talk about a specific issue in U.S.-China relations, the Taiwan Strait issue. And those two are what I'd like to talk about today.

First, the cup of chamomile tea. The Greek historian, Thucydides, wrote almost 2,500 years ago that the root cause of the Peloponnesian War was the growth of Athens' power and the sense of insecurity that it caused in Sparta, the dominant power of the day. To state this fact generally, international conflict is likely when regional and global power balances shift quickly. So World War I was the tragic result of a fast-rising Germany's challenge to the hegemony of Great Britain. The Pacific part of World War II was a function of Japan's challenge to British and German dominance, and so on.

That raises the question; might China someday challenge American hegemony in East Asia, if not the world? Are we today seeing the first states of a testing of American dominance? Now there's no question that China's power is growing, and that is why some people in the United States are getting a little bit excited. Its economy is growing quite quickly -- 10 percent a year for a quarter-century. Its political influence has been growing both around its periphery but also in Latin America and Africa.

The most stunning example, I think, is the Republic of Korea. As you know better than I, a strong ally of the United States but now a close partner, at least economically, with the People's Republic of China. The budget of the People's Liberation Army has grown at least 15-20 percent a year for two decades, and in the first four years of this decade the Chinese military bought over \$10 billion a year of military equipment, probably advanced military equipment, from foreign countries.

Of course some of this growth in Chinese national power is beneficial to the United States. It's now our second largest trading partner, trailing only Canada. It's our fastest growing export market -- \$35 billion in 2004, \$42 billion in 2005, and \$55 billion last year. Because factories in China, most of which are actually affiliates of non-Chinese companies, can keep the cost of production of their exports low, it is good for consumers in the United States and helps keep our inflation at moderate levels. And because China recycles its dollar export earnings by purchasing Treasury securities from the United States, it helps keep our interest rates low and that means that all our mortgages are at decent levels.

China is using some of its newfound influence in support of goals that the United States shares. The most obvious is denuclearization on the Korean peninsula, and we all hope that works. Iran is another example, and you know we'll be looking to see whether in the next round of trying to develop a sanctions resolution in the UN China is cooperative. China's record's not perfect, but it has come a long way from like 15 years ago.

And Beijing is playing a more responsible role in a variety of international institutions. And economic growth in China is not bad for that country. It has pulled several hundred million people out of poverty in just a few decades. It has brought a measure of social stability. There are some serious side effects -- environmental degradation, corruption, and so on.

On the other hand, Chinese growing power has had its downside for U.S. interests. Beijing, as I suggested, has done pretty well on North Korea and Iran, but it has done badly on Burma and Sudan, primarily because it wants to ensure a supply of natural resources. Its approach to Darfur and Tibet may spoil its Olympic coming-out party next summer.

We have not been able to compete with China in Southeast Asia because we've been distracted in Iraq and because we have, for better or for worse, created perceptions in Southeast Asia about our approach to Islam.

Now some might say that the United States and China are too interdependent to have a serious conflict. I hope that's so, but the countries of Europe were highly dependent economically right before 1914, and they managed to descend into a horrific war. Moreover, there are some serious problems in the U.S.-China economic relationship. U.S. imports from China are increasing at \$40 billion a year. We've seen, over the past couple of months, a number of problems in product safety, which is kind of the downside of globalization. We have problems, serious problems, with violations of intellectual property rights by Chinese companies, and most serious is the global macroeconomic imbalance that China's export boom has created. We can talk about that more in the question time if you're interested.

In the security realm there's a cautious game of hedging going on. China's building up its military power steadily, systematically, and impressively. U.S. government analysts used to denigrate what they called a junkyard army. They don't do that anymore. The Pentagon's not sure where all this going, so it has been preparing for downside scenarios. The Bush administration, for example, is undertaking a major upgrade of our facilities in Guam and an unstated reason for doing so is to be ready for a more powerful China.

Projected development of new U.S. platforms and the modernization of existing ones seems to have China as a rationale. I have in mind the long-range penetrating bomber and converting principal weapons systems of some Ohio-class submarines from nuclear ballistic missiles to long-range conventional cruise missiles. I underline the word "projected". We'll see if those systems are fully funded.

So we're engaging China on the one hand, seeking as much economic benefit as we can, and drawing China into the economic community while simultaneously hedging against downside risks. And China is doing the same thing. It values the access to American markets, capital, technology, and universities, but Beijing sometimes suspects that Washington is trying to block its rise. It hedges as well. We're both uncertain about the long-term intentions of the other.

The problem with mutual hedging is that each side will give in to its suspicions rather than maximize its opportunities. If we ever decide that China is our future adversary and base our foreign and security policies on that conclusion, then it will become our enemy because, in a self-fulfilling prophecy, China will begin to base its security planning on its perception of our actions. This would be a tragic irony I think. Neither side would want hostility or conflict; each would see the benefits of cooperation; but both would allow mutual suspicions to get the better of them and slide into a descending vicious circle.

It's here where a long sip of chamomile tea is a good idea. Dr. O'Hanlon and I reached the conclusion that although the rise of China does present a challenge to the international system and the United States, by and large that challenge is manageable with one potential exception, and I'll get to that in a minute.

We have a number of reasons for coming to this conclusion. First of all, it's easy to overstate how far China has come. It has grown rapidly, to be sure, but its growth has created a host of internal problems -- corruption, lingering poverty, new inequality, a weak social safety net, and environmental degradation. China's leaders spend most of their time worrying about these internal problems and how to address them.

Second, we should remember that this is the era of globalization and not geopolitics. A hundred and fifty years ago countries accumulated power by seizing territory. Today countries accumulate economic power by enhancing interdependence, and China is a prime example. We do create economic vulnerabilities in our relationship with China, but interdependence creates vulnerabilities for China as well.

Third, China has thought very carefully about how to address the power of the United States. Some Chinese strategists have

seen our power as a grave threat to their country's interests and have argued for an aggressive response. But the leaders' response has always been the same, and that is that China should tread lightly and not, for example, try to organize a coalition of countries to balance against America. Instead, China accommodates to U.S. power where it must, builds up its internal strength, and expands its external influence where it can.

The lesson for the United States is that we will lose influence through inattention and incompetence, not simply because China's power is growing.

Fourth, although China's military power is growing, it is still no match for that of the United States. We spend as much on our defense as the next half of the countries combined, and China is part of that number. China is only just beginning to accumulate the ability to project military power beyond its borders, something we did very well in World War II. China needs the U.S. Navy, for example, to secure shipments of MidEast oil on which it is increasingly dependent.

Fifth, China understands that its growing power is making its neighbors and the United States nervous, so it works hard to reassure those countries about its peaceful intentions. These assurances are not always convincing, but it is significant that Beijing is able to put itself in the place of others and sees the need for reassurance.

Sixth, the alliance structure of East Asia is not extremely dangerous and doesn't seem to be the kind of thing that would lead to war.

Finally, neither the United States nor China should assume that they are destined to a future of rivalry and competition. There is a contrary and positive possibility, at least hypothetically, that China and the United States working together with other great powers -- Japan, the European Union, perhaps Russia, perhaps India and Brazil -- can be a significant force for the preservation of peace and security in the world.

So we come to the conclusion that in this dynamic of a rising China and a status quo United States, that most of the issues that divide us now or might divide us in the future can be managed, that the leaders of both sides understand the potential vicious circle situation they're dealing with and that they may be partners for peace. They understand this dynamic, they understand history, and they understand the mutual dependence that they live in.

We, by and large, can control our future by ensuring that our country remains strong, and we have some ability to shape China's future because that's what we have been doing for the

last 30 years or so. So, that's the calming cup-of-chamomile-tea part of Mike O'Hanlon's and my story.

What's the jolting cup of Starbucks coffee? Within this optimistic message that the United States and China together can manage China's rise, what's the exception?

The one issue where Mike and I worry is that the United States and China might have problems is the Taiwan Strait issue. If that's not handled well, then it could lead to conflict. Let me be clear that we believe that the probability of this is fairly low, but we do feel that the costs of such a conflict, if it were to occur, are extremely high. So we believe it's worth alerting people to even a low probability of conflict, so that we can push that probability even lower.

Now how might such a conflict come about? We believe it would be the result of a prior conflict between China and Taiwan, which could well lead the United States to come to Taiwan's defense. Washington would do so for a variety of reasons -- a belief that China's military action is unjustified, a desire to preserve a fellow democracy, a belief that we need to demonstrate the will to protect our friends because other friends and allies would be watching, the need to ensure commitment to peace and security; some or all of the above.

This then provokes the question, how might cross-Strait conflict occur? It's probably not because of an explicit action by either side to change the fundamental status quo, either a deliberate decision by China to use force or a deliberate decision by Taiwan to change its legal identity.

I don't think that Taiwan is going to carry out a Declaration of Independence as our founding fathers did on July 4, 1776. Neither Taiwan nor China wants war. The principal reason for avoiding one is that they are economically dependent, as the United States and China are. Indeed, if you own a Dell computer it was probably assembled in China with advanced components produced on Taiwan and the whole complicated process managed by a very capable Taiwan company whose name you have never heard of.

Rather, we think a cross-Strait conflict would be more likely to occur as a result of misperception and miscalculation. How might this unfold? The situation between Taiwan and China is one, unfortunately, of mutual suspicion in which each side fears that the other is preparing to challenge its fundamental interests. These suspicions may not be justified, but they exist. China, whose goal is to convince Taiwan to unify on the same terms as Hong Kong, fears that Taiwan's leaders are going to take some action that would have the effect of frustrating that goal and permanently separating Taiwan from China; the functional

equivalent of a Declaration of Independence, if you will, through some kind of trick.

So Beijing increases its military power to deter such an eventuality. Taiwan, on the other hand, fears that China wishes to use its military power and other means to intimidate into submission to the point that it would give up what it claims as its sovereign character.

Taiwan's deepening fears, and this is an important point, lead it to strengthen and assert its sense of sovereignty. That doesn't necessarily mean independence, and it doesn't necessarily rule out certain kinds of unification in the future, but China, in what's probably a misreading of what's going on, sees Taiwan's assertions of its sovereignty and the strengthening of sovereignty as pushing towards dejuri independence, towards permanent separation.

So this vicious circle of mutual fear and mutual defense mechanisms, military on the Chinese side and political on the Taiwan side, continues.

Now there are political benefits on each side to engage in these defense mechanisms. There is a strong Taiwan identity on Taiwan, and it makes some sense for some politicians to play the identity card. And in China, it never hurts civilian leaders to increase defense budgets.

Now what's the U.S. role in all of this? This political-military vicious circle between China and Taiwan began in the mid 1990s when, you may remember, Taiwan President Lee Teng-hui, made a visit to the United States to give a speech at Cornell University. China responded with aggressive military exercises, including firing missiles near Taiwan in March 1996, around the time of a presidential election there. The United States sent carrier battle groups in response and, in addition, U.S. policymakers realized that they could no longer take peace for granted. They had previously assumed that Beijing and Taipei could manage their differences themselves, but this was obviously no longer the case.

So to ensure our interests in peace and security, the Clinton administration adopted an approach I call "Dual Deterrence." Deterrence was dual in two ways. It was directed at both China and Taiwan, and it involved both warnings and reassurances. Washington warns China not to use force but reassures Beijing that we don't support what it most fears, Taiwan independence. Washington warns Taiwan not to take political initiatives that would provoke Beijing to use force but reassures Taipei that we will not do what it most fears, sell out its interests to curry favor with Beijing. This approach has

been played out in several episodes; one in 1999, the 2000 election, the 2004 election in Taiwan.

So for more than a decade, we've been in the middle of the keeping the two sides from coming to blows or thinking about coming to blows. Although the U.S. government tries to be as clear as we can in messages to Beijing and Taipei, each sometimes hears what it wants to hear, and it's miscalculation that might occur between Beijing and Taipei and lead them into a conflict that neither they nor the United States wanted.

Mike O'Hanlon and I speculate in our book that Taiwan leaders might take an action to strengthen their sovereignty. They would engage in initiatives that had a domestic political purpose but that had sovereignty implications, that China would interpret these actions as changes in Taiwan's legal identity, each side would misperceive U.S. intentions in the situation, China might assume that the United States would not come to Taiwan's aid, and Taiwan might assume that the U.S. would come to its aid. The United States -- all this is hypothetical, mind you -- The United States might, in this situation, be sending mixed messages. It has happened before. And we would have an unfortunate situation where all three sides would fall off the brink because none would know precisely where the edge of the brink was. In this sort of situation, domestic politics, which exists in all three countries, would exacerbate miscalculation, and, in this situation, dual deterrence would break down.

I would note that all three sides have gone partway down this road before. In the presidential campaign in Taiwan of 2003/2004, Taiwan's President Chen took a number of initiatives that China interpreted, and some in the US interpreted, as preparations to change the status quo. President Bush made statements criticizing President Chen for that, and the situation calmed down.

We're kind of in that situation now. You wouldn't know it from the American press, but Taiwan's going to have another presidential election in March of next year. Taiwan's President Chen can't run again, but he wants to keep his party in power. He's playing up national identity or a Taiwanese identity. He's doing so to mobilize his political base, but there are national security implications.

China fears that the way that he's articulating national identity challenges its fundamental interests and fears that this will lead to some trick to separate Taiwan from China. It doesn't want to have to go to war today to stop that. The United States doesn't want to face the choice of defending Taiwan in a fight with China, but the dirty little secret is that President Chen believes that it's in his political interest to provoke

China so that it's angry, but not fighting angry, and to get the United States a little bit upset.

I mean, the issue is a referendum on the issue of Taiwan's membership in the United States. That sounds harmless enough, but China is interpreting it in the worst possible way and trying to get us involved, and we've criticized the referendum. And all of this exposes the danger of miscalculation on both sides. I don't know how this is going to work out. I hope it works out in a way that everybody sorts of backs away from this brink. But it again exposes the danger of miscalculation and where nobody feels that they have to go to that brink.

Coming back to Mike's and my book; you know, if things did spin out of control, if all three sides fell off the brink, you know, if there were a war, what would it look like? We don't believe that it would take the form of China launching a D-Day style amphibious landing; they don't have the capabilities to do that.

Another option would be what is called decapitation, where China would use its growing supply of ballistic and cruise missiles to hit Taiwan's political leadership and command and control infrastructure. We judge that it's too high a risk for Beijing to undertake.

China does have other options, which we developed in the book, some of which become more credible, including the idea of what we term a leaky blockade where China would simply tell the world to stop trading with Taiwan because if you send a ship towards its ports we reserve the right to sink those ships.

And, in fact, China is pressuring Taiwan's economy rather than trying to conquer it. And because Taiwan depends so heavily on trade, China could threaten either type of transit in the island and it wouldn't have to do an airtight quarantine; it could simply sink an occasional ship or just make think it might do so.

This puts China in a situation where it could dial up the violence or dial it down, depending on how Taiwan is responding and what the U.S. is doing. The obvious option for the United States at that point is to deploy Naval forces around Taiwan and set up a convoy escort operation to allow shipping to go in and out of Taiwan.

Then China has some hard choices. We hope that it would desist at that point, but there is a danger that it would try to make America worry that our own ships would be vulnerable to anti-ship cruise missiles of the type that China has now been buying from Russia, or vulnerable to a torpedo attack.

Then the U.S. has to worry in response and consider its response. Do we start trying to sink Chinese ships and submarines in their ports as a way to escalate preemptively so our vessels out at sea aren't at risk or are not at serious risk?

So you see the need the need for a jolt of Starbucks caffeine. It's not just that a war that nobody wants could still occur through miscalculation but that once you start thinking the unthinkable there is the danger of rapid escalation. The worry is that as you get into this kind of crisis, neither side wants to lose. Both sides are potentially prepared, especially on the Chinese side, to interject an element of nuclear worry into the equation or to get the other side to back down. And we outline a number of ways in which the conflict might be contained.

When you think about the tremendous damage that even limited war with China over Taiwan could cause -- political, economic, diplomatic -- you understand also the imperative of our leaders and diplomats and generals and China's and Taiwan's leaders, diplomats, and generals to work hard to stay away from that brink. The stakes are just too high.

So I leave you with a few takeaways. Takeaway number one is that the rise of China does present the United States with a significant foreign policy and security challenge. That China today poses this challenge is the predictable result of policy for the past seven administrations. And, in a way, it's a reflection of success. We must be ready to manage that challenge with skill, but we have the ability to do so. Conflict is not inevitable, because in an age of interdependence and in a world where China shares some interests with the United States it would have much to lose by confronting us. To a significant extent, we hold the future in our hands in that it is up to us as a nation to choose whether we wish to remain a global power and summon the resources to do so.

Takeaway number two: The Taiwan Strait issue is the one issue where conflict between the United States and China could occur. One can write plausible scenarios for how it could begin, through misperception and miscalculation and the need to display credibility and resolve. Once a fight began, it's easy to see how it could escalate quickly. Because such a conflict would likely start through miscalculation, diplomats work hard already to reduce the chances of miscalculation, and even though the chances of such a conflict are fairly low, because the costs are high, at least some governments work hard to push the chances of war even lower and should continue to do so.

Takeaway number three: The kind of relationship the United States and China will have over the long-term, for good or ill, will be shaped by how they manage a series of tough issues like the Taiwan Strait issue. We can hope that what each capitol

learns from this particular one, the Taiwan Strait issue, will be constructive or destructive.

Takeaway number four: The title of the book is *A War Like No Other*. You can get it at www.Wiley.com or at www.Amazon.com. Thank you very much.

[Applause].

Moderator: Thank you, Dr. Bush. What I thought we'd do is once again have questions come from the aisle, and if you'll just step up to one of the microphones to ask a question.

Question: Dr. Bush, if you could give us some insight on the crisis management inside the Chinese institutions of government. I'm thinking of the Foreign Ministry compared to the military and their world views and how they might manage a crisis, and are there implications for us in that regard in terms of mil-to-mil contacts with the Chinese? There has certainly been a debate within the current administration here as to whether that is a productive thing to do or not a productive thing to do.

Dr. Bush: You raise an extremely important question. I would refer you to another new book, probably more important than the book I've done. I shouldn't do that, but I will. It's a book on this very subject, crisis management between the United States and China. It's edited by a scholar at the Carnegie Endowment named Michael Swaine, and it looks, from both a conceptual point of view and from a case study point of view, at various crises in the history of U.S./PRC relations. And it does it in a very interesting way. This was a joint project between United States scholars and Chinese scholars, and so for a variety of crises or mini-crises, there's a chapter from the U.S. perspective and a chapter from the Chinese perspective.

So you'll remember the EP-3 incident of April 2001. Well, there's one chapter by Admiral Denny Blair and a chapter by some people from the PLA. And so you get a look at it from two different perspectives.

And there are also some chapters that sum up what we know, and the lessons are not encouraging. First of all, the images that each country has of each other tend to be fairly negative and that these images come into play when we're in a crisis situation. The decision-making structures on each side are of course a factor, because that's really where the rubber meets the road in managing a difficult situation.

I guess I'm biased, and I think that our decision-making structures work much better in a crisis situation. The Chinese system is much more stovepiped and centralized and tends much

more towards miscalculation and mistakes. I've looked myself at, for example, the EP-3 and the Belgrade bombing and I've found, just based on looking at open source material, that the central leadership in China decided very early on what happened; you know, that it was America's fault. And then they based their policy on that decision. Well they decided too early what the story was, and they decided, especially in the case of the EP-3, based on very bad information and without checking it.

So this is a serious problem and it will exacerbate the difficulties that we have in sort of broader security issues. I think there is some understanding in China, in the leadership, that they have this problem of stovepiping and that theirs is a system that lies to itself, to put it crudely, and it's a system that becomes too centralized. Efforts at creating better coordination mechanisms have been discussed but never acted on, so they have a long way to go.

Question: Dr. Bush, in decades past when the potential threat that China might pose to U.S. interests was considered, it typically was discounted because their economy was viewed as not being sufficient to sustain any kind of long-term threat. That obviously is changing and changing very rapidly. At current rates and with projections, when do you see the Chinese economy being in a position such that if they did want to present any kind of threat that that threat could be sustained?

Dr. Bush: Let me try to unpack your question. The first subquestion is is China's economic development sustainable. The answer from economists is probably yes, but they point out several obstacles to sustain the development that would have to be answered. You know, will the Chinese leadership fix the banking system and the mechanisms for mobilizing and deploying capital? It's not a very good system, and if they don't fix it they're going to continue to have bubbles and other kinds of problems. Will they fix the management of state-owned enterprises, which continues to introduce inefficiencies?

Number two: Are they going to be able to solve the problem of corruption at lower levels of the system? That has facilitated economic growth to some extent, but it has also facilitated other problems, like the environmental degradation that we see, the violations of intellectual property rights. It has fueled a lot of disturbances at lower levels from poor people who have been disadvantaged. I think that that corruption is going to be more of a negative than a positive.

Energy security is probably going to be a growing problem. So there are, let's take the economists at their word and say that economic growth is probably going to continue. It may slow down and not be as much as 10 percent but slowed to 8 or 7 or 6.

Then you have a political decision of how much of the resources that are available to the central government are going to be put into military spending. There are other demands on those funds. One of the things that China badly needs to do is create and fund a social safety net, because it's not doing a very good job of that and there are a lot of needs for that. You know, if you're creating serious air pollution problems that is creating future health costs. Well, unless you fund your health care system, you've got a big problem.

Another interesting question. A lot of the growth in spending for what you might call power projection equipment in China today has had one particular focus, and this is to prepare for a Taiwan contingency. And there is a possibility that the next Taiwan election will bring to power a president who, instead of continuing to provoke China will bring a man, a more conservative candidate, who is actually interested in stabilizing the cross-Strait relationship, and the chances of that are actually fairly good.

And if China responds positively to that, then the danger that China has been worrying about for some time has declined considerably. And so the reason for this spending on power projection equipment, advanced fighter aircraft, submarines, destroyers, cruise missiles and so on, may not disappear, but it declines.

So then you ask the question, do you need to continue acquiring power projection equipment, and that's an interesting question. You know better than I the dynamics of military budgeting and whether budgets, once they get in place develop a momentum of their own. I suspect that there is a momentum here, so that if the Taiwan mission ceased to exist, that there would be, a different rationale would be created.

My best guess is that the Chinese military buildup will continue in a gradual way, in a systematic way. The acquisition of advanced equipment will continue through a combination of acquisitions from Russia and from China's own improving defense industrial complex. The capabilities that result will be less of a challenge to the United States but a more serious challenge to our friends in the region, and the most serious situation will be with Japan. Now how seriously Japan perceives that and what it does about that is partly a political problem.

Japan and China have an interdependent economic relationship. There is an understanding, at least among some Japanese leaders, of the need to manage the rise of China well, and so it could be that all of this is worked out so that a more militarily powerful China is not perceived in a threatening way, that you don't have this sort of downward spiral; it could work out a different way.

But China's military buildup may affect our allies before it affects us. This is a, I think, long-term process and I think that as far as we're concerned the way to meet the challenge of an increasingly powerful China is for us to keep moving ahead so that the gap remains large.

Moderator: Dr. Bush, let me take the prerogative of the chair to ask a question. Many in the audience have met with officials at the PLA. Every time we meet with them they've threatened war, every single time. We've had a previous speaker on this stage this week who has declared that China's ASAT test was irresponsible because it created a cloud of debris that puts at risk our space shuttle as well as the world's set of satellites. We've had reports of a cyber attack on the Pentagon and, in a number of fields, we hear about China's irresponsibility. When do you think that China will become a, well, shall I use the word "responsible", stakeholder in world events?

Dr. Bush: Well, this is definitely a work in progress, and to my mind, the actions that you mention are serious and they reflect the very stovepiped decision-making system that exists in China today, and the serious disconnect between civilian leadership and the military leadership. The only person who sits atop both of those is President Hu Jintao, and if anybody can bring this, can introduce international concerns or can introduce the international implications of things like ASAT tests and cyber attacks and those things into China's development of ASAT systems and these other things, it will have to be him. Because the civilian and military systems are totally bifurcated; there is no interagency system. He is going to have to weigh in if the military is to play a more responsible role in China's decision-making system and therefore ensure that it plays a responsible role externally.

Moderator: Well, we have run out of time. Everyone can see that Dr. Bush is truly an expert on China and has presented a thoughtful and interesting presentation this morning. Dr. Bush, on behalf of those at the Air Force Association and all the conference attendees, we want to thank you for your presentation and your time this morning.

Dr. Bush: Okay, thank you.

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