

# Introduction

China is a big power gathering economic and military strength quickly, thus making its presence felt more, and is also a developing country with its huge contradictions in its society. The pattern of China's development is becoming the most important and uncertain factor in the regional security environment. We wish to envisage how the rising China will be in terms of both its possibilities and limits or challenges. Then, based on that vision, we wish to explore what conditions must be met for China to become a "responsible stakeholder."

Will China's internal affairs remain stable or become unstable? Will China be able to take a step toward democratization or is it trying to make a new development model? Will China's response to Taiwan and other external behaviors become antagonistic or even more cooperative? How much will China's military power be able to develop by its spontaneity and by introducing military resources from outside? In other words, what are the bottlenecks in military modernization? By exploring the solutions to these issues, we aim to clarify the possibilities and limits of the rising China and to provide a theoretical background for Japan and other countries concerned to set up a mid-to-long-term strategy toward China.

At the Security Consultative Committee (the 2 + 2 meeting) which met in February 2005, Japan and the USA announced their common strategic objectives and confirmed their intention to be actively engaged in China. The authors and his colleagues understand that, as the think tank of the Ministry of Defense, the National Institute for Defense Studies must predict the possible directions to be taken by China, which is greatly influential in regional security, and how Japan should interact with China, when addressing its security challenges facing itself. This prompted the authors and his colleagues to hold an international symposium on security affairs, where knowledgeable persons were invited from both home and abroad to give research reports and swap views on "The China's Rise and Its Limitations: China at the Crossroads." At the symposium, five papers were presented and there was active debate.

The first session saw Kwan Chi Hung (a senior fellow at the Nomura Institute of Capital Markets Research) and Yasuhiro Matsuda (a senior research fellow at the National Institute for Defense Studies) make their reports from the economic and the political viewpoint respectively on the subject: "Can China Maintain Domestic Stability? What Will be Its Likely Behavior in the Future? Comments were given by Seiichiro Takagi (a professor at Aoyama Gakuin University). The discussions revealed that: (1) the Chinese economy is

undergoing adverse effects of excessive investment, thus being unlikely to keep double-digit growth; (2) the country needs to switch to domestic-demand-dependent investment but is not seeing a rise in consumption due to the widening disparity between cities and rural areas; and (3) the excessive fluidity of the RMB is making the situation unstable.

Political dissatisfaction will grow unless the social dissatisfaction with the disparity between cities and rural areas in economic growth is absorbed by means of opportunities of mobility from rural areas to cities. The point is that mobility will resolve the dissatisfaction of rural inhabitants. The Tiananmen Square Incident in 1989 was an example of failure in that policy. In China today, social mobility has progressed more than at the end of the 1980s. With the economy heated, the spread of the Internet and urbanization are progressing quickly. On the other hand, opportunities of mobility are limited in rural areas, resulting in dissatisfaction accumulated, which are producing various disturbances. The increase in political participation has not made progress. This session also found a comment to the effect that, in view of that context, the important issues will be whether China will really repeat its violent ups and downs in economic growth and, in particular, what will be the effects of the huge investments made in the Beijing Olympic Games and the Shanghai World Exposition.

At the second session, Bernard D. Cole (a professor at the National War College, USA) and M. Taylor Fravel (a professor at the Massachusetts Institute of Technology, USA) announced their reports on the subject: "How Much Military Capability Does China Want to Develop? How Much Will It Succeed?" The commentator was Michael Swaine (a senior associate at the Carnegie Endowment for International Peace, USA). The discussions saw the following issues identified.

The enlargement and development of the Chinese Navy has become increasingly remarkable in the past five to six years, centering on submarines. On the other hand, the enlargement and development of the Chinese Navy entails some big constraints. Big issues include anti-submarine battle capability, maintenance capability, petty officers' skills, and above-sea aviation capability. Especially, the indicators to be used are likely to include how much maritime supply capability will be acquired. China has obtained new maritime supply vessels but it is unknown whether this will allow the country to acquire capabilities as an ambitious blue-water navy. Anti-Taiwanese capabilities occupy a particularly important share. The main objective of naval capability is to isolate Taiwan or inhibit assistance to the Taiwanese military. To that end, as well as for other purposes, submarines are necessary. Also important is the issue surrounding the East China Sea.

Most of these efforts of China are related to acquiring regional veto power. The important one is the maritime denial capability. While the pursuit of landing capability does

not seem to be conducted actively, the Navy seems to be trying to be positively obtaining submarine and aircraft capabilities. If China in the future owns a limited power projection capability and succeeds in introducing battle power over long distances including the Strait of Malacca, it will be a major change for the Chinese military. That will then greatly affect Japan's security as well.

The third session and general discussion saw Aaron L. Friedberg (a professor at Princeton University, USA) make a report on the subject: "What Does It Take for China to Be a 'Responsible Stakeholder'?" Regarding the issues concerning the political regime and the approaches of external countries to make China "a responsible stakeholder," the following arguments were made.

The policy of the USA with regard to China has two preconditions. One is that China is growing and should naturally entail responsible behavior. The other is that China will surely switch to a democratic regime. These two preconditions are not considered to be necessarily correct and China will not necessarily progress in political reforms. However, one must not deny carelessly the possibility that political reforms will be indispensable. Other countries wish for China to become more democratic but, considering that the process leading to that goal is not easy, those other countries will face a dilemma. Why? Because, if China is about to become a "responsible stakeholder," the country should desirably have its government strongly centralized. Centralization of government and authoritarianism are not synonyms but are interrelated. If governance alone is addressed, the problem will be a weak authoritarian regime. A strong one will not be a problem.

What is the approach that the countries should take to make China a "responsible stakeholder"? First, it would be useless for the USA to deal on its own with China. It will be important that other countries should take part as well. It will be important to predict in what fields China will cooperate in the international community, how much that cooperation can be expanded within the international system, and what are the fields in which China's views differ considerably from those of the international community. Another issue is whether more effects can be produced by praising China for its success or by criticizing its failure. Is it not that the USA praised China too much for the issue of nuclear resources of North Korea? It may be that this led China to think it unnecessary to work very hard on the issue of nuclear resources of North Korea.

Regarding more elaborate arguments and their demonstrations, see the papers incorporated in this paper. The authors and his colleagues are confident that this symposium brought to the fore in many aspects the possibilities, limits, and challenges of China at the crossroads. The authors and his colleagues hope that this symposium provided a useful

perspective in predicting tomorrow's China and in Japan's implementation of its policy with regard to China, and in considering its cooperation with the USA. The readers' constructive criticisms would be appreciated.

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