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China Reconsiders Its National Security: 
“The Great Peace and Development Debate of 1999”

David M. Finkelstein

Summary

- In the mid-1980s Deng Xiaoping provided an assessment of the international security environment that has since provided a rationale for the basic direction of China’s domestic policies, foreign policies, and defense policies. From March through at least September 1999, a remarkable national security debate took place within China. For the first time since 1985, Deng’s basic assessment was seriously questioned and intensely scrutinized both publicly and within the Chinese government. Of key significance, the efficacy of China’s foreign policies and the validity of China’s national defense policies were especially subjected to fervid debate.

- This paper explores the context, conduct, results, and implications of what we might call “The Great Peace & Development Debate of 1999.”

- The proximate cause of this policy ferment was NATO’s military intervention in Kosovo in March 1999. However, it is clear from reading the Chinese media—and the observations of Chinese who followed the debate or participated in it—that much of the debate was driven by long-simmering Chinese concerns about U.S. strategic intentions and policies in the post-Cold War world order in general and towards China in particular.


- The “Three No Changes” are essentially a reaffirmation of the Dengist assessment from the 1980s that provides the continued justification for China’s domestic reform programs; particularly economic reform. The “Three No Changes” are:
  - Peace and development remain the trend in international relations and the movement toward a multipolar world continues,
  - Economic globalization continues to increase, and
  - The major trend is toward the relaxation of international tensions.

- The “Three New Changes” account for a general consensus resulting from the debate that China’s previous assessments of the international security environment,
and particularly China’s security situation, as reflected in the July 1998 Defense White Paper, were overly optimistic. The “Three New Changes” are:

- Hegemonism and power politics are on the rise,
- The trend toward military interventionism is increasing, and
- The gap between developed and developing countries is increasing.

- The debate also seems to have put to rest previous *de rigueur* Chinese internal and academic assessments that the “comprehensive national power” of the United States was in a slow decline—an analytic “line” that had been commonplace for at least a decade. The new line seems to be accompanied by an assessment that the United States will maintain its status as “sole superpower” for at least the next 15 to 20 years if not longer.

- The debate was not merely an academic or theoretical exercise. The new “line” that resulted has implications for Chinese domestic policies, foreign policies, and defense policies.

**For Chinese domestic policy**, the results of the debate indicate that the domestic economic and structural reforms that have been underway for the past 20 years will continue. The new “line” provides justification for Beijing’s continued pursuit of WTO membership, reform of the state-owned sector of the economy, continued integration into the global economy, and other necessary social and political structural reforms.

**For Chinese foreign policy**, the new assessment of the international security environment will likely result in:

- The pursuit of closer ties with Russia for political, economic, and security reasons.
- Increasing ambivalence about relations with the United States. On the one hand, good relations with the U.S. will continue to be viewed by Beijing as an absolutely critical prerequisite to the success of domestic reforms. We can expect increasingly robust and mutually beneficial economic and trade relations.

  However, a deep-seated distrust of U.S. strategic intentions towards China will hang over the bilateral relationship for some time to come.

- Enhanced diplomatic initiatives to stabilize relations with countries on China’s periphery.
- Continued efforts to cultivate good ties with Western Europe for political and economic reasons.
For Chinese defense policy, the debate resulted in a general consensus that defense modernization and national defense deserves greater attention than in the past. Defense is clearly not going to become a higher priority than economic modernization, and likely will not even be equal in priority. However, quoting formulations from the late 1970s that “military modernization is the last of the four modernizations” may no longer be meaningful.

- Most likely, the PLA’s budget will increase. This was already in the cards given the order for the PLA to divest itself from its commercial empire in July 1998. But NATO’s Kosovo intervention, and concerns about Taiwan will drive this as well. How much might the budget increase be? No one can say for sure at this point. But it might not be out of the question to speculate that in the 10th Five-Year Plan (2001-2005) the Chinese military establishment might be budgeted to receive annual increases in the official defense budget a few percentage points over the approximately 12 to 13 percent annual increases it has been receiving for the past few years.

- One result of the debate, and the context surrounding it, is that most Chinese security analysts, civilian and military, are now convinced that the United States will intervene with military force if the PLA is employed against Taiwan.

Other insights from the debate speak to developments within China itself.

- First, while Chinese institutions and bureaucracies have their “official” points of view, the conduct of the debate highlighted the fact that there are widely diverse opinions within Chinese government organizations. Certainly, the debate calls into question the validity of analytic constructs of Chinese politics in the West that rely on simple generalizations such as “reform minded” or “hard line” to describe the policy predilections of certain Chinese bureaucracies.

- Second, some Chinese go so far as to suggest that the debate underscored that policy development in China today is more and more characterized by the creation of shifting coalitions of like-minded elites that cut across ministerial and organizational lines on an issue-to-issue basis. They also point out that in the absence of a single strong leader such as a Mao or a Deng Xiaoping the policy formulation process is more and more characterized by consensus and compromise among the core leadership.
Introduction

From March through at least September 1999, a remarkable national security debate took place within China. For the first time since 1985, Deng Xiaoping’s basic assessment of the international security environment was seriously questioned and intensely scrutinized. Of key significance, the efficacy of China’s foreign policies and the validity of China’s national defense policies were especially subjected to fervid debate.

It is important that U.S. policymakers and students of Chinese security affairs understand what this debate was all about, for it was not merely an academic exercise. For example:


- Although the proximate cause of this policy ferment was NATO’s military intervention in Kosovo in March 1999, much of the debate was driven by long-simmering Chinese concerns about U.S. strategic intentions and policies in the post-Cold War world order in general and towards China in particular.

This purpose of this essay, therefore, is to explain the context, conduct, results, and implications of what we might call “The Great Peace and Development Debate of 1999.”

Attempting to reconstruct and analyze domestic debates in China is always an ambitious undertaking. It is never easy for foreign observers to understand what happens inside China, how events unfold, and how outcomes are determined. Only the arrogant believe they have complete understanding. One recognizes that only the broadest sweep of events can be fathomed with any degree of certainty. This applies to the subject at hand.

Yet, one interesting characteristic of last year’s debate is that many aspects of it were highly public; thus it permitted a better than usual view of the Chinese domestic scene. Indeed, knowledgeable Chinese are quick to point out that this was perhaps the first time since the founding of the People’s Republic of China in 1949 that Chinese foreign policy and defense policy were openly discussed and debated in the government-controlled media as matters of public concern—-to include criticisms of government policies. Consequently, most of the sources of information that inform this essay are the mainland media, and journal submissions of Chinese scholars and government think-tank analysts. Other insights are the result of discussions with Chinese who either followed the debate themselves or participated in it. Yet, for all of the openness that surrounded the debate, the story that unfolds in a typically Chinese

1 The analysis in this paper is the author’s and does not necessarily reflect the views of The CNA Corporation.
fashion is complex and occurs on multiple levels simultaneously. Only the most important issues will be addressed in this paper.

A Debate On Many Levels

The Issues

At its most fundamental level, the debate that took place in 1999 was about how the Chinese government should assess the state of the unfolding international security environment. But most important, it was about the implications of that assessment for China’s external security. The overarching question was simple: had China’s external security situation fundamentally deteriorated as a result of NATO’s intervention in Kosovo? By raising this question others emerged: What did other global and regional security developments portend and should China adjust its domestic priorities, its foreign policies, or its defense policies?

On the diplomatic front, for example, questions were raised as to whether the Chinese government had been placing too much emphasis on cultivating the “developed world” and especially the United States instead of the “developing world” which it had traditionally emphasized? Others asked whether the government was becoming involved in international affairs that were too far removed from China’s traditional, more narrowly defined national interests. In effect, this question asked whether the central leadership was walking away from Deng Xiaoping’s oft-quoted dictum that in foreign affairs, “China should keep a low profile and never take the lead.”

On the issue of national defense modernization, some debate participants voiced concerns that the “U.S.-led” Kosovo intervention was evidence that China could no longer afford to continue to subjugate defense modernization to economic development. Indeed, some argued that it was now time to place equal emphasis on the two. It was not just the Kosovo intervention that made this an issue. Other issues simmering in the background were at work: concern over the lack of progress toward reunification with Taiwan, and other developments that Chinese security analysts viewed with alarm (such as India’s nuclear detonations in 1998; the strengthened U.S.-Japan military alliance; and U.S. missile defense initiatives to name just a few).

It is important to point out that those who saw a need for enhanced military defense were not just in the People’s Liberation Army (PLA): they were as likely to be found in civilian ministries and their affiliated institutes.

But at the heart of the debate in official and internal circles were questions about the United States as a world actor in general, Washington’s specific intentions toward China, and the future of U.S.-China relations. Indeed, almost all Chinese were able to agree that any major deleterious changes in the international security environment in general, and any degradation of China’s own security, were a function of the actions and intentions, real or perceived, of the United States.
By most accounts, the “U.S. question” in particular was the most contentious issue debated internally by Chinese government analysts and other officials. As one Chinese put it, “The Chinese reaction to Kosovo created the political atmosphere that unleashed a debate by those unsatisfied with PRC policy toward the U.S.” At a certain point in the discourse, the question of whether confrontation with the United States was inevitable became the centerpiece of government analyses. Other questions revolved about how to deal with the United States and the tradeoffs between cooperation and confrontation with Washington.

In the lexicology of Chinese analyses, all of these issues and others were captured by asking whether “peace and development” was still “the keynote of the times.” In China, the answer to this question engenders profound implications for Beijing’s national security strategy on every front: economic, social, diplomatic, and military. More about the critically important “peace and development” construct will follow in subsequent sections of this paper.

**The Participants and the Venues**

Debates in China about national policies are not a new phenomenon. They have been going on since the founding of the PRC in 1949. For the most part, however, debates about government policies, especially about foreign policy and security policy, have remained internal affairs - meaning that these issues are generally discussed and debated behind the closed doors of the Party and government organs or in internal working papers.

One distinguishing characteristic of this particular debate was that, judging from the Chinese press, during its height (spring-summer 1999) almost every literate sector of Chinese society was apparently engaged in discussions about the state of the world, China’s place in it, and the status of Chinese security, as well as what the government should do about these issues and about the United States. This is not an overstatement; it is beyond question that these issues dominated the media.

![Figure 1](image-url)
Figure 1 is one way to depict the different rings of discourse that swirled around the central leadership throughout the course of the debate.

The outermost ring represents the participation of the literate public: mostly urban, and likely to represent a nascent “middle class.” The voice of “the man on the street” was first raised as a direct result of the errant bombing by the United States of the Chinese Embassy in Belgrade on May 7th. That event gave evidence, once again, to the increasingly vocal and genuine Chinese nationalism that has been on the rise over the past few years. This new nationalism was also demonstrated most graphically outside the American Embassy in Beijing in the wake of the bombing. But even after the demonstrations subsided, the voices of popular indignation against the United States, concern for Chinese security, and questions about the foreign and defense policies of the government in Beijing continued throughout the autumn. They could be read in the Chinese press and heard on radio “call-in shows.” They often demanded “tougher” policies toward the United States, enhanced military defense, and a “get tough” policy toward Taiwan---especially after Lee Teng-hui issued his “Two-State Theory” in early July. It is worth wondering whether these voices were genuine or were the result of a selective airing of public opinions by the state-controlled media. Given the trends in rising nationalism in China and changes in the media, however, it might be a mistake to dismiss these views out of hand as merely a reflection of the Beijing propaganda machine working overtime and effectively.

The engagement of the general public in these issues likely had little impact on any real policy decisions that would be made. On the other hand, it is highly unlikely that their voices were totally ignored by the central leaders. For one thing, in China, any issue that galvanizes spontaneous public reaction that is not initiated or controlled by the central authorities is usually viewed as potentially threatening. For example, we recall in the spring of 1999 there was a certain amount of nervousness on the part of the central authorities as the tenth anniversary of Tiananmen approached (June 4th). We also remember that less than a month before the PRC Embassy bombing, 10,000 Falun Gong adherents apparently achieved total surprise in mounting their demonstration just outside Zhongnanhai (the central leadership compound). And in 1998 and early 1999 we read about sporadic but reportedly large-scale labor demonstrations in some of the more economically depressed areas of the country, in addition to reports of demonstrations against corrupt local Party officials in the interior of the country.

The next ring inward represents the participation of Chinese intellectuals, mostly professional academics and sometimes their students, at key state-run universities and colleges that are not directly or primarily responsible for providing policy analyses or recommendations for government officials. Examples are scholars from Beijing University (Beida), Tsinghua University, and People’s University (Renda). For the most part, they weighed into the general discourse with both theoretical and pragmatic analyses on the state of “peace and development” in the world and the implications of Kosovo for China. Mostly they debated each other, in scholarly journals, in the course of incessant rounds of seminars and meetings, via the Internet and through e-mail. In addition, they also had ample opportunities to provide their expert opinion to the general
public (and thereby indirectly to the central leadership) in newspaper columns and in radio and television interviews. Moreover, the academics may have played a minor role in shaping official thinking since many of them were involved in closed-door discussions, seminars, and meetings with government policy analysts and officials who are responsible for policy analyses for the central leadership. Additionally, many of these academics published their own views in the journals affiliated with the government institutes that are directly responsible for policy analyses.

The final “ring” of debate and discussion that swirled around the central leadership was clearly the most important one. It consisted of those government officials who are responsible for providing analyses of foreign policy and security issues to the central leadership, who develop policy options, or who execute policy decisions. This group consists of officials, bureaucrats, and analysts from the various ministries of the government, the research institutes affiliated with those ministries, the Chinese intelligence community, and the think-tanks whose analyses feed into the government. It consists of civilians as well as members of the PLA. Examples (not inclusive by any means) are the Ministry of Foreign Affairs, the PLA General Staff Department, the PLA Academy of Military Science and National Defense University, the Ministry of State Security, the Central Party School, the Chinese Academy of Social Sciences, institutes and academic societies affiliated with these organizations, and some prominent institutes beyond Beijing, such as the Shanghai Institute of International Studies.

Like the academics, the individuals in this group debated among themselves (and sometimes with the Chinese scholars) at both open- and closed-door conferences. Some argued their points of view in the pages of official and semi-official journals. This was not necessarily a unique phenomenon. What was relatively unique was the extent to which government analysts were in the media: in the newspapers, on the radio, and even on television. In some cases these individuals sought out the media to make their cases (interviews and opinion columns); in other cases an aggressive Chinese media seized upon the controversies and sought out the government experts. Among some Chinese government specialists and within some government institutes the very appearance of colleagues in the media (as well as the views they espoused) was sometimes viewed as acts of self-promotion and self-aggrandizement, and led to both petty jealousies and, in some cases, directives to cease and desist. As one Chinese sardonically quipped, “Kosovo made media heroes among the unknown. Many of the real experts were marginalized. After Kosovo, everyone became an expert on foreign affairs, military affairs, and security issues.”

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2 Most of the key Chinese newspapers devoted space to reader comments on these issues after the bombing of the PRC Embassy. Examples are the PLA’s Liberation Army Daily (Jiefangjun Bao), China Youth Daily (Zhongguo Qingnian Bao), Bright Daily (Guangming Ribao), and People’s Daily (Renmin Ribao). By most accounts, the periodical that ran the column most read and most contributed to by government specialists (and most contentious in that analysts took each other on) was the Global Times (Huanqiu Shibao), a subsidiary newspaper of People’s Daily. The column in question was entitled “China’s Countermeasures and Choices” (“Zhongguo Duice Yu Xuanze”). I am grateful to Dr. Alastair Iain Johnston of Harvard University for bringing this column to my attention.
Unlike their colleagues in academe, however, these people were tasked to provide the leaders of their own bureaucracies and, in some cases, the central leadership, with formal analyses. This was definitely not an academic exercise. Most knowledgeable observers and participants agree that at one point the entire community (xitong) of Chinese government foreign policy and security specialists was engaged in conducting analyses for Zhongnanhai. Consequently, the debates they had among themselves and the issues they were asked to address are the most important. To the extent that the data permit, those questions and the various views about them will be discussed further on.

**Life-Cycle of the Debate**

The concentric circles in figure 1 also represent how the debate unfolded in waves. The central leadership acted as the epicenter of the debate when Jiang Zemin gave a speech at a Central Committee meeting shortly after the bombing of the PRC Embassy in Belgrade in early May. At that meeting he is rumored to have raised questions about the larger implications of the Embassy bombing and the Kosovo intervention in general. If so, Jiang was asking whether Deng Xiaoping’s previous assessments of the international security situation were still valid.

This speech apparently launched what we shall term the “official debate.” By most accounts, the official debate lasted from May through the annual leadership meetings at the seaside resort at Beidaihe in August 1999. Sometime between the conclusion of the Beidaihe meetings (late August) and Jiang’s mid-September visit to the APEC Conference in New Zealand a new “line” for the international security situation was promulgated and the “official” debate was technically concluded. Between May and late August, then, the official debate was confined to the two inner rings: the central leadership, and government officials and analysts.

The next wave of debate overlapped with the first. It began in late July and early August when the Chinese media began to ask government specialists (second inner ring) and academics (third inner ring) for their expert opinion on the implications of Kosovo and related issues. This in turn triggered once again the literate public’s participation (outer ring) in the various media forums.

By the time that the Beidaihe meetings concluded, most (but not all) government specialists began to step out of the public discussions as closure on a new official line for the international security environment was reached. But debate among academics and some of the public on such issues as “peace and development” and Chinese foreign and security policy continued through the autumn and early winter of 1999.

Finally, by December 1999, the newspapers had stopped accepting opinion pieces that questioned the state of the international security situation -- especially those

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3 As an interesting aside, some argue that the same thing happened to “PLA-watching” in the United States during and after Tiananmen in 1989.
articles taking the central government to task for its policies in the defense and foreign policy arenas. It is highly likely that by early winter the central government was no longer willing to tolerate suggestions or criticisms from either academics or the general public. For one thing, an “official” analytic construct had already been formulated. At the same time, it is likely that continued criticism was being viewed as counterproductive. Therefore, by the end of 1999 the debate as an official, academic, and public phenomenon in the media was pretty much over.  

The “Official” Debate

The Debate That Mattered

There are reams of Chinese newspapers and journal articles that one can mine to follow the “academic” and “public” debates. But given the opaque nature of the Chinese policy process, the data on the “official debate” are much more sparse. Ultimately, however, the only debate that really mattered was the official debate. Why? First, because the officials and analysts in the “second inner ring” were responding to questions posed to them by the central leadership. Second, to the degree that the central leadership in China base decisions on any analyses beyond the thinking of the “core leadership” in the Politburo, it is likely the opinions, arguments, and analyses performed by this group. Third, the official debate resulted in policy “outcomes,” which shall be discussed later in this paper.

The Questions

As a result of the issues and questions raised by Jiang Zemin in his Central Committee speech in early May, and other talks he is said to have given in the early part of the summer, officials from the Foreign Affairs Office of the Central Committee sought out the corps of government security specialists, military and civilian, to address Jiang’s assertions and answer his rhetorical questions. Throughout the summer, apparently, experts were marched into Zhongnanhai to present their views. In the meantime, the various institutes and analytic organizations in the community of security specialists were holding their own meetings, mostly in Beijing but also in Shanghai, to look at the key issues they were required to address.

In a system in which consensus is important, consensus on the key issues was often difficult to achieve and sometimes could not be achieved (even to this day). This, in turn, led to more internal debates and sometimes fractious inter- and intra-ministry

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4 The end of the debate as an official or public phenomenon does not mean that there was intellectual closure. Many assert that even today the discussion continues in the form of private conversations and e-mail exchanges, or in the guise of academic seminars billed with anodyne titles.

5 This is not to suggest that the top leadership in the PRC makes key decisions based solely (or even partially) on the advice or analyses of government analysts or advisors, any more than top policy makers in the United States do. We can only speculate on the calculus used by Jiang Zemin and the core leadership in making decisions. So while we cannot “weigh” the impact these analyses have, we can make the case that these analyses are probably read by the top leadership.
relations. This would stand to reason, for the questions the analytic community was asked to address were of no small moment:

- Is “peace and development” still the major trend in the international order?
- Is the U.S.-led NATO operation in Kosovo the new trend for U.S. interventionism?
- Has China’s security environment deteriorated?
- What should be China’s policies toward the United States?

The Importance of “Peace and Development” as an Issue of Debate

To grasp the significance of the debate in 1999, one must understand the implications associated with questioning the validity of “peace and development” as the “keynote of the times” (shidai zhuti). Doing so requires a step back to recall Mao’s own assessment and Deng Xiaoping’s reversal of that assessment. In China these assessments are not mere exercises in theoretical discourse: they are the starting point for justifying or rationalizing specific national policy decisions. Therefore, a review of the differences in domestic, foreign, and military policies resulting from, or justified by, the diametrically opposed assessments by Mao and Deng provides a historical context with which to view the debate of 1999.6

The Maoist Line: “War and Revolution”

In the 1960s and 1970s the Maoist assessment of the international security environment for the era (shidai) was commonly stated as “war and revolution” (zhanzheng yu geming). This was a function of the perceived military threats to China from the United States and especially the Soviet Union after the break between Moscow and Beijing. It was also a function of the ideological lens through which Mao viewed the world.

As a result of this assessment, China’s security posture and its domestic policies were characterized by keeping the Chinese nation and the PLA on a war footing, perpetuating “class struggle” within China, and pursuing a foreign policy focused on the “socialist camp” and the revolutionary “Third World” to which Beijing provided political support, economic aid, and military assistance on a case-by-case basis. For the most part, China remained “closed” to the developed, capitalist world.

This assessment had a profound impact on the economy and society. The combined requirements of being on a war footing and Mao’s ideological imperatives resulted in an autarkic economy; an emphasis on heavy industries, and on their

protection from invasion by moving them into the heartland (the so-called “Three Lines” of defense); the perpetuation of the earlier policies of the communization of agriculture and industry; and the near-destruction of the national bourgeoisie.

For its part, the PLA was told to expect “early war, major war, and nuclear war.” This meant maintaining a massive defense establishment, relying on “People’s War” as a military strategy, and a belief that “superior” political will would overcome the advanced technologies of potential opponents. It also perpetuated the highly elevated status of the PLA in the Chinese polity.

**The Dengist Line: “Peace and Development”**

In the late 1970s and early 1980s Deng Xiaoping began taking China down a path of bold change. Deng’s reassessment of the “keynote of the times” provided a critical ideological basis for the myriad of sea-change reforms that would ensue. It also was the justification for a change in national priorities. By 1985 Deng had reversed the Maoist assessment completely.

Where Mao saw “war and revolution” as the context for the international security milieu, Deng acknowledged the changes in superpower relations and China’s own prospects. Deng’s reassessment held that “peace and development” (*heping yu fazhan*) more correctly described the trends in the world. The Dengist view held that in spite of the continuing dangers to China posed by wars and conflicts, the possibility of a world war was remote, the chance of a nuclear war between the superpowers was slight, China did not face the prospect of imminent invasion, and China would enjoy at least two decades of a peaceful international environment.

The policy changes derived from this assessment are well known. Domestically, “economics as the central task” replaced “class struggle as the key link.” In foreign relations, China now sought contact and good relations with the capitalist world as well as the socialist camp, and with developed countries as well as developing countries. “Reform and opening up” (*gaige yu kaifeng*) became the major thrust.

In the area of defense policy, the reassessment was no less important. The PLA was taken off a war footing and shifted onto a prolonged period of “peacetime army-building,” thus initiating the reforms of the Chinese military that persist today: namely moving toward a (relatively) leaner PLA but more technologically advanced PLA. But, just as importantly, Deng placed military modernization as the last priority in his “Four Modernizations.”

At an enlarged meeting of the Central Military Commission in June 1985, Deng explained his reassessment of the international security situation to his generals. He reaffirmed that war was not imminent. While recognizing the dangers that still persisted, he asserted that “the world forces for peace are growing faster than the forces for war.”

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7 Deng’s return to power in the late 1970s reconfirmed the priority order of the “Four Modernizations” as agriculture, industry, science and technology, and military modernization.
Deng told his military leaders to be patient, to place economic construction above all else, and to wait for at least 20 years. At that time China’s economic strength would permit a greater emphasis on military modernization.\(^8\)

Clearly, then, the question, even asked rhetorically, as during the debate of 1999, of whether Deng's assessment was still valid had major implications for the broad sweep of Chinese domestic, foreign, and security policies. If “peace and development” was no longer the trend, what was? Did Kosovo signify the triumph of the “forces for war” over the “forces for peace”? Should China raise defense modernization at the expense of economic reform? Should Beijing turn its back on the developed and capitalist world and focus its foreign policies on the developing world exclusively?

Draconian as these questions may seem, the highly emotionally charged atmosphere in Beijing in the aftermath of the Kosovo intervention, and especially after the errant bombing of the PRC Embassy, provided a backdrop against which these types of questions could be asked and debated as Chinese analysts attempted to make sense out of a post-Cold War international order that, from the perspective of some, now seemed to be moving against Chinese national interests. The degree of angst in Beijing during this period is partially explained by comparing China’s successes in the preceding three years with events in late 1998 and, in early 1999, which began as a year of unmitigated disasters.

**Prior to 1999: Riding the Waves of Self-Confidence**

Between 1996 and 1999 Beijing had every reason to feel newly confident in its place in the world order, especially in foreign affairs.

- In the wake of the 1995-1996 Taiwan Strait crisis, U.S.-China relations seemed to be back on an even keel after the two presidential summits in 1997 and 1998. An agreement to seek a “Constructive Strategic Partnership” was announced, and President Clinton publicly stated the “Three No’s” in Shanghai.\(^9\)

- Nearly ten years after Tiananmen, almost all foreign economic sanctions against China had been lifted.

- Between 1996 and 1998, a very proactive foreign policy spearheaded by Jiang Zemin resulted in the establishment of a


\(^9\) The United States affirmed its policy of: (1) No independence for Taiwan, (2) No “One China, One Taiwan” formula, and (3) No membership for Taiwan in international organizations that require statehood as a prerequisite for membership.
series of “partnerships” around the globe with key developed countries.

- Hong Kong’s retrocession to China was accomplished, and Macao’s was to be next.

- Human rights issues no longer appeared to be a major impediment to China’s foreign economic relations. Not only had Europe seemingly lost interest in this issue but also, for the first time in many years, the United States in 1998 did not sponsor a resolution condemning China for abuses at the annual meeting of the UN Human Rights Commission in Geneva.

- Beijing was making excellent progress in resolving border disputes with neighbors, notably Russia and even Vietnam. Moreover, the “Shanghai Five” arrangement between China, Russia, Kazakhstan, Tajikistan, and Kyrgyzstan was well under way.

- China had received accolades from around the world for “responsible” behavior during the Asian financial crisis, and for the moment the focus of regional concern in Asia was on financial recovery, not China’s rise as a regional power.

- On the Taiwan front, the PRC seemed to be on the move and Taipei appeared to be on the defensive. In addition to obtaining the “Three No’s” from the United States President, China was pressuring Taiwan for political talks and waging an active diplomatic offensive to woo those countries in the developing world that still recognized Taiwan. The loss of diplomatic relations with South Africa in 1998 was a serious blow to Taiwan in this regard.

Domestically, the situation was tolerable. China was able to weather the Asian financial crisis without devaluing its currency. Growth was acceptable, if not as great as desired. The social dislocations attendant to economic reform seemed manageable, although concerns about labor unrest persisted.

Against this very confident backdrop Beijing issued a Defense White Paper in July 1998 (China’s National Defense) that was remarkable in that its first section ("The International Security Situation") articulated the most upbeat Chinese assessment of global security trends in many years.¹⁰

To be sure, problems in the international security environment remained and were pointed out in the White Paper:

- “Hegemonism and power politics remain the main source of threats to world peace and stability;

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• cold war mentality and its influence still have a certain currency, and the enlargement of military blocs and the strengthening of military alliances have added factors of instability;

• some countries, by relying on their military advantages, pose military threats to other countries, even resorting to armed intervention;

• the old unfair and irrational international economic order still damages the interests of developing countries; and

• local conflicts caused by ethnic, religious, territorial, natural resources and other factors arise now and then….”11

These concerns, however, were presented in an “after the fact” manner after a more upbeat assessment. The first section of the report opened with the following assertions:

• “Peace and development are the major themes of the present era. The striving for peace and cooperation, and the promotion of development have become irresistible historical trends.

• In general, the present international security situation has continued to tend toward relaxation. With the end of the cold war, a tendency toward multipolarity has further developed both globally and regionally.

• The overall strength of the developing countries is growing, and they are becoming an important force on the international stage.

• The sustained development of the multipolarity tendency and economic globalization has further deepened their mutual reliance and mutual condition and helped toward world peace, stability, and prosperity.

• The factors for safeguarding world peace are growing constantly.

• The influence of armed conflicts and local wars on the overall international situation has been remarkably weakened.”

The degree of Chinese self-confidence radiating from the 1998 Defense White Paper was underscored by two other significant inclusions. First, the opening line of the paper stated, “It is the aspiration of the Chinese government and people, to lead a stable and prosperous world into the new century,” a very proactive statement.12 Second, China offered a “New Concept of Security” for the post-Cold War international

12 Ibid. p. 1. Italics added.
order as an alternative to a system hitherto dominated by the superpowers in general and the United States in particular.\textsuperscript{13}

\textbf{1999: A Year of Disasters}

Juxtaposed against three years of relatively smooth sailing, the close of 1998 and the first months of 1999 brought, from a Chinese perspective, ominous developments in key areas of concern: Japan, Taiwan, and relations with the United States. Some of these events took place before the Kosovo intervention or the Embassy bombing, others afterwards. The net effect, however, was to raise fears among many Chinese officials and analysts that international and regional security trends were now turning against China’s interests in serious ways. These events provided both a context for the debate and, in some cases, new impetus during the debate.

\textit{Japan}

- In December 1998 the Government of Japan announced its decision to join the United States in co-researching the upper-tier Theater Missile Defense program.

- In March 1999 the Japan Maritime Self-Defense Force fired upon North Korean vessels, its first shots fired in anger since the end of the Second World War.

- The Japanese Diet ratified the Revised Guidelines for Defense Cooperation with the United States in May 1999, and refused to specify for Beijing whether Taiwan was included in the ambiguous phrase "areas surrounding Japan."

- All of this added to concerns about Japan in the wake of Jiang Zemin’s less than successful visit to that country in late November 1998.

\textit{Taiwan}

- In early July then-President Lee Teng-hui issued his “Two State Theory” (\textit{Liang Guo Lun}), which resulted in another “mini-crisis” in cross-Strait relations.

\textit{United States}

- In January 1999 the Clinton Administration announced its decision to move forward on National Missile Defense.

In April Zhu Rongji’s visit to Washington for the expressed purpose of negotiating Chinese PNTR and WTO membership ended in failure. Indeed, in late March there had been a “mini-debate” in China as to whether Zhu should have gone at all given the inauguration of the NATO air campaign against Serbia and a lack of consensus within the Chinese bureaucracy about the types of concessions Beijing could afford to make in those negotiations.

Throughout this period Chinese analysts began to assess that the “anti-China” voices in the U.S. Congress and beyond were gaining the upper hand over the U.S. China policy. Some of the more prominent events included the “Cox Committee Report” (May) and the rhetoric surrounding the Los Alamos espionage case; the Taiwan Security Enhancement Act (April-May); the requirement levied on the Department of Defense to publish its study on hypothetical TMD architectures in Asia including Taiwan; the possibility of the sale of Aegis destroyers and TMD-related radars to Taipei (June); and the uproar over China’s alleged future influence over the Panama Canal (July).

### NATO and Kosovo

Then, of course, there was the issue of Kosovo itself. Some Chinese officials believed it established precedents for military interventions in the “internal affairs” of sovereign states and demonstrated the “will” of the United States (as viewed from Beijing) to use force “to maintain its world dominance.” It shocked many into questioning whether the global trends were in fact away from war and toward China’s much-touted multipolar world order.

The air campaign began in March while Jiang Zemin was in Italy, a NATO member, as part of a three-nation European visit. In deciding to intervene with military force, NATO sidestepped the United Nations and marginalized Security Council members China and Russia. Then, in early May, the PRC Embassy was inadvertently attacked.

But just as disconcerting to the Chinese were other NATO-related events. In April, NATO accepted Poland, Hungary, and the Czech Republic as new members. During NATO’s 50th anniversary celebrations in Washington, it declared its new “Strategic Concept” that included out-of-area missions. Also around that time (June) was the coining of the “Clinton Doctrine,” which was interpreted in China as espousing the legitimacy of military interventions in sovereign nations for humanitarian purposes. Beijing immediately thought of the implications for Taiwan, Xinjiang, and Tibet, and carefully watched developments in Chechnya.

### Domestic Concerns

Even on the domestic front, the first half of 1999 presented issues for concern within Zhongnanhai. High-profile corruption cases continued to embarrass the Party; reforms of the state-owned enterprises were becoming difficult to enforce; and
consumer demand at home was slowing. And if the Hong Kong press is to be believed, large-scale and often-violent incidents of labor unrest continued to plague local governments. But even more unsettling was the rise in the profile of the China Democracy Party following the Clinton visit to China (1998) and especially the “shock” of the *Falun Gong* phenomenon.

Overall then, in just a few months, the confidence of Chinese leaders and their analysts was significantly shaken. They were no longer so certain of their place in the world order or of their assessment of world trends as favoring China’s continued rise both at home and abroad.

**Other Catalyzing Issues**

While Kosovo and other security concerns provided the proximate cause and larger *external* context of the debate, there were equally important *internal* political, bureaucratic, and systemic issues at hand that fed the various arguments. Insights into these issues are difficult to come by, and they are vague and anecdotal at best. However, they are worth noting in as much as they can tell us something about the systemic pressures at work in China as reforms proceed.

**Competing Interests**

As a minor point, in some cases, the questions raised, the doubts expressed, and the criticisms levied about the wisdom of China’s foreign and security policies served as vehicles for the letting of personal jealousies. After over 20 years of “reform and opening up,” a new class of bureaucrats had come to fill some key positions within the foreign policy and defense and security systems. Many of these individuals had been educated abroad, or had spent extensive time abroad in government service, and were perceived by others, who had not had the benefit of these experiences, to have risen beyond their capabilities too quickly and at too young an age. By questioning China’s policies, some critics were also criticizing those who had benefited professionally and thus personally because they were perceived to have the “right credentials” as opposed to “right thinking” about China’s national interests. There was, then, an element of sour grapes at work. As one interlocutor put it, those who benefited from the current foreign and domestic policies tended to support them, while those who had not benefited were more likely to want to overturn them.¹⁴

Not surprisingly, and beyond the realm of the personal, the different bureaucracies involved in foreign and security policy had different institutional interests involved in the debate. The various elements of the Chinese intelligence and analytic community were under pressure to make sense out of ongoing events (specifically the war in Kosovo, NATO’s intervention, and the Embassy bombing) as well as to explain previous analyses that may or may not have comported with the current perception of

¹⁴ Some Chinese officials whom American counterparts would consider “hard line” in their professional dealings were somewhat vulnerable to being viewed as “soft liners” vis-à-vis the United States because they “owned” the policies that some critics viewed as having failed to secure China’s interests.
unfolding global developments. So there was an element of defensiveness in some quarters as well as an element of vindication within others that played into the debate. Clearly, the two organizations with the most at stake were the Ministry of Foreign Affairs (MFA) and the People’s Liberation Army (PLA); the former being responsible for executing foreign policy, and the latter responsible for national defense. More about the unique interests of the PLA further on.

**Disagreements Over Policy Lines**

In addition to the institutional interests at stake, the occasion of the debate provided an opportunity for individuals within the system and throughout the bureaucracy to voice personal opinions about China’s current and future policies. They were unconstrained, for the moment, by either an official line from the Party above or an official institutional position within their own work units (danwei)---until, of course, such time as closure on the issues at hand were “officially” reached.

By all accounts, the official debate was one of the most unconstrained in recent memory and universally touted as the first real debate on foreign and security issues. As one participant put it, “Everybody was encouraged to speak out his opinion, without fearing being criticized as ‘rightist’ or ‘opportunist’.” Indeed, Chinese who observed or participated in the debate are quick to point out that the very fact that there was such a debate is a credit to the positive changes in the style of governance among the political elite.

But in addition to the arguments about the trends in international security and Chinese foreign policy, the period of debate also provided the opportunity for some to question China’s domestic agenda--sometimes directly, and sometimes indirectly. For example, among those who argued against “peace and development” as still being the major trend or who argued for a tougher line on Taiwan or with the United States, there were a few who were also ready to question whether the current economic reforms in China were going too far, whether WTO membership was really in China’s interests, whether further economic integration in the global economy was wise from a domestic point of view, and whether domestic political and legal reform would ultimately be counterproductive to the interests of the Chinese Communist Party. To a certain degree, then, the debate provided an opportune moment for the more orthodox ideologues within the CCP to have their chance to say, “We told you so!”

**The Lines of Argument**

This section will briefly present some of the arguments that were offered in the debate on some of the key analytic questions. It cannot be all encompassing, but it does

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15 According to some, the more orthodox members of the Party (described as a minority) actually talked about the dangers of giving up class struggle, the dangerous social and political trends attendant to economic reform, and the counterproductive results of pandering to capitalist countries for economic gain. They pointed to the halcyon days under Mao when China was not afraid to “stand up” to both the United States and Taiwan such as in 1954 and 1958.
present a flavor of the points debated and thinking going on at the time. Three additional caveats are in order. First, it should be pointed out that the disagreements over the issues were over the question of optimism or pessimism: how debilitating to China’s interests were the implications of Kosovo and other security developments that had been taking place up until that time? Second, even though some were relatively optimistic that the setback of Kosovo was temporary, they were apt to agree that the United States was in fact the central problem. So although some argued that things were not as bad as others, it did not mean that they saw the U.S. and its policies as less problematic. Third, the arguments advanced by individuals during the course of the debate did not always or necessarily reflect institutional points of view.

The Crossing of Institutional Lines

When the “official line” on international security trends and Chinese policies was thrown open to debate by the central leadership, the community of security analysts did not necessarily argue their points of view along narrow institutional or bureaucratic lines as some might expect.

Chinese journal and press articles, as well as the comments of interlocutors, make it clear that every institution had individuals on every side of the analytic discourse. So it would not be correct, for example, to assume that all PLA analysts were forward leaning and “hard core” on every issue under discussion, or that, for example, MFA-affiliated individuals were lockstep on any particular issue. Indeed, by most accounts, there were as many civilian officials calling for tougher policies towards the United States as there were military officers and vice versa.

This is a particularly important point because the usual lack of transparency into the Chinese policymaking “black box” often forces Western analysts to use simple characterizations such as “reform minded” or “hard line” to describe what are believed to be the policy predilections of various Chinese bureaucracies. If nothing else, one comes away from the debate of 1999 with a greater appreciation of just how much diversity of opinion does exist within the system in spite of the imposition of party or work unit “discipline.”

On “Peace and Development”

Those who argued that describing the world order as characterized by “peace and development” deserved to be challenged pointed to the rise in regional wars, ethnic wars, and wars of sovereignty as an unending theme of the post-Cold War period. Kosovo was only the latest example, but one that was viewed as the most disturbing for several reasons: (1) it was conducted by key developed powers (i.e., the United States and NATO) bent on ignoring international norms (the United Nations), (2) it was a war in which outside powers intervened in the civil war of a sovereign nation, and (3) it “proved” that the U.S. was bent on maintaining its global hegemony by using military
Analysts on this side of the argument insisted that Beijing’s assessments about the decline in world conflicts had been prematurely optimistic, and dangerously so. They argued that Deng Xiaoping’s original full assessment of the international security situation had been ignored: “Peace and development is the main trend of the times, but that neither problem has yet been fully solved.” To focus on only the first half of Deng’s assessment without taking into account the second half was, they argued, a basic mistake which led to foreign and security policies that put China at risk.

Those who countered these arguments insisted that the main trend was still towards an easing of international tensions. They argued that Deng’s positive assessment referred to the possibilities of major war between the superpowers (the United States and the USSR at the time) and that world war was even more remote in 1999 than it had been when Deng first tabled his analysis. Regional conflicts, therefore, did not detract from the basic trend. Moreover, regional conflicts had always been present and would likely always be a part of the international situation. The difference now—and happily so it was argued—was that regional conflicts did not have the same potential for superpower escalation or risk involving China as in the past. In addition, many argued that the new global economic interdependence was a sure check on major power conflicts. The basic trend towards the easing of world tensions, therefore, was not affected.

**Did Kosovo Portend a New Trend for U.S. Interventionism?**

Those who argued that Kosovo was the model for increasing U.S. military interventionism had plenty of grist. They pointed out the strengthening and expanding of Washington’s military alliances in Europe (NATO) and Asia (Japan and Australia). They recalled the string of U.S. military interventions in recent years (Panama, Haiti, Somalia, Bosnia), the focus of the U.S. on humanitarianism as a reason for military actions, and elements in the latest U.S. National Security Strategy that were seen as legitimizing military interventions to spread democracy and impose American values. They pointed out what they saw as the trend in increasing U.S. defense outlays and the development of high tech weapons that augured enhanced force protection at the operational level (TMD) and the development of strategic defenses (NMD) that might allow Washington to act with impunity even against nuclear-capable countries. Clearly, they argued, U.S. military might coupled with consistently demonstrated political will was going to be the new trend for continued American military interventions.

On the other side of the argument were Chinese analysts (to include some in the PLA) who pointed out limitations on the ability of the United States to intervene at will around the world. They pointed out that there was not necessarily a domestic consensus in the United States for doing so and that even during the Gulf War the President had had to convince the American people and Congress to act. They pointed to political and economic “contradictions” between the United States and its military

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16 Even today many Chinese analysts reject the multinational and consensual character of NATO’s intervention and argue that the United States *used* NATO to achieve its ends; hence the Chinese phrase “the U.S.-led NATO intervention” in referring to the operation.
allies in Europe and Asia that would constrain Washington’s ability to use its alliances to do its bidding in every case. Kosovo, they argued, may even have been an exception in that U.S. and European objectives were for once almost in complete consonance. Moreover, U.S. military interventions seemed to be selective: they tended not to be in the regions of the world where the most problems existed (Africa and Central Asia were cited); they tended toward situations where the risk of casualties was low, and in regions easily accessible to air and naval forces. It was, therefore, highly unlikely that the United States would contemplate interventions in such places as Chechnya, for example.17

**Had China’s Security Environment Deteriorated?**

The question of whether China’s security environment had deteriorated was really a question about U.S. intentions toward China and U.S. willingness to intervene with military force in the Asia-Pacific region.

Those who saw Kosovo and U.S. interventionism as the new trend and not the exception argued that China’s security situation, especially on its periphery, had indeed deteriorated. Taiwan, the Korean Peninsula, and the South China Sea were seen as areas engendering Chinese security concerns that might be susceptible to U.S. military intervention. Moreover, amazing as it might seem, in the heat of debate some analysts even raised concerns about the possibility of U.S. intervention in Xinjiang, Tibet, and Inner Mongolia! If it could happen in Kosovo, if the Chinese Embassy could be (purposely) attacked, and if the “U.S.-led NATO” intervention could side-step the United Nations in Europe, then who was to say that it could not happen in Asia, where Beijing and Washington clearly had differences over security issues and where the U.S. was strengthening its alliance with Japan and enhancing military arrangements with others?

Those who argued otherwise cautioned against reacting emotionally and not pragmatically.18 They pointed out that relations between China and the United States were complex, that areas of contention were balanced by areas of common purpose not just in security issues (both basically desiring peace and stability in Asia) but also in closely intertwined economic relations. Moreover, China was no longer isolated in the greater international community. The United States would find little or no support for military adventurism against China. In addition, the same factors that would constrain

17 In the months that followed the debate, those who argued along these lines felt somewhat vindicated (and the more pessimistic felt somewhat relieved) when the U.S. took on only a minor role in East Timor.

18 For a fascinating article cautioning fellow Chinese of the dangers of reacting emotionally towards the challenges the United States poses to China see Chu Shulong, “China’s National Interest, National Power, and National Strategy,” Zhanlue Yu Guanli, 1 August 1999, pp. 13-18 (FBIS). While agreeing that the United States now posed new challenges to China, the author argued that confronting the U.S. in the near term would be a disaster for China due to that large gap in the “comprehensive national power” between the two countries. On the other side of the ledger, various opinion pieces in the newspaper Huanqiu Shibao called for China to take the lead in organizing an “anti-U.S. hegemony coalition.” (Once again, I am grateful to Iain Johnston for bringing the Huanqiu Shibao discourse to my attention.)
future U.S. interventions in some parts of the developing world would be magnified when it came to China. China was not Serbia! Besides, China was a nuclear-capable state. Conflict with the United States, they argued, was neither close at hand nor inevitable. To be sure, China’s security situation required enhanced vigilance due to U.S. adventurism as the new international order unfolded and sorted itself out, but China’s security had not necessarily deteriorated as a result of Kosovo.

As mentioned earlier in this essay, there was no (and remains no) intellectual closure on any of these issues. Neither was any generally agreed upon consensus achieved among those who participated in the debate, although a new line on the international security situation was eventually promulgated. But even the “new line,” as we shall see, was somewhat of a compromise position.

The Unique Interests of the People’s Liberation Army

If there was any institution in China that had a significant corporate stake in the events surrounding Kosovo, it was the PLA. Needless to say, closely watching and studying NATO’s campaign against Serbia as it unfolded was a matter of intense professional interest. But the PLA had an equally large bureaucratic interest in the internal and public debate triggered by Kosovo. The debate provided a window of opportunity for China’s military establishment to argue publicly, and likely behind closed doors as well, that national defense and military modernization deserved a greater priority in overall national development than had been accorded hitherto.

The arguments surrounding the need for a greater emphasis on defense modernization by the PLA (and others) gained momentum as a result of two events: the May 1999 bombing of the PRC Embassy in Belgrade (in which a Chinese military attaché was wounded), and Lee Teng-hui’s espousal of the “Two-State Theory” in July 1999. In the past, such arguments by the top PLA leadership in public fora had been somewhat politically incorrect, although once in a while a senior PLA leader would make his case. For example, in 1996 Defense Minister General Chi Haotian wrote a long article in CCP’s official journal, *Seeking Truth* (*Qiushi*), in which he stated, “The building of national defense…cannot exceed the limitation of tolerance of economic construction, nor can it be laid aside until the economy has totally prospered.”*19* For the most part, however, in public, the top PLA leadership had for years dutifully recited the Dengist mantra that “defense modernization must remain subordinate to economic construction.” Here was a chance to press the case for more funding.

It should be pointed out, however, that publicly the top PLA leadership did not challenge this line during the debate. As mentioned above, having the leadership of the Central Military Commission, for example, make the case in the press during such a

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period of emotionalism and sensationalism was likely still too sensitive from a domestic political standpoint. Nevertheless, there seemed to be plenty of senior colonels and other field grade officers who were quite willing, out of genuine concern, to make the arguments. Consequently, during the period of the debate the PLA’s official newspaper, Liberation Army Daily (Jiefangjun Bao), carried an unending stream of “opinion pieces” from individual officers that warned the nation of the consequences of ignoring national defense, hyped the threat posed by the United States to international peace and stability, and, in some cases, argued that military modernization should at least be equal to national economic construction.

In these regards, the timing of Kosovo could not have been better. For one thing, work on the 10th Five-Year Plan (2001-2005) was already under way but not yet complete. There was still a chance to press for an increase in funding. Moreover, just eight months earlier, in July 1998, Jiang Zemin had ordered the PLA to divest itself of its commercial enterprises—the large corporate empire that it had run for many years which provided the military with a source of (1) extra-budgetary funds for soldier “quality of life,” (2) employment for PLA spouses and demobilized officers, (3) supplemental operations and maintenance (O & M) funds, and (4) funds for equipment procurement. Not only did the PLA lose many of its corporate entities, but it did so under a cloud. The decision to have the military divest was tied to evidence brought to the attention of Jiang Zemin of large-scale smuggling and corruption by some military commercial entities in the south. Consequently, the Kosovo intervention, and especially the bombing of the PRC Embassy in Belgrade, gave the PLA an opportunity to burnish its image among the general public by riding the crest of nationalist sentiment as the defenders of Chinese sovereignty.

These particularistic interests aside, NATO’s Kosovo intervention also drove home to many in the PLA once again just how large a capabilities gap still existed between their own armed forces and those of the advanced Western nations, especially the United States, even after nearly a decade of post-Gulf War reform and modernization. The frustration of some military officers at the relatively low priority of military modernization in the greater scheme of national development was articulated by one interlocutor who said that, “We were told that we would have to be patient, that

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20 Of interest, however, was a reprint of a December 1986 speech by former Defense Minister General Zhang Aiping in which the venerated general warned that even though the international security situation did not portend world war the nation needed to remain vigilant, move forward with defense modernization, and recognize the potential threats to China’s security. In retrospect, the speech, given to an expanded meeting of the Central Military Commission in 1986, can be viewed as having caved Deng Xiaoping’s reassessment of China’s security as espoused in June 1985. It was reprinted in the journal Zhanlue Yu Guanli (“Strategy and Management”), published by the Chinese Society for Strategy and Management, with the permission of the retired General Zhang. See Zhang Aiping, “National Defense Development in Peacetime,” Zhanlue Yu Guanli, 1 August 1999 (FBIS).

21 It is rumored, although unsubstantiated, that soon after the bombing of the PRC Embassy the PLA General Staff Department convened a 3-day meeting with key leaders from the seven military regions, in which they decided that China’s deteriorating security situation justified a larger outlay of government funding for defense modernization.
But the PLA rhetoric surrounding Kosovo served another important purpose. It was used to highlight to the Chinese armed forces the importance of following through with the wide-ranging programs of reform that had been underway for the last decade. Many of these reforms—especially in the areas of force structure downsizing and personnel administration—had been meeting some resistance below. As Chief of the General Staff Fu Quanyou had pointed out a year earlier, grassroots units had to overcome “selfish departmentalism and overemphasis of local interests” and move forward with change for the greater good of the PLA.\(^\text{22}\) Especially in light of the situation on Taiwan, the PLA leadership used the Kosovo intervention and the debate to lecture its own people that reform and modernization of the military was a serious undertaking and not merely a bureaucratic exercise.

While it is clear that military modernization was not going to supplant economic construction as the national priority, or even be equal to it in emphasis, some of these arguments by the PLA, or by others on behalf of the PLA, probably had an impact on the top Chinese leadership. Clearly, for various internal political reasons, the concerns of the PLA could not be totally ignored. Consequently, not long after the PRC Embassy bombing rumors abounded that the central government had provided the military with a large, supplemental lump-sum infusion of funds.\(^\text{23}\)

The Results of the Debate

Not surprisingly, understanding the results of the debate—the tangible outputs—is more difficult than describing the debate itself and the greater context in which it took place. The latter was relatively public, the former clearly less so. Nevertheless, some results can be discussed with varying degrees of confidence.

**New Analytic Construct: The “Three No Changes and Three New Changes”**

The first key result that can be offered with a relatively high degree of confidence is that a new “line” for the international security situation was promulgated. Most likely, as mentioned earlier, the new line was adopted sometime between the conclusion of


\(^{23}\) For example, see John Pomfret of *The Washington Post*, “Chinese Military Uses Anniversary to Polish Its Image,” 2 October 1999. According to Pomfret, “In March (1999) and again over the summer, the army is said to have received billions of dollars in additional funding…” Pomfret’s use of the term “billions” is likely an overstatement. Knowledgeable observers do agree that there was a one-time infusion in the summer of 1999 and that it was about 1.2 billion USD. This figure is separate and distinct from the lump-sum payment the PLA received in December 1998 as a result of the order to divest itself of its commercial holdings. The latter payment, according to David Shambaugh, was about 400 million USD. See David Shambaugh, *Reforming China’s Military* (University of California Press, forthcoming).
the annual end-of-summer leadership meetings at the seaside resort of Beidaihe in August 1999 and Jiang Zemin’s visit to New Zealand to attend the APEC Summit in mid-September.

The first hint, ex-post facto, of a new “line” was Jiang’s speech in Auckland. In his address Jiang tenuously asserted, “At present, the international security situation is, on the whole, still developing towards relaxation.” However, that assertion was followed by this key caveat:

But the world is not yet tranquil. Neither of the two major tasks of the world, namely peace and development, has been accomplished. Moreover, they are faced with new challenges. Destabilizing and uncertain factors have visibly increased.\(^{24}\)

This was a much more cautious formulation than was offered in the Defense White Paper in July 1998. And in fact, this statement by President Jiang Zemin was a reflection of the new analysis that had come out of the debate of 1999.

The new analysis is captured by the Eight-character Chinese phrase, “Sange Bu Bian, Sange Bianhua,” roughly translated as the “Three No Changes and the Three New Changes.”\(^{25}\) The “Three No Changes” assert the following:

• Peace and development remain the trend in international relations and the movement toward a multipolar world continues,
• Economic globalization continues to increase, and
• The major trend is toward the relaxation of international tensions.

But these three points are modified by the “Three New Changes”:

• Hegemonism and power politics are on the rise,
• The trend toward military interventionism is increasing, and
• The gap between developed and developing countries is increasing.

Although we do not know the process by which this construct was developed, the formulation was clearly a compromise position between the contending camps of analysis that surfaced during the debate. Both “optimists” and “pessimists” could sign up

\(^{24}\) Text of Jiang’s Speech at APEC Meeting, Xinhua, 12 September 1999 (FBIS). Emphasis added.

\(^{25}\) The phrase, “Three No Changes and Three New Changes” is not used by Chinese officials in public formulations and is likely an internal shorthand. Nevertheless, all of the elements of this construct, or variations of it, have been included in official statements by Chinese officials since the autumn of 1999. Also, “Sange Bu Bian, Sange Bianhua” may be an abbreviated version of the phrase “Sange Chuse Meiyou Ganbian Yu Sangge Xinde Bianhua” or, “The Three Trends That Have Not Changed and the Three New Changes.”
to such a paradigm. Most important, an official construct such as this provided ideological justification for a broad range of domestic, foreign, and defense policies.

The “Three No Changes” reaffirmed the basic thrust of Deng Xiaoping’s earlier analysis. China did not now face “early war, major war, and nuclear war.” It reaffirmed the analyses by Chinese international relations theorists since the late 1980s that the world would eventually move toward a multipolar international order and that China would become one of the key poles. It also recognized the growing importance of economics in international relations. So to a great degree, it accounted for the views of those who did not see Kosovo and other security-related events of concern as requiring a major readjustment of the Dengist assessment.

This formulation had direct and immediate implications for Chinese domestic policies. Most important, it reaffirmed the correctness of “economics as the central task” and provided the ideological justification for the leadership in Beijing to press forward with the next phases of economic and structural reform, to include the pursuit of WTO membership. So when Chinese interlocutors say that “nothing changed” as a result of Kosovo, they are not being disingenuous. There was in fact no decision to reverse the Dengist line and the direction of domestic reforms.

However, something did change after Kosovo. The “Three New Changes” added serious caveats to the generally positive developments recognized in the first part of the construct.

For one thing, the “Three New Changes” was an admission that previous Chinese government analyses of the international security situation, certainly some public formulations, had been much too optimistic about the pace of global multipolarization and too quick to dismiss the potentially destabilizing effects that local wars and worldwide military interventions might have on China’s interests.

Clearly, Beijing’s much-hoped-for multipolar world order was not around the corner. In addition, the new assessment certainly undercut the assertion in the 1998 Defense White Paper that “the influence of armed conflicts and local wars on the overall international situation has been remarkably weakened.” Indeed, the “Three New Changes” undercut the entire tenor of the first section of the 1998 Defense White Paper.

Some Chinese analysts assert that the new assessment was a retreat back to the more cautious analysis contained in the 1992 Work Report of the 14th Party Congress that reflected China’s concerns in the wake of the Gulf War. In fact, however, the new assessment was somewhat more pessimistic than that offered in the 14th Party Congress work report and, arguably, an even further retrenchment. Whereas the two analyses acknowledged that the North-South development gap had widened (no change on this account), the new construct saw the rise of “hegemonism and power

26 Five key actors will anchor the multipolar world order predicted by Chinese theorists: the United States, China, Russia, Japan, and Western Europe.
politics” as opposed to merely acknowledging, as in 1992, that the two phenomena were “the main obstacles” to peace and development. Moreover, the new formulation pointed out an increase in military interventionism whereas the 1992 work report had not addressed it at all.

The second change was in the assessment of the root cause of the problems facing world security and stability. Previously, Beijing had seen the United States as one source of some of the problems plaguing world security, both economic and military. But there were plenty of other nations and non-national actors viewed as problematic. In the wake of Kosovo, and a host of other actions by Washington since 1998, the mix of problems remained the same, but the United States and its policies were now being viewed as the principal source of these problems, especially for China, and by most accounts the “Three New Changes” is about the United States almost exclusively.

Of equal significance, the new assessment, and a reinforced view of the United States as a superpower “hegemon,” seems to have put to rest previous de rigueur internal and academic assessments that the “comprehensive national power” of the United States was in a slow decline---an analytic “line” that had been commonplace for at least a decade. The new line seems to be accompanied by an assessment that the United States will maintain its status as “sole superpower” for the next 15 to 20 years if not longer.

At the end of the day, the degree to which the post-debate assessment of the international and regional security environment became an official assessment is reflected in the formulations in the first section of the October 2000 Defense White Paper. The formulations in the October 2000 version of the paper are starkly different from those in the July 1998 version.

The White Paper of July 1998 was notable at the time for the relatively upbeat assessment of the international security situation, the White Paper of October 2000 is notable for its much more sober analysis. The link between the October 2000 White Paper and the consensus achieved as a result of the 1999 “debate” is clear. Below are excerpts from the October 2000 White Paper. Note that the essence of the “Three No Changes and Three New Changes” is captured. Underscores for emphasis have been added. Only the key sentences have been extracted.

- Peace and development remain the two major themes in today’s world.
- The trend toward multi-polarity and economic globalization is gaining momentum.
- Worldwide, the forces for peace are prevailing over the forces for war.
- A new world war will not break out for a fairly long time to come.

   However,

- ...in today’s world, factors that may cause instability and uncertainty have markedly increased...
- Hegemonism and power politics still exist and are developing further.
- Certain big powers are pursuing neo-interventionism, neo-gunboat policy, and neo-economic colonialism, which are seriously damaging the sovereignty, independence and development interests of many countries, and threatening world peace and security.
- Local wars and armed conflicts have increased again...
- There are new negative developments in the security of the Asia-Pacific region.
- The Taiwan Straits situation is complicated and grim.

In addition to above assessments, the October 2000 White Paper contains statements of potential policy that are also likely tied to the results of the 1999 debate: a decision to pay more attention to national defense, and a discussion of national defense as an important adjunct to national economic modernization:

- ...in view of the fact that hegemonism and power politics still exist and are further developing, and in particular, the basis of the country’s peaceful reunification is seriously imperiled, China will have to enhance its capability to defend its sovereignty and security by military means.
- Subordinating national defense to, and placing it in the service of, the nation’s overall economic construction, and achieving their coordinated development. Developing the economy and strengthening national defense are two strategic tasks in China’s modernization efforts.
Increase in Military Budget Highly Likely

Defense modernization is clearly not going to become a higher priority than economic modernization, and likely will not even be equal in priority. However, as a result of the debate, quoting formulations from the late 1970s that “military modernization is the last of the four modernizations” may no longer be meaningful.

We should not be surprised, and indeed we should expect to find, that in the 10th Five-Year Plan (2001-2005) the PLA will receive a larger official defense budget. If so, this will certainly be a reflection of cumulative concerns over the Kosovo intervention; the embassy bombing; most definitely the 1998 order for the PLA divest itself from its commercial empire; and rising angst about Taiwan.

How much might the budget increase be? No one can say for sure at this point. But it might not be out of the question to speculate that in the next Five-Year Plan the Chinese military establishment might be budgeted to receive annual increases in the official defense budget a few percentage points over the approximately 12 to 13 percent annual increases it has been receiving for the past few years.

During the meeting of the Standing Committee of the National People’s Congress (NPC, the Chinese legislature) in March 2000—the first since the end of Kosovo intervention—the Chinese Government announced a defense budget increase for FY 2000 of 12.7 percent over the 1999 budget; this was not an unusual hike given recent annual increases at this pace. However, the tone of official rhetoric surrounding national defense at that week-long meeting was (unsurprisingly) somber. For his part, Defense Minister Chi Haotian stated:

The Kosovo War has demonstrated once again that as long as there are hegemonism and power politics the world will not be a tranquil place. As a big developing country, if China wants to have a say in the world, if it wants to persist in the socialist system, and if it wants to eventually realize the great cause of the motherland’s reunification, it must have a strong defense. We must think of dangers in peacetime.27

In a meeting with the PLA’s delegation to the NPC, Jiang Zemin was reported by Xinhua to have said, “We should have a strong sense of crisis, because we cannot concentrate on economic development without a consolidated national defense and a powerful army...”28 This is a more forward leaning prescription than is usually offered by Jiang in which national defense construction is usually stated to be dependant upon national economic construction. Clearly, this type of rhetoric would sell well with that particular audience, and there was likely some amount of politicking involved in Jiang’s address. At the same time, the statements about the importance of national defense

27 Xia Hongqing, “Chi Haotian on Defense Modernization, Taiwan, at NPC Panel,” Jiefangjun Bao, 7 March 2000 (FBIS).

that were subsequently articulated in the October 2000 Defense White Paper may indicate that Jiang’s statement at the March NPC was more than just good politics; they may have been statements of official viewpoints.

Many observers within the system, civilian and military alike, agree that one result of the Kosovo debate and the subsequent “mini-crisis” over Taiwan in the Summer of 1999 was a new consensus that national defense must be given greater attention than in the past, to include more funding for the indigenous development of weapons and foreign procurement. Will this result in a change in the direction of PLA modernization? No, most likely not. But as a result of the debate the pace in certain areas of military reform and modernization may quicken.

We shall have to wait and see whether the rhetoric and hand wringing is translated into any tangible reality as far as the defense budget and future weapons acquisitions are concerned. However, there is no question that the new analysis contained in “Three New Changes” would certainly provide the contextual justification for such policies.

**Closer Ties With Russia**

Third, in the realm of foreign policy one output from the debate will likely be the strengthening of the bilateral relationship with Russia. The Joint Statement issued by Presidents Putin and Jiang during the former’s visit to Beijing in July 2000 is as good an indicator as any that bilateral ties will continue to grow in the political, economic, and military-technological fields.  

Clearly, China and Russia will have common foreign policy and security interests vis-à-vis the United States for the near and mid terms. The most prominent near-term security issue will continue to be common opposition to U.S. plans to develop and field a national missile defense (NMD) system and, related to it, the U.S. desire to amend the ABM Treat of 1972. Moreover, Beijing and Moscow will likely continue to link arms in voicing opposition to NATO expansion and to the strengthening of the U.S.-Japan alliance, and support each other, at least rhetorically, on the issues of Taiwan and Chechnya. Moreover, each has committed to cooperating to “safeguard” the role of the United Nations, and to bring about a multipolar world. And of course, Russia will become an increasingly important source for China’s acquisition of advanced military technologies as well as energy.

It is noted with interest that in the Joint Statement of July 2000 both governments agreed “to conduct negotiations on preparations for a Sino-Russian treaty on good neighborly friendship and cooperation.” By some accounts it was the Chinese who proposed this. It is much too early to speculate as to where this relationship will go or

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how it will become operationalized in the international arena. There are as many inhibitors to a closer relationship as there are compelling reasons to expand it. Chinese security analysts are well aware that today’s “Cooperative Strategic Partner” can easily transform into tomorrow’s “hegemon.” Still, the terms of the new treaty will bear watching.

**Concentrating on the Periphery**

According to some, a fourth probable outcome in the realm of Chinese foreign policy speaks to a revitalization of diplomatic initiatives on China’s periphery. Given new concerns about military interventions and the increasing importance of having a “peaceful peripheral environment” as a precondition to continued internal reform, Chinese foreign policy with neighbors will receive increased attention. What this will likely mean is that Beijing will increase it efforts to stabilize relations with countries with which it has ongoing territorial disputes (Vietnam, the Philippines), improve relations with countries viewed as potentially antagonistic (India), and continue to maintain some influence in situations that could deteriorate to China’s detriment or improve to its benefit (the Korean peninsula). Moreover, Beijing will work to enhance relations with countries in the region whose motives are suspect (Japan). Beijing will also likely continue to be an active participant in the “Shanghai Five” process in Central Asia.

As another set of general propositions, renewed focus will probably be placed on relations with the developing world in Africa, Asia, and the Middle East. Moreover, Beijing will likely increase its participation in multilateral fora as a potential check on “power politics.” A prime example will probably be working with ASEAN on a multilateral basis to resolve differences and maintain some influence over developments in Southeast Asia.

**What About the United States?**

The Kosovo intervention, the embassy bombing, and the ensuing debate about “peace and development” certainly refocused Chinese attention on the United States---U.S. policies, intentions, and capabilities. It also forced a reexamination of Beijing’s relations with Washington.

Admittedly, there are not enough data available to make any assertions about major changes in specific Chinese foreign policies toward the United States as a result of the debate. But a common theme one does encounter is that the Chinese approach toward relations with the United States, especially in the realm of security, will be much more circumspect. A phrase one sometimes hears is “preserving common interests where necessary and countering U.S. hegemonism where possible.”

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Some knowledgeable observers of the China-Russia dynamic assert that the Chinese desire for a bilateral treaty is not so much a function of concern about the United States as it is about the political instability the Chinese perceive in Moscow: Beijing wants to be able to institutionalize the benefits its accrues from the relationship and not be dependent upon leadership personalities or radical swings in Russian policies. This assessment, while not unreasonable, may warrant some skepticism.
If in fact this is the new line---and we are uncertain that it is---then it is a much more cautious and tentative approach for relations with the U.S. than the 16-character “principle” that guided relations during the period of the two presidential summits in 1997 and 1998. When Presidents Jiang and Clinton agreed to strive to achieve a “Constructive Strategic Partnership,” the “line” for relations was, “Enhance understanding, expand consensus, develop cooperation, and jointly create a future.” Clearly, a “Constructive Strategic Partnership” between the U.S. and China is no longer seen as a near or mid-term possibility.

If there is any linkage at all between Kosovo, “the debate,” and U.S.-China relations, it is that the NATO operation against Serbia convinced the last skeptics in the PRC Government that the U.S. military will intervene if China is “forced” to seek a military solution to reunification. This is a critical judgment. For even though the debate put to rest the argument that conflict with the United States is inevitable or even imminent, Taiwan is still the one area in which confrontation is not out of the question.

Overall then, the biggest change in the PRC approach to the U.S. as a result of Kosovo and “the great debate” is likely one of attitude. How this might translate into real policies, if at all, remains an open question.

Concluding Observations

By way of conclusion, the “great peace and development debate” and all of the context surrounding it provides occasion to offer some commentary about what this event suggests about the political milieu in Beijing today as well as the Chinese Weltanshauung. Some of the observations offered below are self-evident from the preceding discussion but are important enough to highlight. Some of these observations are clearly more tentative than others. Finally, some are the observations offered by those Chinese who are also thinking about the implications of the debate.

- China’s domestic reforms may be conditioned by, or at least affected by, external events more than we would suspect. The vindication of the key Dengist assessments as embodied in the “Three No Changes” indicates the obvious---there is no turning back from “reform and opening up.” However, the very fact that the Deng Xiaoping’s assessment of the international security situation could be challenged and that some aspects of China’s programs of domestic reforms could be brought into question should give pause. It is a reminder to outside observers that although “reform and opening up” have been the Chinese path for 20-plus years there are still some political elites in China who are not necessarily comfortable with some of the programs and who especially worry about the long-term implications of where China is headed.

• The promulgation of the “Three New Changes” and the debate itself points out that China remains hypersensitive to what its analysts perceive as changes in the international security environment. This hypersensitivity to even highly contained challenges to regional stability far from China’s shores bespeaks a certain insecurity on the part of China as to its place in the world order. On the one hand, China desires to be a major power, a “pole” if you will, in the post-Cold War global order. Yet, Beijing’s interpretations of international security events often bespeak the insecurities of a weak, developing nation. Especially when it is the United States that is involved in regional security events there seems to be a proclivity in Chinese analyses to extrapolate the specific event into a “trend” with potentially negative implications for Chinese interests. “Seeing the acorn but imagining the oak tree” seems an apt characterization of this analytic approach.

• This brings us to some observations about Chinese views of the United States. It appears that during the debate the policies and intentions of the United States—real or perceived—were generally viewed as potentially destabilizing factors in the new world order and potentially threatening to Chinese interests. Hence, we shall continue to hear about the dangers of “hegemonism” and “power politics” from Beijing. These themes are clearly manifested in the October 2000 Defense White Paper.

However, arguments that war with the United States was “imminent” or even “unavoidable” did not appear to gain much traction. Yet, the Kosovo intervention and the ensuing debate seems to have convinced those who were previously skeptical about U.S. willingness to intervene militarily in a Taiwan scenario that they were probably wrong. All of this points to a deep and continuing Chinese suspicion about U.S. intentions that will persist for the foreseeable future. Hence, the relationship will continue to be characterized by ambivalence.

On the one hand, good relations with the U.S. will be viewed by Beijing as an absolutely critical prerequisite to the success of domestic reforms. We can expect increasingly robust and mutually beneficial economic and trade relations. On the other hand, a deep-seated distrust of U.S. strategic intentions towards China will hang over the bilateral relationship for some time to come.

Analyzing and overanalyzing every U.S. policy, especially security policy, through the prism of Chinese distrust and insecurity will likely make for continuing “mini-debates” about American intentions. For example, since the summer of 2000 Chinese analysts have been arguing internally as to whether the United States has “shifted” the focus of its “strategic attention” from Europe to East Asia and towards China. Moreover, the pall of continuing distrust at the strategic level will likely place limits on the prospects for translating security dialogue into real security cooperation except in those areas in which mutual benefit is clearly evident.
• As for the conduct of the debate itself, most Chinese are quick to point out that the fact that “many voices” were permitted to speak out on key issues is indicative of changes in how Beijing’s foreign policy process is evolving. As the issues being studied become more complex, more inputs are becoming necessary. While this is not to say that decision-making is becoming less centralized, it does suggest that alternative analyses are likely reaching the decision-makers. At the same time, we should be careful about using the debate of 1999 to generalize too much on this point. It may also turn out to be the case that “many voices” are invited to speak only in times of extreme stress and confusion.

• Chinese savants point out that the great degree of diversity of opinion and analysis that was offered during the course of the debate highlights a trend in Chinese government that has been ongoing for quite some time; namely, interest-group-based politics within the system. Some go so far as to claim that the debate was “the public debut” of interest-based policy formulation, especially as concerns the use of the media to ensure that institutional and even individual views received an airing.

• At the same time, the debate highlighted another trend: that while institutions and bureaucracies have their “official” points of view, there are widely diverse opinions within Chinese government organizations. Some Chinese go so far as to suggest that policy development in China today is more and more characterized by the creation of shifting coalitions of like-minded elites that cut across ministerial and organizational lines on an issue-to-issue basis.

• Certainly, the debate calls into question the validity of analytic constructs of Chinese politics in the West that rely on simple generalizations such as “reform minded” or “hard line” to describe the policy predilections of certain Chinese bureaucracies. The debate underscored just how diverse the Chinese worldview can be even within the same institutions.

• Another observation that Chinese often make is that the debate in 1999 was about “lines and policies” whereas previous serious debates in China had been about “lines and political power.” In other words, as opposed to policy debates in the past, this debate was not characterized by the Chinese phrase “You Die, I Live” (Ni Si, Wo Huo). This debate was not a zero-sum game affair in which disagreement over policy was really about who would maintain or lose political power. As far as one can tell, there were no “losers” during “the great debate of 1999.” Indeed, the resulting “lines” as evidenced by the “Three No Changes, Three New Changes” seem to clearly indicate a process of consensus and compromise. The Chinese see this as progress and a maturing of their own system.

• If in fact consensus and compromise is an accurate description of the policy formulation process, it engenders other implications and raises another set of questions. For example, is consensus and compromise a function of a “maturing” of the process of Chinese politics through conscious “reform” or is it merely a manifestation of a situation in which there is no longer a sole “strongman” who can
rule by fiat or impose decisions? If the latter is the case and diverse interests must be accounted for, then to what degree will Chinese domestic or foreign policies become subject to a brokering process that results in contradictory policies? It raises, for example, the issue of the Taiwan White Paper issued in February 2000. Were the contradictory messages of “carrot and stick” contained in that important policy document a manifestation of carefully crafted strategy, or did they merely reflect the need to account for views inside the Chinese system that argued in different directions? All of these questions remain unanswered.