DEPARTMENT OF DEFENSE MEMORANDUM

SUBJECT: 1994 Summer Study "China In the Near Term"

The information contained within this study does not reflect the official policy or position of the Department of Defense or the U.S. Government.

Please note that the Defense Department was not tasked with estimating foreign policy options dealing with China and a study group consensus on the future of China was not sought.

Dennis Klauer
Deputy Director, Defense Information
MEMORANDUM FOR DISTRIBUTION

SUBJECT: 1995 Summer Study Report Entitled, "China in the Near Term"

I would like to emphasize that the attached report does not reflect the official views of this office, the Department of Defense, or the U.S. Government. The study group was composed of a number of experts on China drawn from academia and other research organizations. Arriving at a consensus on the future of China was not sought; rather, development of alternative, plausible scenarios for the next 5 years or so was the focus. This report most closely reflects the views of the chairman of the working group.

A. W. Marshall
Under Secretary of Defense (Policy)

1994 SUMMER STUDY

CHINA IN THE NEAR TERM

Organized by the
Director, Net Assessment

1 - 10 August 1994

Newport, Rhode Island
PREFACE

The following provides a summary of a Summer Study report conducted for the Under Secretary of Defense (Policy). The Summer Study, directed by Andrew W. Marshall and James G. Roche with the working group chaired by Ronald A. Morse, met from 1 through 10 August 1994 at the Naval War College, Newport, Rhode Island. This was the eighth in a series of summer studies undertaken to review fundamental issues and questions of importance to the defense planning process.

The working group's objective was to consider ways in which China might evolve over the near term and to examine the impact of this evolution on the region. The group was asked to devote particular attention to the potential for negative developments, especially those that might directly affect U.S. interests. They were also asked to identify indicators of movement toward these alternative futures.

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CHINA IN THE NEAR TERM

10 August 1994
China is the major uncertainty in Asia's future. Different interpretations about China's near-term future and then to weigh those evaluations in terms of plausible outcomes. Discussing the details of China's current leadership and social issues. The objective was to allow a full explanation of considerable time was devoted to.

STUDY GROUP PARTICIPANTS
# STUDY GROUP PARTICIPANTS

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The study was conducted on the assumption that we wanted to capture the "Middle Kingdom"-Chula--view of China. We were interested in estimating scenarios of the many possible outcomes once Deng died, and to document the significant of these various scenarios. The study examined scenarios of China following the death of Deng Xiaoping. It is an analysis of a China that has a

Study Objectives

- There was a 20-50 chance that the transition would lead to a Soviet-style break-up of China and
-注明来源：

- Following Deng's death a collective leadership phase would prevail.

After careful deliberation, the group made the following observations:

China is a large and complex nation. Attesting to a study 8 group consensus on the future of China was not sought.

Challenge: US Interests

That with ever sensitive dynamics in the future, all China would be different from the past and all China may

- The post-Deng leadership collective would most likely not change Deng's emphasis on economic reform and limited political
- Following Deng's death a collective leadership phase would prevail.

STUDY OBJECTIVES
STUDY OBJECTIVES

1) Identify and describe plausible scenarios for China over 5-7 years.

2) Identify indicators or signposts for change.

3) Suggest implications for the West
likely to do less well; and (2) that Chinese leaders all have a strong nationalist pride.

Collective leadership because the PLA had more flexibility for exercising influence. Under rapid reform or disintegration, the PLA is likely to do less well; and (2) that Chinese leaders all have a strong nationalist pride.

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ASSUMPTIONS

1) The next seven years are critical.

2) Deng dies and no strong leader emerges.

3) Political system and society are under-institutionalized, difficult to manage tensions.

4) Center-periphery tensions grow.

5) Quest for great power international status.

6) Military goal: modernized force projection.

7) China has a sense of being victimized by foreign powers.
Japan recognizes the potential threat of China. Japan's policies and its strategies for regional alliances excluding China are an important research area. Will Korea, Vietnam, and Australia, for example, look to Japan in an alliance to counter China?

Possible alliances against China

Adverse events in the region's role in politics and an increase in Chinese nationalism:

- Independence from China:
  - Japan's decision to develop a nuclear weapon capability
  - Taiwan's decision to declare independence from China

- A Sin-Japanese arms race: Japan's decision to develop a nuclear weapon capability

The possible implications of a US strategic withdrawal from Asia

Nevertheless, by way of explanation consider the

Most of the external issues listed here are touched on elsewhere in the report. Nevertheless, by way of explanation consider the

The task of the study group was to assess the "Internal" dynamics of China and evaluate the options that the Chinese leadership

EXTERNAL EVENTS THAT COULD ALTER CHINA'S OPTIONS
EXTERNAL EVENTS THAT COULD ALTER CHINA’S OPTIONS

1. *U.S. strategic withdrawal from Asia.*
3. War on the Korean Peninsula.
5. Taiwan declares independence.
6. Russia Far East secedes union.
7. Nuclear Korea.
The next several pages highlight a series of issues that either deserve further research or suggest trends in China that in one way or another will shape the outcomes of the scenarios examined. These issues—"Factors Making China's Future Uncertain"—indicate some of the background considerations against which the scenarios presented were developed.
FACTORS MAKING CHINA’S FUTURE UNCERTAIN

-- WEAK GOVERNMENT MACROECONOMIC CONTROLS
-- EXPLODING ENERGY AND RESOURCE DEMAND
-- WEAK STATISTICAL AND INFORMATION CONTROLS
-- A LEADERSHIP IDEOLOGY INCONSISTENT WITH CAPABILITIES
-- NEAR-TERM POLITICAL ISSUES OF SIGNIFICANT CONSEQUENCE
-- HIGH POTENTIAL FOR REGIONAL CONFLICTS
Economic links to overseas Chinese raise the question of “Greater China” and the long-term allegiance of tens of millions.

An Issue for the Future

At the extreme, Beijing and Shanghai are more than twice the national average.

---

no interior province, except Hainan; Hainan, is above the national average.

As the income distribution map here shows:

By the year 2000, substantial economic disparities, and uneven income distribution, China faces significant internal problems.

Economic equality and social responsibility. With a 100 million person strong healthy migrant workforce (many say 200 million) underestimated. Nevertheless, the impact has been regionally disproportionate and growth counter to the socialist notion of China's growth rate, its ability to attract foreign investment and capital, and its ambitious economic plans should not be

Creating Multiple Economic China's

CHINA'S PATCHWORK OF WEALTH
China's Patchwork of Wealth

Per capita income in China in 1992 was $1,300. As this map of the provinces and regions shows, most of the interior was considerably less.
Domestic coal and oil supplies will not be adequate to meet domestic demand by 2000. Under current conditions, by the year 2000, 40% of China's oil will come from the Middle East at an annual additional cost of $6 billion. Consequences of energy demand will be a more and more important consideration. High growth, rapidly expanding heavy industry, increases in electricity consumption, and growing air pollution are the near term. As China's per capita energy demands grow with economic development, the cost, supply, and environmental impacts of energy supply and its cost is the most pressing single constraint of an array of resource vulnerabilities China will face in the future.
To meet its energy requirements, China will be forced to develop a blue water navy and barter with Middle East oil producers.

Spreading Islands are also areas of contention. The Tadjik Basin is in a volatile area with Kazakhstan and the coastal areas and the Chinese oil reserves are all in areas that pit it in potential conflict with other powers. In the northeast, issues with

MAJOR CHINESE OIL/GAS FIELDS
ALTERNATIVE ESTIMATES OF CHINA'S GROSS DOMESTIC PRODUCT (1991)
BILLION CURRENT DOLLARS

BILLIONS OF U.S. DOLLARS

0 500 1000 1500 2000 2500 3000 3500

FIELD/TAYLOR  INT'L MONETARY FUND  WORLD BANK  PENN WORLD TABLES
Comparative Western Analyses of Chinese Defense Budget

Another statistical uncertainty

Defense spending has been significant since 1987, but the open source data on the internal and use of defense resources is difficult. Opinions vary about how to measure Chinese spending (see next page). This is another area for further research.
might not be a zero-sum game, but they see military and political power in zero-sum terms.

Current leaders take the "state" as the unit of political analysis--not the region or a global presence. Economic growth of the Cultural Revolution, and the break-up of the Soviet Union are negate. They want to avoid a divided China--the World Era, the excesses. The debate is over the methods to achieve their goal. They want to avoid a divided China--the World Era, the excesses.

The leadership appears bound by a shared sense that the most important goal is economic, political, and military power. For the leadership benefits from the current situation:

-- The degree to which a leader's "collective leadership" serves a common interest.
-- The degree to which the leaders have in coordinating the current situation.

Family/associates bondage. Factors shaping the post-Deng transition will be:


economic reforms; and the balance of center-provincial control is still unresolved.

Deng's power has been absolute and strong. It has been a personalized style of leadership remarkably successful in

attaining China's goals of economic reform, model political change, and international respect.

Post-Deng Chinese Leadership Mindset
POST-DENG CHINESE LEADERSHIP MINDSET

SEARCH FOR A STABLE POLITICAL ORDER

WHY CHINA FEARS CHAOS
- Warlordism
- USSR
- Cultural Revolution

MODERNIZATION OF ECONOMY FIRST

"STATE" STILL UNIT OF ANALYSIS

Wealthy nation
Strong military

Chinese Sovereignty
highest priority

Goal: China Treated as Great Power

Gorbachev destroyed Socialism
Reject new (Soviet) thinking

China as only authentic great power in Asia
The Lessons of the USSR, Hungary, and the Post-Soviet States Suggest that Maintaining the Communist Party Control over Society while Relaxing Management of the Economy Creates Regime Instability.

Communist Systems in Transition

and that China is too complex to manage in either more centralized ways. They realize that the Chinese people are less tolerant of political or military mismanagement. Even if economic reform is likely to be accompanied with a period of uncertainty, the economic reforms of the mid-1970s and the economic reforms of 1988-89 and the financial reforms of Deng Xioping (1978-1988) were periods of uncertainty. Leaders after Deng will most likely to be violent and drawn out. The emergence of Mao

The Succession Issue

China's long-time initiatives. The issue of Taiwan-China Relations is always central to America's relations with China. North Korea is already a factor. The issue of Hong Kong in 1997 and how that is managed politically will send a signal about

The issues on the opposite page will require decisions by the leadership during the next term. The succession struggle in

Time Lines

KEY ISSUES IN THE NEAR TERM
# KEY ISSUES IN THE NEAR TERM

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Moscow sees China as a regional rival with a large population. Where interests meet, in Central Asia, China and Russia are in competition.

Issue for the Future

Independence

size enterprises that must be made efficient and border disputes create a potential for confrontation. There could seek power plant at Hong Kong. The Three Gorges Project has vast social and environmental implications. Highlighting this large

Major project failures in China could also create regime instability. There have already been problems at the nuclear

Areas to Watch

THE GEOGRAPHY OF CRUDE OIL POINTS
The scenarios presented here are more useful in anticipating the international (foreign policy and military) security landscape. Also, the analysis and use of historical data, where relevant, could be integrated into specific scenario development. However, the group considered the "middle through" case in which pieces of all three scenarios might mix in their own way.

Alternative Considerations

The study group focused on three distinct scenarios under the disintegration case:

- Western powers hope for, but least likely according to the study group estimates
- The Linear outcome, perhaps closest to the present situation, is only 30% likely
- The bipolar reform scenario, the one that conflicts, perhaps will erode away from the center

The group believed that there was a 50/50 chance that China would disintegrate under a post-Deng leadership and internal leadership scenarios.
SCENARIOS FOR CHINA'S FUTURE

I Linear Future (most likely to 30% of the group)

II Liberal Reform (most likely to 20% of group)

III Disintegration (most likely to 50% of group)

- Nationalist Strongman (A)
- Democratic China (B)
- Command Socialism (C)
- Regionalism (D)
- Total Collapse (E)
Economic growth and social stability are considered the primary policy objectives. Key leaders do not go all out for a predominant leadership because they value regime survival. The PLA and the security apparatus support the collective leadership. The post-Deng collective leadership holds together because: The Linear Future scenario evolves because:

SCENARIO I: LINEAR FUTURE
SCENARIO I: LINEAR FUTURE

Leadership Mindset:

- Domestic
  - Stability and Communist Party control paramount
  - Collective leadership: perception of weakness avoided
  - Limited political reforms and continued arrests

- Foreign Policy
  - Military force is useful and necessary
  - Won’t seek fights, won’t avoid fights
  - Dissatisfied with China’s international posture
Global military peer of the United States.

Chinese military officials believe the present gap in their capabilities is temporary and the long-term goal is to be.

American high-tech military performance in Operation DESERT STORM has been taken as the new model for Chinese modernization.

Military Doctrine

SCENARIO I: LINEAR FUTURE
SCENARIO I: LINEAR FUTURE

- Military Doctrine: fight high-tech local wars.
- Capabilities
  - Real growth in military budget
  - Development of blue water navy
  - Continued nuclear modernization (Mobile ICBMs, SSBNs, Theater nuclear weapons)
  - Foreign technology transfer
  - Search for arms sales markets
channels of communication.

In addition to transition leadership problems, China has new ethics (business, student, professional) that operate outside the

Hybrid Nation: China's Virtuosity
demonstrated the same degree of institutional capacity. While the Chinese leadership seeks to emulate the Singapore/Japan/Korea pattern of modernization, China has not

No, because China has not managed the issues of modernization, income equity, and social unrest as well as the other

have the market working for development and still maintain an authoritarian political system.

Yes, in the sense that as in Japan, South Korea and Taiwan, economies has dominated politics and the center has

Does China Fit the Asian Model of Economic Development

SCENARIO I: LINEAR FUTURE
**Scenario I: Linear Future**

### Social Trends:
- Increased economic inequality and corruption
- Crackdowns on economic protests

### Economic Trends:
- Mixed planned/market economy
- No rapid privatization of state enterprises
- Major project difficulties (Three Gorges)
- Foreign Direct Investment continues, but slows
- Some state enterprises closed
-- uncontrolled inflation and economic uncertainty

-- leadership conflict

What Would Prevent This Scenario?

China would be unprepared to respond constructively to domestic and foreign conflicts.

-- China's inability to deal with systemic instability leading to political repression, cycles of boom and bust, and social unrest.

Beyond the near term, this scenario leads to:

Linear Future Scenario: Beyond the Near Term

American cooperation in lessening the problem of a crisis in North Korea.

In 1992, China accounted for 40% of North Korea's imports and took 15% of its exports. The Group believed that China's pressures
LINEAR FUTURE

Bottom Line:
- Improved power projection capability
- More assertive as power increases
- Continued avoidance of formal regional security agreements

Taiwan
- Oppose independence with force
- Possible war with U.S.

Spratlys
- Clash with Vietnam
- Seizure of islands in S. China Sea

Korea
- Avoid sanctions
- Oppose preemptive military action
- Support U.S. recognition of DPRK

Hong Kong
- Tough on democrats
- Possible crackdown
This scenario leads to a powerful China with an expanding array of military assets. Dual-use technologies are good if one assumes a continued, less nationalistic Chinese leadership. That may not be the case.

Economic growth and expanding resources for political modernization, technology transfer, and the development of

Long-Term Implications

- Provincial leaders, security forces, and key sectors of the PLA support the new leadership.
- Political reform is judged necessary to keep the Communists Party in power, and

Successful political repression in China

Interview: - That it was useful in strengthening stability; that it was only important to intellectuals, and that it was the last

an important political trend indicator because how it is viewed indicates political preference. There are various views on the

the 1989 Tiananmen democracy crackdown would be criticized and conservatives were defenestrated. (Tiananmen can be

Reform coalition wins over conservative reformers;

Interest because:

Only 20% of the study group felt that this near-term, broad-based reform scenario was likely. Reform would be consistent with US

Scenario H: Liberal Reform

The Reform China Scenario?
scenario II: liberal reform

leadership mindset:

military budget transparency
rising civilian control over security policy
minimum deterrence
nuclear doctrine constraints on capabilities
greater willingness to accept arms control

capabilities:
doctrines: high-tech local wars
military doctrine: high-tech local wars

non-provocative international environment
downplaying of military force
more faith in multilateralism
economics dominates foreign policy

foreign policy:
development and innovation
political reform essential for economic
political reform essential for legitimacy

domestic
SCENARIO II: LIBERAL REFORM (Continued)

China, following the "Japan development model," does all the right things:

-- incomes grow

-- popular support for government increases

-- stability is improved

-- China heads for big (economic) power status
SCENARIO II: LIBERAL REFORM

Economic Trends:
- sustained high growth
- new economic strategy introduced
- state enterprise reform
- inflation cools down

Social Trends:
- significant social dislocation and stress, but
- localized
- new social security framework cushions
- uncertainties
LIBERAL REFORM

The "bottom line" is the kind of China that the United States believes it wants.

Beyond 2000:

-- China becomes a non-threatening superpower in the world community.

A Note of Caution:

-- leadership scenario change could still mean a return to an authoritarian regime

-- success could fuel a sense of great power ambition

-- success means that China has greatly increased ability to develop science and technology capabilities and weapons systems

What could Prevent This Scenario?

-- economic collapse

-- popular expectations unmet by political reform

-- the PLA and conservatives oppose political reform
A diagram outlining events related to Hong Kong, Korea, and Spratlys.

1995: Deng dies
1996: Spratlys
1997: Taiwan elections
1998: China reverses to Hong Kong
1999: U.S. no war with Taiwan
1999: Negotiate with Taiwan

Bottom Line: Liberal Reform
(PHASE I) - SCENARIO III: DISINTEGRATION

Disintegration: Fifty percent of the study group felt that some form of break-up was likely.

What leads to this outcome?

-- unresolved factionalism at the political center

-- institutional power bases are mobilized

-- leaders pursue personal power

-- factions are unsuccessful in building a dominant power base

-- policy paralysis is caused by undermining each other's policies

-- center loses control over the instruments of economic, political and social control.
End of military region command structures
Provinces with hold taxes
Formation of provincial coalitions

Indicators

Spitting military control
Alienation of provinces

Trigger for internal breakup

Domestic rights override foreign policy
Strong regional identities
Zero sum views of power/resources
Mutual distrust - succession gridlock

Leadership mindset:
Likely major constitutional changes in government
Likely emergence of aggressive nationalist strongman

Major Implications of Disintegration Scenarios (Phase I) - SCENARIO III: DISINTEGRATION
DISINTEGRATION--SUB-SCENARIOS

The Next Phase

The study group examined five disintegration sub-scenarios, but only three (A, D, and E) will be discussed here in detail. Sub-scenarios B and C are not examined because their outcomes did not differ significantly from the "Linear Future" and "Liberal Reform" scenarios discussed earlier. This does not mean, however, that "Democratic China" and "Command Socialism" are identical to the two earlier scenarios.

Democratic China is non-communist and has the support of both the PLA and the security apparatus. It happens as the result of widespread confusion and PLA recognition that it could not resist popular demands for change. The "bottom line" is constructive foreign engagement.

Command Socialism is the "paper tiger" sub-scenario. It falls between Linear Future and hyper-nationalism--it is rhetorically aggressive, but relatively weak. The PLA blocks conservative communist factions. The "bottom line," social stability, is achieved at the cost of high-level economic growth. China has power projection capabilities, but is cooperative on regional security.
1995
1997

DISINTEGRATION - SUB-SCENARIOS

Total Collapse (E)
Regionalism (D)
Command Socialism (C)
Democratic China (B)
Nationalist Strongman (A)

Phase 1
SUB-SCENARIO III: NATIONALIST STRONGMAN (A)

How "Nationalist Strongman" comes to pass:

-- there is unresolved factionalism at the center.

-- fearing disintegration, the PLA turns to a popular leader.
Irredentist claims - Anti-American Line (including Japan) - Greater China nationalism - Han Chauvinism - Foreign Policy - Politics zero sum - No tolerance for elite dissident - acquiescence of PLA and security apparatus - Non-Communist leader emerges with mass support - Domestic - Leadership Mindset:

NATIONALIST STRONGMAN (A)

SUB-SCENARIO III:
Economic Growth Serves Military Power

- Economic Mercantilist
- Economic Trends:
  - Patriotic Campaigns
  - Suppress Dissent

Social Trends:
- Increase in Ground Forces
- Warming Up Capability
- Attempt to Develop Nuclear
- Air-mobile Rapid Reaction Forces
- Amphibious Forces
- Blue Water Navy
- Large Increase in Military Expenditures

Capabilities:
- Beyond the Gates
- Doctrine: Protected Local Wars
- Military:

SUB-SCENARIO III: NATIONALIST STRONGMAN
NATIONALIST STRONGMAN

The issue of Taiwan's independence and America's involvement in that process make this scenario important. Japan-US differences over security could also come into play around the Taiwan sovereignty issue. Despite recent progress between China and Taiwan on trade cooperation and the settlement of disputes over immigration and fisheries, the question of Taiwan's future sovereignty is still an issue. China views Taiwan as a renegade province.

What Prevents This Scenario?

-- opposition from the PLA

-- economic collapse

-- an assassination/coup
SCENARIOS FOR DISINTEGRATION

The Logic of Chinese Disintegration

If China lost central control, what indicators or benchmarks that would serve as guidelines for how alliances and regionalism would take place? What would the pattern of blocks be? Is there a core region that would dominate? Ethnicity would be a minor factor--over 90% of the 1.2 billion population are Han Chinese. The map on the next page suggests five different ways to consider the possible organizing principles.

The Need for Research: Patterns to Disintegration

The Soviet Union model is no guide to China's disintegration scenarios.

The logic of economic analysis--economic regions suggested by experts or the yellow area picked as an organic economic region by the study group--suggests that income distribution as an indicator of economic interest may have its limits.

Existing military regions and the position of mobile missiles, probably under central military control, cut across lines of economic interests.
SUB-SCENARIO: REGIONALISM (D)

"Regionalism" is the first of the final two disintegration sub-scenarios. It is not warlordism and it is not civil war. It is a loose federalist type of situation--a negotiated redistribution of political and economic authority between regional and central powers.
Weak power projection capability
- Poor force coordination
- Central budgets decline

Capabilities:
Regional breakaway
Doctrine: Border defense, control
Military:
Conflict avoidance
Regional ties to foreign areas

Foreign Policy:
Regional autonomy preferred to civil war
Local identities/alliances

Domestic:
Leadership Mindset:

SUB-SCENARIO: REGIONALISM (D)
SUB-SCENARIO: REGIONALISM (D)

Social chaos, while feared by the Chinese leadership, goes with the loss of central control. The implications would be the emergence of a new political and security elite, possibly relying on local organizations and gangs to maintain order. This could mean significant economic instability and the fleeing of foreign investment.
Regional economic trade ties strengthen
Regional currencies appear - high inflation
Depening fiscal crises in central government

Economic Trends:

Gangs and secret societies expand influence
Sense of social chaos

Social Trends:

SUB-SCENARIO: REGIONALISM (D)
REGIONALISM

While central power projection capability might be concentrated in a Beijing-Shanghai power axis, local border disputes and regional conflicts are likely to spread as local authorities take policy into their own hands. This creates a "Russia-type" set of local empires, each pursuing independent economic and security policies.

The only trends reversing this scenario are civil war or the rise of a strong central leadership.
Regionalism

Bottom Line:
- Fragmented foreign policy
- Pro vincial vetoes over foreign economic and security policy

Regionalism: Spratlys
- No use of force
- Southern provinces push joint development

Korea
- No involvement

Hong Kong
- Soft policy politics
- Hands off

Taiwan
- Unable to prevent Taiwan independence

Spratlys (before Vietnam elections in ASEAN)
1995
1996
1997
1998
1999

Hong Kong reverts to China
Deng dies

1995
1996
1997
1998
1999
SUB-SCENARIO: TOTAL COLLAPSE (E)

"Total collapse" is the final disintegration sub-scenario. The source of continued disintegration is unresolved factionalism at the center and divisions within the PLA.
Local weapons purchasing
Control of nuclear weapons uncertain

Capabilities:
- Local rivals, repel foreign invaders

Doctrine:
- Local territorial control, protection from military

Policy:
- Attemps to capture military loyalty
- Personal attacks, fear of reprisals

Domestic:

Leadership Mindset:

SUB-SCENARIO: TOTAL COLLAPSE (E)
SUB-SCENARIO III: TOTAL COLLAPSE (E)

China's Institutional Weaknesses Find Expression

-- the political system is weak
-- the economic system lacks central control mechanisms
-- society lacks organized mechanisms for problem solving
Peasant riots in inland provinces
Drop in foreign investment
Project
Corruption and mismanagement of Three Gorges
Economic instability

Economic Trends:
Refugees and migrant worker riots
Sense of chaos and unpredictability surfaces
Social Trends

SUB-SCENARIO III: TOTAL COLLAPSE (E)
TOTAL COLLAPSE

Policy paralysis prevails. China is a security threat to US and Japanese investments.

Disintegration leads to a longer-term concern with Chinese national identity and an eventual recentralization of political power.

The only thing preventing this scenario is the rise of a strong central leadership.
TOTAL COLAPSE

Hong Kong

Korea

Spratles

Japan

U.S. and
concern to
Security

Other Issues

It. away with
Taliaan

Taiwan

in ASEAN

Vietnam

Before

Spratles

no oil

Paralyes

collapses

DRK

Paralyes

- Absorption

- Into China

- Questioned

- 1999

- 1998

- 1997

- 1996

- 1995

Refugee flows

Weapons proliferation

Bottom Line:
OBSERVATIONS

Averting Conflict

Prospects are that the United States will deal with several "different" Chinas during the near term and all may present unforeseen and largely unanticipated security threats. Asian situations are also likely to be different from the collapse of communism in Europe. There are several ways (some in place already) that the US can influence China:

(1) Continue to sustain an Asian military presence.

-- retain the US-Japan security treaty

(2) Engage China in cooperative economic and security confidence building measures, but not meddle in Chinese domestic affairs.

(3) Resolve US policy ambiguities on Taiwanese independence and arms sales, and

(4) Prepare for situations in China by having better information, anticipating multiple scenarios, and monitoring China's goals for world-class military status.
nationalism and collapse ranging from liberal democracy to hyper-range of outcomes, the most probable paths the disinflation scenario can lead to a

in regional and global peace and stability. less threatening China has a growing stake and militarily more powerful China that is the liberal scenario presents an economically

to the U.S. less willing to compromise on issues of interest and militarily stronger, more assertive China the linear scenario presents an economically

challenge: each of the three scenarios presents a different China never dealt with before.

under all scenarios, we will be dealing with a

Observations
Dear Summer Study Participant,

I am pleased you are joining us for the 1994 Summer Study of the Under Secretary of Defense for Policy.

We have sponsored seven summer studies in August of 1985, 1986, 1988, 1990, 1991, 1992 and 1993. The first six summer studies considered fundamental questions of nuclear strategy; the offense-defense balance; power projection requirements of the Soviet Union and the US; the military balance in Europe; the economic environment as suggested by the Commission on Long Term Strategy; problems of deterrence; future prospects for Japan and Germany; Soviet military reform; alternative world scenarios for the next few decades; DoD core competencies, innovation and long-term defense planning; and the nature of future power relations.

In 1993, we examined three issues. One group focused on inter-state relations in Asia during the next few decades. A second group addressed potential peer competitors in the revolution in military affairs. The third group examined future Russian scenarios.

This year, we will have two study groups. It will be the chairmen of these groups who will give the outbriefs on August 10th. The first group, chaired by Jim Martin of SAIC, will address the problem of planning in uncertain environments. How do we plan without a formidable superpower opponent but with the need to ensure US vital interests over the long term? If we are entering a period of revolution in military affairs, how should we capitalize on this understanding without having a specific opponent in mind? What strategies do businesses take when they are in close competition with others; when they are in dominant positions? Is the Planning, Programming and Budgeting System process and structure still appropriate? What alternatives are there to planning for "contingencies"?

The second group, chaired by Ron Morse of the University of Maryland, will develop alternative future scenarios based on possible changes within China over the next 7 years or so. Given China's very high economic growth, what political, social and military transformations are possible? Should we see China as a single entity with a singular leadership or as a more complex mix of elements?
Toward the end of the first week, the two study group chairmen, with perhaps one or two helpers, will start to prepare briefings which will later be checked by their groups. In the meantime a short study will be formed which will run Saturday morning, all day Monday, and Tuesday morning of the second week. This keeps the people in the two study groups occupied when they are not listening to and reviewing their chairman's presentations. No briefing of the short study will be required, although a record of discussions and a short report of findings will be prepared by the short study co-chairmen. Membership in the short study will be a mix of those serving on the two study groups, with perhaps the addition of a few others.

Two special studies, with restricted membership, will also take place. One special study will update the Russian scenarios developed last year, and the second will focus on the process of building scenarios of future security environments.

We are confident that you will find the summer study interesting and rewarding. I look forward to meeting with you.

Sincerely,

A. W. Marshall
WORKING GROUPS

I. Planning in Uncertain Environments

Members
Jim Martin, Chairman
Steve Rosen
Harry Rowen (1-3)
Chip Pickett
Jasper Welch (1-6)
George Kraus
Aaron Friedberg (1-6)
Pat Crecine
Chuck Miller
Mike Martus
Steve Cullen
Tom Linn
Keith Bickel
Tom Mahnken
Paul Davis (2-3)

Visitors
Ted Gold (1-3)
Mike Duval (2-4)
Dave Oliver (2-4)
Max Thurman (2-4)
Jim Evatt (3-5)
Eduardo Mestre (5)
Paul Kaminski (5)

Presenters
Andy Krepinevich (1-2)

II. China in the Near Term

Ron Morse, Chairman
Arthur Waldron
Mike Brown
Iain Johnston
Yu-Ping Liu
John Garver (1-6)
David Zweig (1-6)
Mike Field
Lonnie Keene
Tom Christensen
Mike Vickers
Art Corbett
Mike Pillsbury
Tom Clark

STAFF

STAFF

SPECIAL GUESTS
Lionel Tiger, 1-10
Jake Bussolini, 4-5

Andy Marshall, Co-Chairman
Jim Roche, Co-Chairman
Tom Welch
Dmitry Ponomareff
Pat Curry
Glenna Hughes
Ruth Baker
SHORT STUDY GROUPS

I. Russia Scenarios Update

Members
Enders Wimbush, Chairman
Peter Reddaway
Tom Mahnken

II. Asymmetric Strategies

Chuck Miller, Chairman

Sub-Group A
Ken Watman, Chmn
Jasper Welch (Sat)
Arthur Waldron
John Garver
Mike Vickers
Bob Field
Tom Clark

Sub-Group B
Chris Bowie, Chmn
George Kraus
Iain Johnston
David Zweig (Sat)
Lonnie Keene
Jim FitzSimonds
Tom Linn

Sub-Group C
Carl Builder, Chmn
Mike Martus
Yu-Ping Liu
Tom Christensen
Art Corbett
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III. Alternative World Scenarios

Peter Schwartz, Chairman

Members
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