

④ “Crossing the River by Feeling Each Stone”

Chinese Economic Growth: Low

US Perception's of China: Competitive/Threat

Tension in the Taiwan Straits, a Chinese military buildup, shortsighted US-China bilateral relations, and a slowing Chinese economy characterize this scenario. “Crossing the River by Feeling Each Stone” refers to the pragmatic policy of Deng Xiaoping, to move ahead with economic reforms slowly and pragmatically. This scenario foresees China taking a similar (pragmatic, responsive, and short-term) policy in its relations with the United States. This scenario begins with rising tensions in the Taiwan Straits. The United States is selling arms to Taiwan, and begins deploying a Theater Missile Defense system within the region. China responds with increased defense spending and rapid military modernization.

However, by 2005, rampant military spending begins to take a toll on China's economy. Coupled with the lackluster benefits of joining the WTO and little economic vision from its leaders, the Chinese economy falls into recession. A power struggle ensues in the Chinese leadership between security and economy minded factions. The scenario team suggested that the outcome of this struggle would be determined by Taiwan: if Taiwan declares independence hardliners would assume power, if there is a peaceful resolution, then the “softliners” would prevail. This scenario foresees little change from current China-US relations in the next ten years.