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In a Fortnight

"WAR WITHOUT GUNFIRE": CHINA'S INTELLIGENCE WAR WITH TAIWAN

By L.C. Russell Hsiao

In spite of an apparent thaw in overt cross-Strait tensions since Taiwanese President Ma Ying-jeou was elected into office in 2008, the shadow war between Chinese and Taiwanese intelligence agencies has continue unabated. While Beijing and Taipei have made remarkable progress in liberalizing economic barriers, recent cases of high-level espionage laid bare the underlying distrust and risks that persist on both sides of the Taiwan Strait. These incidents represent the latest in a string of cases that also underscore the challenges ahead for Taiwanese President Ma Ying-jeou as he delicately balances the imperative of protecting critical defense and intelligence assets while promoting stronger ties with China.

Several recent high-profile cases of active and retired Taiwanese agents allegedly working at the behest of Chinese intelligence have sparked concerns over deficiencies in Taiwan's intelligence apparatus. One recent case, described by local media as the highest level of espionage in the past 20 years, involved a senior Taiwanese military officer in the Military Intelligence Bureau (MIB), which is a subordinate organ of the National Security Bureau (NSB) tasked with the collection of operational military intelligence. Colonel Lo Chi-cheng—who was reportedly in charge of building Taiwan's human intelligence network in China—was charged by prosecutors for providing intelligence to China that may have compromised Taiwan's clandestine network in China. According to the *Apple Daily* cited by *Taipei Times*, some of the information included lists of Taiwanese spies stationed in China. Prosecutors believe that Lo leaked classified information on at least 12 occasions, and in return received as much as $100,000 in payments from Chinese intelligence (*Taipei Times*, November 3).

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Military prosecutors believe Colonel Lo collaborated with Lo Pin, a China-based Taiwanese businessman, to collect military intelligence for China. According to prosecutors, Lo Pin was recruited by the MIB in 2004 to operate undercover in China as a Taiwanese businessman. According to one account, Lo Pin was "flipped" after being caught and tortured by Chinese security agents (*Taipei Times*, November 3).

In an effort to calm concerns about the potential intelligence fallout from Colonel Lo's leaks, Taiwan's Defense Ministry spokesman Major General Yu Sy-tue said during a regular press briefing: "The leak will have limited influence on the operations of the Military Intelligence Bureau" (*China Post*, November 3). More importantly, however, this case highlights an endemic problem within the MIB, in particular its recruitment practices. According to some experts, the Taiwanese intelligence community has suffered from bureaucratic interference and high turnovers in staff, which prompted the bureau to rely more on businessmen and students as assets. Such measures have serious consequences for the quality of information (*Los Angeles Times*, May 3, 2008). Indeed, as recent cases clearly demonstrate, these assets are increasingly seen as liabilities for Taiwanese intelligence. Its assets are becoming more susceptible to being compromised and becoming double agents.

These recent arrests follow another case in February this year, in which Taiwanese prosecutors detained two retired military intelligence agents for spying for China. According to Taiwan's *Apple Daily*, one of the suspects, Chang Chuan-chen, went to live in China after he retired from the MIB in 2006, but continued to work for the bureau on the mainland. Chang's accomplice, Tseng Nen-duen, also worked in the MIB and joined Chang after retirement (eTaiwannews, February 3).

Tseng's and Chang's arrests reportedly prompted a high-ranking official in the MIB to issue a memo warning retired agents to "never go to China." According to Chang Kan-ping, "China still actively uses various channels and methods to collect information from us ... Some of our work partners were questioned, arrested or detained when going to China" (eTaiwannews, February 3).

During a recent session in the Legislative Yuan (Taiwan's parliament), Premier Wu Den-yih admitted that Taiwan and China are still engaged in a "war without gunfire" despite warming ties between the two sides. "National security must be protected in light of such threats to information and intelligence data," Wu said (Central News Agency [Taiwan], November 2; *China Post*, November 3).

While catching spies in the Taiwan Strait is hardly a one-way street—a Chinese People's Liberation Army (PLA) officer was executed in September 2008 after a Chinese military court found him guilty of selling classified documents to Taiwan (Kyodo News, September 8, 2008)—President Ma, at the outset of his administration, took unilateral steps in calling a truce in this murky war. In early 2009, Taiwan's National Security Council (NSC), which serves as the president's principal arm for coordinating national security and foreign policy matters among various government agencies, reportedly ordered the NSB to cease the recruitment of agents to work inside China (*Liberty Times*, February 13, 2009). Thus, the revelation of these spy cases may be seen as a slap in the face for the Ma administration, which took pains to ease tensions with Beijing as front and center of its foreign policy agenda.

These incidents highlight a growing problem with the internal control mechanism of Taiwan's intelligence services, and may even reflect a crisis of loyalty among intelligence officials. Indeed, in response to growing concerns about low morale in the intelligence ranks, the National Security Bureau (NSB) is reportedly planning to introduce an award system (*Taipei Times*, November 1).

In the final analysis, as China and Taiwan continue to dismantle the cross-Strait firewall with greater economic and people-to-people interaction across the Taiwan Strait, it will increasingly be easier for Chinese intelligence services to recruit spies to gather information in Taiwan. These recent cases underscore the fact that intelligence organizations on both sides of the Strait have been exploiting the opening up of exchanges that has taken place in the past. Yet, as the center of economic and political gravity in the Taiwan Strait shifts toward China, Beijing appears to be gaining the upper hand in this "war without gunfire."

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An Economic Assessment of China's Rare Earth Policy

By JianJun Tu

The term rare earths (RE) apply to a group of 17 chemically similar metal elements that include scandium, yttrium and the fifteen lanthanides. RE elements are considered strategically important commodities that are used to manufacture defense and commercial high value-added applications, especially green technology. Rare earths were traded freely and at a discounted price

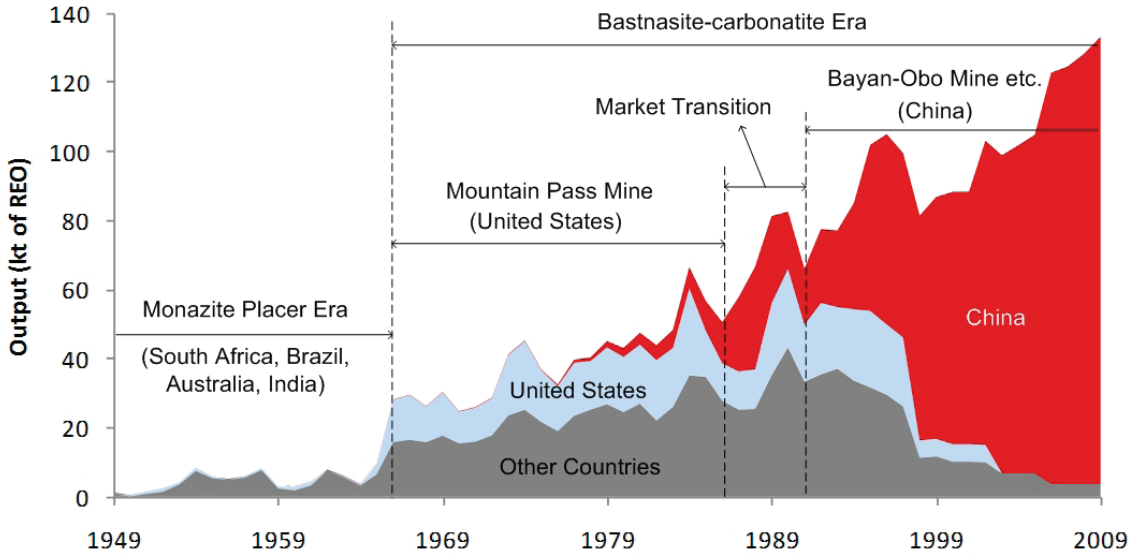
on the global market before the mid-2000s. Since 2005, however, China—the world's leading RE producer—gradually tightened export restrictions on rare earth oxide (REO). In late September, Chinese exports of REs to Japan were reportedly halted due to a dispute over maritime boundaries in the East China Sea, which underscored an unprecedented risk in the global RE supply chain. Most consuming countries were caught unprepared by this RE supply crisis. Indeed, China's annual REO output at 129,405 tons in 2009 represents 97 percent of world total, and the technological complexity, resource availability and capital intensity of RE separation and processing make the diversification of supply away from China implausible in the near term.

Drivers Underlying China's Ascendance

China's dominance in the RE supply chain is directly related to Beijing's consistent and long term planning, which dates back to as early as the 1950s. Nevertheless, the Chinese RE industry did not take off until Xu Guangxian (also known as "The Father of Chinese Rare Earths Chemistry") developed the Theory of Countercurrent Extraction—which is applicable for the separation of a mixture with more than ten components such as rare earths—in the 1970s. Since then, China's REO output has increased rapidly from slightly over 1,000 tons in 1978 to 11,860 tons in 1986, which marks the year when a production spike at the giant Bayan-obo mine first propelled China past the United States as the world's leading producer of REO. Meanwhile, Beijing has continuously invested heavily in technological innovations through key national R&D programs, such as the 863 and 973 projects, in order to gain a decisive advantage in the rare earth supply chain including mining, separation, refining, forming and manufacturing [2]. Not coincidentally, after the late Chinese patriarch Deng Xiaoping famously stated, "the Middle East has oil, and China has rare earths" in 1992, China has not only remained the world's largest REO producer, but has also successfully moved its manufacturers up the supply chain. Since 1990, domestic consumption of REO for high value-added product manufacturing in China has increased at 13 percent annually, reaching 73,000 tons in 2009 [3].

The significant cost advantage for Chinese producers, which has crushed almost all overseas competitors, is not only driven by low labor costs, but also unintentionally reinforced by Beijing's policy failures in regulating the resource extraction sector as a whole, and the RE industry in particular. To keep pace with its booming economy, Beijing promulgated the so-called "Let Water Flow Rapidly" (*You Shui Kuai Liu*) policy in 1981 to stimulate no holds-barred mining developments to meet a rapid spike in resource demand without appropriate considerations of environmental protection, safety and sector consolidation. The lack of entrance standards and patent enforcement led to a proliferation of small scale and technologically backward mines and separation plants. By 2008, more than 100 enterprises held 123 RE mining permits in China, and China's combined REO production capacity had exceeded 200 kt/annum, which is significantly higher than the global demand at 134 kt (*Nanfang Metropolis News*, September 8). Widespread and chronic illegal mining operations further aggravated the situation. In 2008, the reported REO output in the southern province of Guangdong was only 2,553 tons, but an investigation

Figure 1: Chinese Rare Earth Industry in the International Context [1]



by the Ministry of Industry and Information Technology (MIIT) indicated that the actual output level was 25 to 30 kt [4]. While REO output was seriously underreported, overcapacity in China was becoming a detrimental factor that eventually destabilized the global RE market. Not surprisingly, hundreds of Chinese RE exporters competed furiously with each other in the export market, leading to more than a 60 percent drop on the average REO price between 1992 and 2006 [5].

The Chinese RE industry could not have attained its current monopoly status without, in part, the strategic miscalculation of the United States and the vulnerability of Japan due to the latter's absence of upstream RE resource endowment. Through the 1960s until the 1980s, the Mountain Pass mine in California was the leading RE producer in the world. Burdened with both the cutthroat price competition from Chinese exporters and California's stringent environmental laws, Mountain Pass ceased operations without state intervention in the early 2000s. Moreover, since 1990, a significant portion of manufacturing operations employing REs in the United States has been sent offshore to Asia. Not surprisingly, the United States is losing its longstanding leadership in many areas of RE technology [6]. In comparison, as the leading economy in use of REs for advanced electronics and green techniques, Japan has bided its time by building an unspecified amount of RE stockpiles. Nevertheless, Japan's absence of domestic resources precluded supply diversification as a viable economic option during the era of cheap Chinese RE exports.

Strategic Considerations and Implications

Relying on upstream RE resources to gain access to advanced techniques and encourage high value-added downstream operations has long been a national policy in China that dates back to as early as the 1970s. After China gained decisive advantage in the RE supply chain, Beijing's restrictions on REO production and exports in recent years have been primarily motivated by the strong political desire for resource conservation. Though China's proven RE reserves of 52 Mt represents 45 percent of world total, these valuable resource endowments are not evenly distributed. The majority of China's proven RE reserves, including Bayan-obo mine in Inner Mongolia (with proven reserves at 43.5 Mt), Liangshan mine in Sichuan (1.5 Mt) and Weishan mine in Shandong (4.0 Mt), contain only light REs. In comparison, while most of the global supply of heavy REs (e.g. yttrium) originates in the "ion adsorption clay" ores of Southern China, the proven reserves of heavy REs in the 7 Southern Chinese provinces are a mere 1.5 Mt [7]. Since heavy REs are considered more strategically valuable, significant efforts have been made by Beijing in recent years to crack down rampant illegal mining in Southern China. Though the United States may regret the closure of Mountain Pass in the early 2000s, the Chinese decision makers and academia actually perceive the above event from a different angle: the United States holds valuable resources as strategic stockpiles by taking advantage of cheap and environmentally destructive REs from China (*China Daily*, October 26).

Beijing has been wary of the stockpiling of REs outside China. Though a senior Japanese official stated that Japan's stockpile of REs could dry up by next March or April without fresh imports from China, a claim that has been widely quoted by the Chinese media is that Japan actually only consumed one third of its RE imports in the past and thus has successfully built up strategic stockpiles which can last the country for 20 to 50 years (Beijing Business Today, October 28; The Sydney Morning Herald, October 22; *Wen Wei Po*, October 10). As Beijing well understands the negative impacts of overseas stockpiles on the strength of its RE industry, it has sharply lowered its annual REO export quote from 65,609 tons in 2005 to 30,258 tons in 2010 [8]. According to the revised "2009 to 2015 Development Plan of the Rare Earth Industry" prepared by the MIIT, the annual REO export level from China will be restricted below 35 kt between 2009 and 2015. In addition, China will only produce 130 to 150 kt of REO annually (21st Century Business Herald, August 15; Financial Times, October 24). If the aforementioned targets can be strictly enforced, the existing stockpiles outside China are expected to be exhausted over time, which will further strengthen China's competitiveness.

Contrary to the backfiring theory claimed by some observers (Reuters, October 28; China Economic Review, September 28), the lack of overseas RE producers does not necessarily serve Beijing's strategic interests. Of all the 16 naturally occurring RE elements at commercial scale (there are no stable or long-lived isotopes of promethium), the cost competitiveness of the Chinese RE industry is unlikely to be undermined by any potential competitor in the near future. According to data from Shanghai Metal Market online, prices of neodymium oxide and dysprosium oxide have increased by 80 percent and 125 percent between January and September 6. Nevertheless, Xu Guangxian still expressed dissatisfaction with these terms. During an interview given to a Chinese-magazine, Xu said, "production costs by overseas producers are 400 percent higher than China's REO export prices. As a result, market prices of REO should increase by at least 400 percent. Because of resource scarcity, price of dysprosium oxide should show a tenfold growth in the future" (Talents, September 30).

Numerous large RE deposits exist outside China, and the long-term sustainability of the Chinese monopoly is questionable at best. Nevertheless, the global diversification of supply away from China may not improve the current situation as expected. Following the recent Chinese RE embargo, Toyota responded quickly with a plan to team up with Sojitz and the Vietnamese government to mine REs at Dong Pao (5 kt/annum). Sumitomo, the Japanese trading house, has struck a deal with Kazatomprom, Kazakhstan's state nuclear power company, in a bid to secure supplies of RE metals (3 kt/annum). Moreover, Japan has reached an agreement with Mongolia to promote development of RE projects. Similarly, RE development has been initiated by Molycorp at Mountain Pass (10-20 kt/annum), Lynas at Mount Weld (10-20 kt/annum), Afrafura Resources at Nolans (10 kt/annum), Avalon Rare Metals at Nechalacho (5 kt/annum), Great Western Minerals Group at Hoidas Lake (3-5 kt/annum), Rare Element Resources at Bear Lodge (13.6 Mt of REO resources), Greenland Minerals and Energy at Kvanefjeld (4.91 Mt of REO resources) and Neo and Mitsubishi at Pitinga (xenotime concentrate from Tin tailings) [9]. Yet, few questioned whether consuming countries such as Japan or companies like Toyota are willing to share such valuable resources with their economic competitors. Moreover, some RE elements are just too scarce to be completely subject to free trade. For instance, outputs of both metal dysprosium and terbium in China are below 40 tons per year [10]. While Beijing started to guard such scarce resources carefully, any new entrant is likely to follow suit. As a result, even if sizable RE production capacity is materialized outside China in the future, free trade of all REs without restriction is still unlikely. To make the matter worse, given China's decisive cost advantage, Beijing could easily exert control on RE pricing to squeeze out new competitors in the future.

The dominance of the Chinese RE industry may seem formidable, but Beijing's control of this industry is actually not as tight as many outside observers believe. The Chinese adage applies: There exist too many places in China where "the mountains are high, and the emperor in Beijing is far away." Based on REO supply and demand balances in China and the outside world, the author estimates that about 20 to 40 kt of REO have been either smuggled outside China or held at unknown stockpiles on an annual basis in recent years [11]. With spiking prices of REs in the international market, the economic incentives of RE smuggling become even more difficult to resist for those with access to RE resources within China. Finally, while Beijing plans to drastically consolidate its RE industry and reduce the number of RE separation plants from around 100 to 20 by 2015, the local governments are battling furiously for the control of their indigenous resources.

The ascendance of the Chinese RE supply chain is the outgrowth of Beijing's long-term planning, the invisible hand of the free market and, as this paper has shown, strategic miscalculation made by the U.S. government. Though sizable RE production capacity may be developed outside China, Beijing is expected to remain the leading producer with the formidable power to squeeze out any new competitor, thus China is able to continuously reserve the right to use REs as a political bargaining chip in the years to come—in spite of what its leaders claim (Xinhua News Agency, October 28). Nevertheless, Beijing's current RE policy will not only face challenges from the international community, but it will also need to overcome the autonomous and often chaotic nature of the Chinese economy and the conflict of interests between the central and local governments. Even so, given the strategic importance of RE resources, new overseas entrants may soon follow suit with behavior similar to China's. As a result, the era of cheap Chinese rare earths may be forever gone.

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Mission Action 2010: Three Complex, Transregional, Integrated Joint Operations

By Dennis J. Blasko

On October 9, the Chinese media announced the start of a multi-region, joint air-land exercise called Mission Action 2010 (*shiming xingdong* 2010). People's Liberation Army (PLA) ground force units from three of the seven Military Regions (MR) were deployed by road, rail and air across MR boundaries to training areas in distant locations. Air Force units, reserve, militia and civilian forces provided support. In total, about 30,000 personnel were committed to the exercise. The focus of these maneuvers was on the campaign (operational) level of war with group army headquarters responsible for command and control while responding to direction from MR headquarters with oversight by the General Staff Department. The exercise highlighted "informationized operations," especially in command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR).

The exercise was divided into three increments:

1) *Mission Action 2010A* in which the 27th Group Army's 188th Mechanized Infantry Brigade deployed from the Zhurihe Combined Arms Training Base (CATB) in the Beijing MR to the Taonan CATB in Shenyang MR;
2) *Mission Action 2010B* where the 47th Group Army's 139th Mechanized Infantry Brigade deployed from the Qingtongxia CATB in the Lanzhou MR to the Xichang CATB in Chengdu MR; and
3) *Mission Action 2010C* in which the 13th Group Army's 149th Division deployed from the Chengdu MR to the Qingtongxia CATB [1].

Along with the three group army headquarters, elements of Army Aviation units (helicopters), special operations force (SOF) units, communications, engineer, and logistics units supported operations of the main maneuver units. In one case, a conventional Second Artillery missile unit also provided firepower support.

Mission Action 2010A and C both began the load-out and deployment phase around October 12 and took about four days to travel to their assigned destinations. They then conducted live fire and confrontational drills before returning home after the 11-day event. Mission Action 2010B began its deployment phase around October 21 and conducted its live fire exercise about a week later. Each of the exercises' three increments practiced many of the same tasks, but each also had its own special quality.

Mission Action 2010 was a follow-up to last year's transregional exercise Stride 2009, which involved four divisions and about 50,000 personnel [2] (See "PLA Exercises March Toward Trans-Regional Joint Training," *China Brief*, November 4, 2009). Although Mission Action 2010 was smaller in scale than Stride 2009, several factors made it more complex and difficult. Unlike Stride 2009 where units deployed 90 percent of organic artillery and other large weapons but only 50 percent of armored vehicles, units in Mission Action 2010 were reported to deploy with all the units' equipment and ammunition (Xinhua News Agency, October 21). Like Stride 2009, this year's exercise received a lot of attention in the Chinese media, which provided some useful insights.

Mission Action 2010A

The 188th Mechanized Infantry Brigade is stationed in Shanxi province and the headquarters for the 27th Group Army is in Shijiazhuang, Hebei province. Prior to the initiation of Mission Action 2010A, the 188th appears to have moved from its home base to the Zhurihe Combined Arms Training Base in Inner Mongolia. There it marshaled its forces and began a multi-mode deployment to the east. Relatively small units (probably headquarters and reconnaissance or SOF troops), including a few wheeled vehicles, deployed by military and civilian aircraft to Ulan Hot airfield near the western Jilin province border and then on to the Taonan CATB across the MR boundary in Jilin province amidst snow flurries (CCTV-7, October 14, 2010; *PLA Daily, October 15)*.

The brigade's armored vehicles (including Type 59 tanks and Type 63 Armored Personnel Carriers (APC), both very old models) moved by train. Wheeled vehicles travelled by road to the northeast over four days and nights. They were supported during movement by civilian gasoline facilities and hospitals. En-route units were harassed by a simulated enemy, took action in response to these attacks and attempted to avoid enemy detection through the use of camouflage.

Command and control of the various scattered elements of the brigade as they moved to the training area was a major focus of the exercise. According to Xinhua, integrated command platforms allowed orders to be issued and, if necessary, to skip intermediate headquarters for efficiency. Group army and brigade headquarters shared intelligence on "Blue" (enemy) forces and monitored the disposition of "Red" (friendly) forces. Additionally, both offensive

and defensive information operations and electronic countermeasures were employed throughout the exercise by both sides. Reconnaissance means utilized included satellites, aircraft, unmanned aerial vehicles, and special reconnaissance devices and remote sensors (Xinhua News Agency, October 21).

The exercise culminated on October 20 with a live fire exercise. According to Major General Qin Weijiang, commander of the 27th Group Army, the brigade commander controlled Air Force aviation, Army Aviation, and ground firepower and assault units in "three-dimensional attack from multiple angles." In summing up the exercise, Major General Gao Jianguo, deputy chief of staff of the Beijing MR, said this was the first time units led by a group army from the Beijing MR participated in a long-distance, trans-regional maneuver (*PLA Daily*, October 21).

Mission Action 2010C

At about the same time as Mission Action 2010A was beginning, Chengdu MR units began their deployment on Mission Action 2010C. Among the first units to deploy was a General Communication Station, which probably was dispatched to establish relay links to ensure continuity of communications for the 149th Division's move from Chongqing to the training area in Ningxia (*PLA Daily*, October 14). An element of the MR SOF group deployed by air early in the movement schedule [3] (Xinhua News Agency, October 15).

The highlight of the 149th Division's movement north was a daylight crossing of the Yellow River on October 19. After the enemy had destroyed an important bridge, a group army engineer regiment constructed a pontoon bridge across the obstacle. The division then took only two hours to cross the bridge under the cover of friendly fighters and helicopters and local air defense forces (*PLA Daily*, October 21).

On October 21, after air reconnaissance and "ground special reconnaissance" at the Qingtongxia CATB, a Second Artillery missile unit temporarily assigned to the 149th Group Army launched "long-range precision missile strikes on the 'enemy' targets in the depth of the rear area." This was followed by air strikes from Air Force fighters and Army Aviation helicopters. After a "fire strike assessment" ("battle damage assessment" presumably by SOF observers), the "joint fire center" ordered a second round of firepower attacks by armed helicopters and conventional artillery. Targets included Blue force airports, missile positions and communications hubs (*PLA Daily*, October 22). A Chinese television report about this live fire exercise showed the 37th Division's Type 96 tanks, PTL02 assault guns, PGZ04 air defense systems, howitzers, and multiple rocket launchers firing on numbered, hillside targets about a kilometer in front of a reviewing stand filled with observers. Among the division artillery was a battalion of newly issued trucked-mounted 122mm howitzers [4].

No details were provided about where the Second Artillery unit was located when it provided support nor how many or what kind of missiles were fired. Integration of conventional missiles into joint firepower operations has been part of PLA doctrine for over a decade and now is being practiced to some degree during each training season [5]. This phase of the exercise demonstrated artificialities that are part of many training events, such as a short, hour-long bombardment during daylight on targets simulated to be in the enemy's rear area when in fact they were within view of VIP observers.

Mission Action 2010B

As Mission Action 2010A and C were ending, the 47th Group Army's 139th Mechanized Infantry Brigade began its movement south from the Lanzhou MR to the Chengdu MR. The most highly publicized action during this phase was an anti-terrorist operation conducted by soldiers from the infantry brigade in conjunction with a local People's Armed Police unit, militia and public-security forces (CCTV-7, October 24; *PLA Daily*, October 25). This scenario reflects the PLA's awareness that its rear areas may be prone to terrorist attack or subversion while its forces are focused on a more conventional opponent. It also demonstrated civil-military cooperation that goes beyond logistics support. Furthermore, the drill underscored the relevance of "non-traditional security" missions even as the PLA prepares for local war scenarios.

On October 28, the exercise concluded with an air-ground firepower assault on the enemy's "command posts, airports, radar positions, communications hubs and other [rear area] targets" (*PLA Daily*, October 29). Fan Changmi, political commissar of the 47th Group Army, stated that this was the first time that headquarters had commanded so many operational units and relied on an advanced informed command and control system to quickly and efficiently make battlefield decisions (Xinhua News Agency, October 28).

The last phase of the exercise was conducted in the fog and mud of a hilly training area near Xichang in Sichuan province. While the brigade was seen to be equipped with old Type 59 tanks, newer ZBD04 Infantry Fighting Vehicles were also observed.

Conclusions

The three-part Mission Action 2010 exercise was one of

many events underway at the height of the PLA's training and evaluation season [6]. Mission Action's focus on the group army/campaign level, however, was of major significance. By putting group army headquarters in charge of tactical operations, Air Force, Second Artillery and other support units could be controlled by the headquarters in the field, not by a higher entity in the rear. In last year's Stride 2009, with divisions as the operational focus, many joint functions were provided for the units in the field by higher headquarters. This year, with group army headquarters responsible for joint coordination, the units were training at the lowest level of command that would be given campaign or operational responsibilities in war. As a result, all three exercises concentrated on utilizing integrated command platforms in the conduct of C4ISR as well as firepower and assault operations.

This year's exercise was conducted in about half the time as last year's cross-region maneuvers. If, as reported, units deployed with all equipment and personnel, then this would have been a more realistic test than last year's when only half of the units' heavy armor was involved. The smaller size of the exercise this year (30,000 versus 50,000 personnel) was probably more compatible with air and rail transport capacities in that period of time. Moreover, once the units all arrived at their training areas, if they had all their organic equipment then they would have been able to operate more effectively (and according to their doctrine) than if half their heavy armor had been missing.

It is not known if all three increments of this exercise were integrated into a single, overarching scenario and if, at least on their computer screens, units were operating in conjunction with each other against a mutual threat. Common to each part of the exercise, however, was the assumption that the mainland had come under attack when units deployed from their garrisons. Movement across MR boundaries could represent first echelon forces rushing to blunt a land invasion of China in a remote region or second echelon forces moving to support the operations of forces already committed to battle. The targets struck by the joint firepower attacks were the type of targets usually found in the enemy's rear area, suggesting that the Mission Action units were conducting exploitation attacks perhaps after other (simulated, notional) elements had broken through the enemy's front line.

Between the two exercises, Stride 2009 and Mission Action 2010, units from all MRs, except for the Nanjing MR, were involved. In neither exercise did units move toward coastal assembly areas or into the Nanjing MR as might be expected if these exercises were part of preparation for operations against Taiwan. Nor were any naval or amphibious operations included as part of either exercise. As such, it seems likely that these two transregional exercises were directed at an unlikely, but still extant, potential land threat to China's periphery.

Finally the troop list for both exercises illustrates how the entire PLA is preparing for traditional and non-traditional missions. No longer are only "rapid reaction units" or "fist units" of the 1990s preparing for deployment. Mission Action also demonstrated how most units are still equipped with a mix of older and newer weapons. As the PLA has been reduced in size and its budget increased, all units are modernizing and training for a wide variety of missions that they may be required to perform.

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Notes

1. Unit identifications were made from the names of unit commanders reported by the Chinese media. Based on reader's feedback and additional information provided, the first version of this article issued on November 5 has been amended to change the identification of the participating unit in Mission Action 2010C to the 149th Division (from the 37th Division). The mechanized infantry brigades at full strength number perhaps 6,000 personnel each while the infantry division accounts for around 10,000 personnel. Additional personnel from the three group army headquarters, other ground force units, and supporting Air Force, reserve and militia units likely made up the remainder of the 30,000 personnel total. It is likely that Mission Action 2010C was slightly larger in total numbers of participating personnel than Mission Action 2010A and B.
2. In Stride 2009, the following units were identified: 1) the 61st ("Red Army") Division of 21st Group Army moved from the Lanzhou MR moved to the Shenyang MR Taonan CATB; 2) the 162nd Motorized Infantry Division ("Ferocious Tigers") of the 54th Group Army from Jinan MR travelled to the Guangzhou MR Luzhai CATB; 3) the 115th Mechanized Infantry Division of the 39th Group Army from the Shenyang MR moved to the Lanzhou MR Qingtongxia CATB; 4) the 121st Motorized Infantry Division of the 41st Group Army moved to the Jinan MR Queshan CATB in Jinan MR.
3. The Sinodefence.com website subordinates the Chengdu MR SOF group to the 13th Group Army. See "Special Operations Forces," at http://www.sinodefence.com/army/organisation/special-forces.asp.
4. The trucked-mounted 122mm howitzers are sometimes called SP-3 or SH-3 on the internet and are relatively new to the PLA. A battalion of them also deployed to Peace Mission 2010 in September 2010 with the 193rd Motorized Infantry Division of the 65th Group Army. The trucked-

mounted 122mm howitzers are so new to the PLA that they were not displayed during the 2009 October 1st parade in Beijing.
5. On November 3, 2010, *PLA Daily* reported in late October for "the first time" Lanzhou MR organized an exercise consisting of "combined tactical corps formation formed by an infantry division and arm elements of the PLA Air Force, the [Second Artillery Force] and the Army Aviation" which included "multi-dimensional and three-dimensional reconnaissance, joint fire coordination, systematic sabotage, accurate strike and damage effect evaluation in joint fire strike." These tasks and troop list parallels what went on only a week or so earlier at the same training area, but in this case the exercise was not apparently under the command of a group army headquarters. Based on personalities identified in the Chinese language version of this report on November 2, the 4th Division stationed in Xinjiang provided the bulk of the troops. Four missiles were launched, all of which hit their targets. In the summer of 2009, Second Artillery missile-PLAAF firepower coordination training was reported.
6. Other significant exercises during that general timeframe included "Blue Strike 2010" Sino-Thai Marine Corps joint training in Thailand, "Strike 2010" combined Sino-Thai anti-terrorist training in Guangzhou MR, and a long-distance division-level deployment within the Jinan MR.

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Shriver Case Highlights Traditional Chinese Espionage

By Peter Mattis

Underneath the fanfare that greeted the FBI's arrest of ten Russian intelligence officers in June, federal authorities quietly proceeded against a young Michigan man, Glenn Duffie Shriver, applying to the CIA at the direction of Chinese intelligence. The story missed major media outlets and was almost exclusively covered by local press. On October 22, Shriver pled guilty to the charges and agreed to cooperate with the FBI (*Detroit Free Press*, October 22). Consistent with Chinese policy on not acknowledging foreign intelligence operations, the Chinese embassy spokesman in Washington officially denied any connection to Shriver, emphatically stating that "China would never involve itself in activities damaging to another country's interest." In a press interview related to the case, one Chinese scholar affiliated with the Ministry of State Security went further, implying Shriver was implicating China to reduce his punishment (*Global Times* [Beijing], October 25).

As the most recent in a string of Chinese espionage arrests, the Shriver case could be another important data point for analyzing trends in Chinese intelligence operations against the United States [1]. The facts available are sparse and undoubtedly more information will come out, but the case already challenges some widespread views about Chinese intelligence that could shed light on conventionally held beliefs about its operations. The Shriver case also presents a modern example of Chinese seeding operations that have been an integral component of Chinese Communist Party (CCP) intelligence since the early days of the CCP [2]. The historical continuity of the Shriver case with past operations underscores the need to analyze this incident carefully.

The Facts of the Shriver Case

On October 22, Shriver pled guilty to conspiring to provide national defense information to Chinese intelligence and will be sentenced in January. He will most likely face four years in prison, assuming he cooperates with the FBI, according to the Department of Justice.

Shriver studied in China during the 2002-2003 school year as an undergraduate, but left when SARS hit. When he moved back to Shanghai in 2004, Shriver responded to an advertisement soliciting papers on Sino-American relations. Chinese intelligence—it still unknown whether this was a civilian or military organization—paid Shriver $120 dollars and proceeded to recruit him over the course of several meetings (Department of Justice, October 22).

Chinese intelligence first tried to direct Shriver into the State Department, but he failed the Foreign Service Officer exam twice. Still, Chinese intelligence paid him $30,000 for his efforts. In 2007, Shriver discreetly traveled to China and received another $40,000 as Chinese intelligence switched targets, directing him toward the CIA. Over the course of the application process, Chinese intelligence also met him in person roughly twenty times. In spring 2010, Shriver reported to Washington, D.C. for final processing to join the National Clandestine Service. Apparently, at this time federal investigators confronted Shriver about inconsistencies in his statements—such as contact with foreign government organizations and his 2007 trip to China, of which even his mother was unaware—and probably elicited a confession (*Grand Rapids Press*, June 25; Department of Justice, October 22).

Signaling a Possible Change in Chinese Intelligence Operations

The Shriver case has several interesting features that challenge the conventional view in the United States that China practices intelligence in a fundamentally different

way than Western or Russian intelligence services. This makes the Shriver case either an outlier or an exception that disproves the rule.

The conventional view of Chinese intelligence operations is sometimes referred to as the "thousand grains of sand" or "mosaic" approach to collection, characterized by broad-based, diffuse collection of predominantly unclassified information [3]. According to this view, the Chinese vacuum up high volumes of small pieces of intelligence to later assemble into a more complete picture back in China. Instead of paying assets, Chinese intelligence prefers to target ethnic Chinese who can be pressured or appealed to on patriotic grounds; foreigners can be leveraged through positive moral inducements, sometimes so subtly they are unaware of Chinese efforts to gather intelligence [4].

The details of Shriver's case recounted above, however, do not suggest he is a mere "grain of sand" in a Chinese vacuum cleaner. Firstly, Shriver is obviously not ethnically Chinese and therefore could be appealed to based on patriotism or pressure on his family. Secondly, Chinese intelligence relied on his greed rather than positive moral inducements, meaning the intelligence service was willing to pay for the chance to access classified information and promised to continue payment if he gained access to national security information (Department of Justice, October 22). One wonders if Shriver was promised a bonus if he successfully became employed with the CIA or another national security organization, which would have provided an even clearer indication that the Chinese are, at least now, willing to exchange dollars for documents. Thirdly, Chinese intelligence was trying to seed him into the CIA, which is not exactly the low-hanging fruit of sensitive US Government information. CIA and NSA are well known around the U.S. national security establishment for having the most rigorous screening processes for employees.

One case does not disprove a hypothesis; however, it warrants looking back at the history of modern Chinese intelligence operations to see whether the Shriver case represents continuity. The extent to which this case reflects past Chinese operations adds to the weight we should give this as a counter-example to conventional views of Chinese intelligence being exceptional to Western and Russian practices.

"Long Tan San Jie": The Birth of Modern Chinese Seeding Operations

Analysts could cite China's first spy, Yi Yin, who infiltrated Xia Dynasty to collect intelligence for the rising Shang Kingdom, or Sun-Tzu's manipulation of "living" or "expendable" spies for historical Chinese examples similar to Chinese intelligence's efforts to seed Shriver into the CIA [5]. More recently and relevantly, seeding operations go back to the earliest days of the Chinese Communist Party (CCP) as it struggled to survive its competition with the Kuomintang (KMT) in the 1920s. In the late 1920s, then CCP intelligence chief and future premier, Zhou Enlai, and operations chief Chen Geng directed Hu Di, Li Kenong, and Qian Zhuangfei to infiltrate the KMT in Tianjin, Shanghai, and Nanjing, respectively [6]. These three spies provided crucial warning to the CCP during the peak of the KMT's White Terror in 1931, which arguably saved what was left of the CCP.

All three successfully gained employment with and access to sensitive KMT information, most notably Li and Qian as members of the KMT's cryptological and radio intercept units. Hu took a position under cover as a journalist with the Great Wall Daily, which served as a front for the central office of the KMT intelligence section in Tianjin. For the three years between their successful infiltration of the KMT and their critical moment, Hu, Li, and Qian provided warning intelligence on the KMT's increasingly sophisticated and targeted efforts to eliminate underground CCP cells across China. They also provided insight to CCP leaders on KMT methods and capabilities, enabling better CCP counterintelligence practices to deny the KMT information. The most notable of the three, Qian Zhuangfei, rapidly demonstrated his competency for the KMT and became the private secretary to Xu Enzeng, then head of the KMT intelligence apparatus [7].

The critical success came on April 25, 1931, when Qian's position as private secretary to Xu arguably saved the CCP. On that day, KMT security officials in Wuhan arrested one of the CCP Special Department's four operational directors, Gu Shunzhang, and persuaded him to defect. Ignoring Gu's warning about a high ranking penetration, the KMT security officer telegraphed Xu the good news about Gu's willingness to cooperate. Qian was the first to receive the telegraph and delayed passing the telegram to Xu, instead sending word Li in Shanghai. This warning prior to Gu's arrival to and debriefings in Nanjing gave the CCP roughly an 18-hour head start to salvage their Shanghai apparatus before KMT authorities began cracking down. Future leaders, such as Zhou Enlai, successfully evaded capture, although the damage further weakened a CCP stricken by the KMT's "White Terror" [8].

"We sent these men into the dragon's lair and the tiger's den (*long tan hu xue*)," Zhou Enlai stated, "without the 'three heroes of the dragon's lair' (*long tan san jie*), the history of the CCP would have to be rewritten" (*Beijing Keji Bao*, December 3, 2004). This historical vignette is one of the founding stories of modern Chinese intelligence, kept

alive through popular historical articles, documentaries and books. It may also have some relevance to Chinese operational methods—at least in terms of operational timelines and patience—since Li Kenong became a leading figure in Chinese intelligence from 1942 until his death in 1962.

Modern Seeding? The Case of Chi Mak

In the more recent past, Chinese intelligence also directed Chi Mak from his emigration from China through his long journey to U.S. citizenship and access to sensitive U.S. military engineering projects, according to the FBI's affidavit. Mak left China for Hong Kong in the 1960s and onto the United States in 1978. Arrested in 2005 and convicted in 2007, Chi Maki's intelligence activities span more than three decades—during most of which he did not have direct access to sensitive information (*Washington Post*, April 3, 2008).

Mak's first projects on behalf of Chinese intelligence were relatively innocuous. While in Hong Kong, Mak reportedly kept logs of U.S. warships making port calls in the British territory. In 1986 and after immigrating to the United States, Chinese intelligence asked Mak to serve as a courier for Dongfan "Greg" Chung, who was convicted in 2009 for economic espionage and acting as an unregistered agent of a foreign power. Not until Mak became a citizen in 1985 was he in a position to get a security clearance—which he got in 1996—and gain access to U.S. military secrets (Affidavit in USA v. Chi Mak, October 2005; *New York Sun*, March 23, 2007).

After gaining his secret clearance, Mak worked on classified and unclassified projects for the U.S. Navy at Power Paragon, a subsidiary of L-3 Communications / SPD Communications / Power Systems Group. Chinese intelligence provided at least two lists of US technologies for Mak to acquire information on, including data on the Quiet Electronic Drive, DD(X)-related, and other advanced naval technologies (Affidavit; *Washington Post*, November 16, 2005).

Mak and Shriver demonstrate the willingness of Chinese intelligence to invest time into agents who do not have immediate access to important or sensitive information. This is not the patience of putting tiny bits of information together, but the patience of waiting for opportunities. Yet, these two recent examples differ from the "long tan san jie" in one vital respect. Mak and Shriver were recruited agents of Chinese intelligence, whereas Hu, Li, and Qian were officers of the CCP intelligence apparatus. This begs the question of whether Chinese intelligence today still dispatches its officers to infiltrate sensitive intelligence targets and the role of the party in intelligence gathering.

Trying to repeat the exploits of the "long tan san jie" against foreign governments today would be substantially more difficult—or at least more time-consuming—than infiltrating the KMT. First, the target country would have to be one that allows immigration and willing to admit immigrants into its national policymaking structure, such as Canada and the United States. Second, the Chinese intelligence officer would have to qualify for immigration and be properly processed (possibly for years!). Third, that officer would have to pass the targeted country's vetting system without alerting security officials in the process or have other issues disqualifying the officer. Given the relative secrecy of such vetting methods, this process could require a lot of expensive and frustrating trial-and-error if Chinese intelligence was starting without a baseline. Indeed, there is not a single public example of Chinese intelligence trying to seed its officers against foreign targets. Yet, no doubt counterintelligence officials both in the United States and abroad have their own ideas and sources.

Conclusions

The Shriver case's continuity with the past, albeit with variations, suggests we should be open to revising the view that Chinese intelligence operates along the "thousand grains of sand"- or "mosaic"-model of operations. The Chinese intelligence organization directing him toward the CIA had clear intent to exploit his future access to sensitive US Government information, as demonstrated by the $70,000 down payment. The information Shriver might have had access to at the CIA could have provided actionable lead information for Chinese counterintelligence investigations, a sense of the US technical collection posture against China and Intelligence Community intelligence products. These are not the proverbial sand grains indiscriminately gathered for central processing.

From what little has been made public about this case, we are left to wonder about several key details. First, did Shriver's case officers meet him overseas? Although this sounds like an obvious question with an obvious answer, most of the publicized Chinese espionage cases from Bernard Boursicot (also known as the M. Butterfly case) to the more recent James Fondren (a U.S. Defense Department official) involved Chinese case officers who were based in mainland China [9]. Because Shriver only went back to China once since 2004, this question is not academic. If Shriver was not being met in person inside China, then how was Chinese intelligence communicating with him and how did they plan to communicate with him if he slipped past CIA security? Were the Chinese case officers traveling overseas to meet Shriver (a noteworthy development itself!) since

they apparently met several times possibly after Shriver's last trip to China several years ago?

Further analysis will be required as more information comes to light. However, the implications of the Shriver case have more practical applications than an understanding of Chinese intelligence operations. American and other foreign students traveling to and studying in China should be cognizant that the Chinese intelligence services are watching. This particularly applies to those students with scholarship obligations to the U.S. government. Former Chinese intelligence and security officials speaking publicly in recent years have highlighted how the services use a network of intelligence officers and Chinese "friends" in universities, municipal government and the entertainment industry to identify potential sources or lure them into compromising positions (*Sydney Morning Herald*, June 9, 2005; *Taipei Times*, December 17, 2005). While most visitors to China have an appreciation that they might be wandering through a fishbowl, the Shriver case provides a concrete example of how an individual's weaknesses can be identified and preyed upon.

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NOTES

1. Prior to 2005, the United States had arrested and prosecuted only two Chinese spies, Larry Wu-Tai Chin and Wu Bin, who were confirmed to be working on behalf of Chinese intelligence. Since that time, the FBI has linked Chi Mak and his family, Dongfan "Greg" Chung, Kuo Tai-Shen, Gregg Bergersen, Kang Yuxin, and James Fondren to Chinese intelligence with sufficient proof to stand up in a courtroom. Other unmentioned cases were never proved conclusively or sufficiently by U.S. legal standards.
2. Patrick Tyler, "Cloak and Dragon; There is No Chinese James Bond. So Far," *New York Times*, March 23, 1997. Former chief of FBI Counterintelligence Harry Godfrey III said "We have seen cases where they have encouraged people to apply to the CIA, the FBI, and Naval Investigative Service, and other Defense agencies."
3. "Special Report: Espionage with Chinese Characteristics," StratFor Global Intelligence Report, March 24, 2010; Paul Moore, "How China Plays the Ethnic Card: Beijing's Strategy of Targeting Chinese Americans is Hard to Counter With US Security Defense," *Los Angeles Times*, June 24, 1999; Jeff Stein, "Espionage without Evidence: Is It Racism or Realism to Look at Chinese-Americans When Trying to Figure Out Who's Spying for China?" *Salon.com*, August 26, 1999; Peter Grier, "Spy Case Patterns the Chinese Style of Espionage," *Christian Science Monitor*, November 30, 2005.
4. Moore, "For Both, Spies are Inscrutable" *Wilmington Morning Star*, 30 August 2001, p. 11A; "Special Report: Espionage with Chinese Characteristics," StratFor: 12; *2009 Annual Report to Congress*, US-China Economic and Security Review Commission, 149; Hamish McDonald, "Spying the Chinese Way: Millions of Snippets from All Over the World," *Sydney Morning Herald*, June 6, 2005.
5. Li Mingyang, ed., *Sunzi Bingfa* [Sun-Tzu's Art of War], Hefei, Anhui: *Huangshan Shushe* [Yellow Mountain Books] (2001): 193-194; Ralph Sawyer, *The Tao of Spycraft: Intelligence Theory and Practice in Traditional China*, Boulder, CO: Westview Press (2004): 7-12.
6. Frederick Wakeman, *Policing Shanghai 1927-1937*, Berkeley, CA: University of California Press (1996): 138-142; Xu Linxiang, *Li Kenong Zhuan*, Hefei: Anhui People's Press (1997): see Chapter 1 Sections "Chengwei Hongse Tegong" and "Long Tan San Jie de Shouci Xiangju".
7. Xu Linxiang, *Li Kenong Zhuan*, see Chapter 1 Sections "Long Tan San Jie de Shouci Xiangju" and "Qiequ Qingbao"; "Zhonggong Long Tan San Jie: Qian Zhuangfei, Li Kenong, Hu Di," *Beijing Keji Bao*, December 3, 2004.
8. Wakeman, *Policing Shanghai 1927-1937*, 151-160; Xu, *Li Kenong Zhuan*, see Chapter 2 Sections "Gu Shunzhang Panbian" and "Dui Gu Shunzhang Caiqu Cuoshi".
9. Joyce Wadler, "The True Story of M. Butterfly – The Spy Who Fell in Love with a Shadow," *The New York Times Magazine*, August 15, 1999; Neil Lewis, "Chinese Espionage Cases Raising Concerns in Washington," *New York Times*, July 10, 2008; Superseding Criminal Indictment in *United States v. James Wilbur Fondren*, US District Court for the Eastern District of Virginia – Alexandria Division, August 2009.

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The Modernization of Taiwan's National Security Council

By York W. Chen

The National Security Council (NSC) is an apparatus for the top executive to "formulate, coordinate and oversee security and defense policy" in order to "enhance effectiveness by developing strategies, guidance, mobilizing resources and overseeing implementation [1]." Conceptually, the NSC in Taiwan, as in the United States [2], has two meanings: the National Security *Council* and the NSC *staff*. The *Council* itself is a president-chaired, formal meeting with statutory attendees. The NSC *staff* consists of the secretary general of the NSC and some senior officials—all are president-appointed or invited. They act as the president's policy staff responsible for various tasks

in national security realm.

The modernization of the NSC in Taiwan began in 1993 and became a cohesive and responsive institution in approximately 2002/2003. While the role of the NSC in Taiwan's national security policy process becomes more and more significant, its rather clandestine management and operations render it difficult for outsiders to make a correct description, let alone insightful judgment. Take, for example, a recent report about a secret channel established by Su Chi during his term as the secretary general of the NSC [3], which, in my view, only reveals a consistency in Taiwan's NSC operations. It was not Su's invention anyway. Such an indirect, invisible communication channel between top leaders across the Strait via their most trusted intimates also existed in the Lee Teng-hui and Chen Shui-bian administrations. Considering the political sensitivity, its details were tightly protected from public scrutiny.

Role, Mission, and Organization

Former president Lee Teng-hui launched several vital amendments of the Constitution and reshaped the government in the 1990s. The 1991 Constitutional Amendment and the Organization Act of the National Security Council (legislated in 1993; hereafter, the Act) provided the legal foundation for the NSC. The modernization of Taiwan's NSC thus began. The full extent of these measures took almost a decade to materialize, and the interplay among many external and internal factors shaped what it appears like today.

During the 1993 legislation, a severe clash over the role and mission of the NSC erupted in the lawmaking body. Opposition to the Act had been finally ironed out, yet, resistance to the NSC's legitimacy has endured even to this day. Opposition to the legislation was largely caused by inconsistency in Lee's constitutional reform itself. Many believed that the path of Lee's sequential constitutional amendments would lead to a French-mode dual-leadership system. Therefore, they urged that executive power should be concentrated on the premier, head of the Cabinet, not the president. The president-chaired NSC, in their views, would become a "superlative Executive Yuan (Cabinet)" and an impediment for the premier's comprehensive control over the Cabinet. Nevertheless, the Act passed, but the sources of conflict remained. Though the Act stipulates that the NSC is to be overseen by the Legislative Yuan (Article 8), the secretary general of the NSC (compatible to National Security Advisor in the United States; hereafter, SG-NSC), in practice, refuses to be called upon by the Legislative Yuan and insists that, being an element of the President's Office and not a part of the Cabinet, his presence in the legislature for questioning will prejudice the presidency. Therefore, the relationship between the NSC and the legislature has never improved. For the legislators, the SG-NSC is one of the most unpopular figures in the administration. They are always suspicious of the legitimacy of any NSC operations and regard the assault against the "conceited" NSC as a short cut to challenge the president.

Nevertheless, the Act established the role, mission and organization of the contemporary NSC. The Act delineates the president's prerogative in the realm of national security by defining the NSC as an advisory apparatus for the president in making national security decisions (Article 2) and the NSC's resolution only as reference for the president's own decision-making (Article 5). Later, in the 2003 Amendment, the realm of national security was further defined (or, confined) as national defense, foreign affairs, cross-Strait relations, and national emergency (Article 2, II).

The current NSC consists of 13 statutory attendees: the president (chairman), the vice president (acting chairman in the president's absence), eight Cabinet members (the premier, vice premier, the ministers of Interior, Foreign Affairs, National Defense, Treasury, and Economic, the chairman of the Mainland Affairs Council), the chief of the General Staff, SG-NSC, and the director of the National Security Bureau (NSB, equivalent of the Central Intelligence Agency in the United States, a direct subordinate under the NSC jurisdiction; Articles 3 and 4) [4].

"Each administration begins with a standard National Security Council-based interagency process." A study on the U.S. national security policy making concluded, "decision making then starts to evolve in a predictable manner—participation in decision unit is narrowed, ad hoc and informal procedures play greater and greater roles in the process, and the standard interagency process is bypassed or streamlined more and more often [5]." The pattern is even more applicable in Taiwan. The president-chaired formal NSC Meeting is hardly held. When the formal NSC Meeting itself fell into relative disuse, the role of the NSC staff emerged. The NSC is staffed by nine to eleven senior officials: one SG-NSC, three deputies SG-NSC and five to seven senior advisors (Articles 6, 7 and 9). All are president-appointed or invited. While these NSC senior staffers exercise similar capacities as their U.S. counterparts, their status is much higher. The SG-NSC and deputy SG-NSC are treated as premier- and vice premier-level officials. Senior advisors also enjoy minister standing.

Below these senior staffs, a thin layer of secretaries and clerks, all civil servants or military officers mainly for administrative routines, were assigned to the NSC. The 2003 Amendment authorized the NSC to expand an

additional, thick layer of assistants (Articles 11 and 12). A research assistants system has been built since then. Now, every NSC senior staff personally commands at least three to four assistants. More importantly, these assistants can be political appointees. By establishing staffs of the president's NSC staff, not only the effectiveness of the NSC increases, but the NSC also becomes the least bureaucrat-minded apparatus in the Taiwan government, with the largest number of political-appointed officials (nine to eleven) and assistants (at most, fifty-two) comparing with other ministries and agencies (at most four political-appointed officials and six political-appointed assistants). The characteristics of "all the president's men" in the NSC is becoming more obvious.

Personnel and Management

Lee's NSC senior staff was a mixed personnel arrangement. Some were for specific tasks and often deeply involved in assisting Lee's decision-making. Some were appointed, apparently, for political rewards and played very limited roles in providing advice to the president only on an occasional basis. Lee selected Shih Chi-yang, former Chairman of Mainland Affairs Council (MAC) and former Minister of Justice, as his first appointed SG-NSC (see Appendix) in 1993, obviously for pressing home the legislation. After Shih's success in his task, Lee replaced him by Ding Mau-Shih in 1994. Ding, a veteran diplomat from the Ministry of Foreign Affairs (MoFA), served as the longest term SG-NSC in Lee's administration. As the architect of Lee's diplomatic offensive and the key manager of the 1995/1996 missile crisis, Ding was the first figure in Taiwan to have sufficient authority vis-à-vis ministries and agencies compatible to the title of SG-NSC. The NSC ,with Ding's expertise, soon expanded its operations beyond the previous defense and intelligence terrain.

Yet, the internal management within the NSC was another thing. Michael Swaine correctly pointed out that the NSC in the Lee era was "significant primarily as a source of individual advice and expertise to the president [6]." Initially, Lee's NSC senior stafferss were his loyalists or close friends and they were indeed very senior in terms of age and experience. Due to their seniority and intimacy with Lee, the NSC senior staff looked more like a group of individual colleagues than a team with a clear chief-subordinate relationship. A unique NSC management style—"eight plus one; all equals" mode—thus had developed in Lee's term and lasted until 2002. Every one of Lee's NSC senior staff had direct and independent access to the president. SG-NSC Ding hardly had a say about what his eight heavy-weight colleagues did.

The NSC management style of the Lee era lasted until 2002/2003 when Chen appointed two significant DPP politicians as his SG-NSC: Chiou I-jen and Kang Ning-hsiang. Chiou, first-rated coordinator and Chen's most trusted NSC staff [7], inserted a "spindle-of-the-wheel" management style into the NSC to replace the previous "eight plus one, all equals" practice. All advice for the president from NSC staff began going through the SG-NSC first. All NSC operations were acknowledged, if not commanded, by the SG-NSC. Furthermore, in the sequential personnel reshuffles, the seniority consideration in appointing NSC senior officials was almost abandoned. The SG-NSC status as the chief manager in the NSC was thus firmly established at that point.

The 2003 Amendment for the NSC organization took effect in Kang's term. The NSC was immediately enlarged by the introduction of political-appointed assistants. Also, Kang moved the entire NSC, once dispersed in different locations, into the President's Office (occupying one fourth of the office floor space). With the enviable proximity to the president (only a few meters away), cohesiveness and responsiveness, the modern, though not perfect, NSC in Taiwan was finally established and became an indispensible arm of the president's national security policy-making.

Chiou was appointed as SG-NSC twice; his position was also vacated twice. However, as former President Chen's most trusted staffer, the changing of his titles did not change his authority, and thus created a personalized "SG-NSC without portfolio" style. Chiou was authorized to handle some important responsibilities, such as Taiwan's relations with the United States and Japan, secret diplomatic missions, military issues and related coordinating networks, and left the capacity of managing the NSC and other issues to his successors. Though this "SG-NSC without portfolio" style was designed to maintain the consistency of some critical national security policies and some procedures were taken to prevent the *de jure* SG-NSC from being bypassed, it was seen as Chiou's inappropriate *ultra vires*.

In 2008, President Ma Ying-jeou came into office with his new SG-NSC Su Chi. Su's personal relationship with President Ma made Su a very powerful SG-NSC. Though most of Chen's national security policies were overthrown, the centralization management style was kept and even multiplied. Many in Su's NSC team were his close friends. That facilitated Su to dominate the national security agenda and to press home his bold ideas. Su's NSC team thus was criticized as a homogeneous "band of brothers." As mentioned above, no SG-NSC was popular in the legislature; Su's unchecked authority made him more unpopular. He was embattled in the legislature on the American beef issue and found no sympathetic support from the KMT legislators. Su was relieved in 2010 and

went back to university. Chiou's antecedent of "SG-NSC without portfolio" did not apply to him.

Operations and Boundaries

In Taiwan, the formal NSC Meeting itself has already become a shadow body. Not only can the NSC functions be only undertaken by the NSC staff; but, under the president's authorization, NSC staffs also act in—or often by—the name of the president and, more importantly, for the stake of the president in assisting him in national security affairs. Their activities can largely be categorized into one general (advisory) and three specific (policing, coordinating and executing) operations.

Advisory operations are the most fundamental tasks for the NSC staff. Such operations are multi-faceted, ranging from face-to-face discussion with the president to submitting specific policy memos on their own initiatives or on the president's request.

To ensure some certain policies were implemented in the president's directions, the NSC senior staff takes the "policing" responsibilities to monitor the process of policy implementation at the Cabinet level. The "policing" tasks were most needed when the president could not have his favorite as the head of the ministry or agency. In return, the policing tasks often invited press leaks from the affected ministries and agencies as signals of protest.

Some inter-agency coordination tasks are routine, but need constant attention. Some are technical-oriented but require not to be overwhelmed by the bureaucrats. Some are particularly difficult when different vested interests from different ministries and agencies are at stake. In such conflict situations, the engagement of the president or his SG-NSC is necessary. During former President Chen's term, Chiou I-jen, as the SG-NSC or not, earned a reputation as a fair broker in splitting the difference among ministries and agencies. It was a challenging task and remarkable success for Chiou particularly because of the power base of his President often being weak.

The NSC staff is expected not to be involved in policy execution. Yet, the fact is that not only the NSC staff actively engages in policy execution—either handling the implementation single-handedly (in some secret diplomacy cases) or leading an interagency team (the NSC's pol-mil exercises was an example)—and the terrain of such involvements is also expanding. By comparison, the NSC is a small apparatus with a very small budget—all under the heading of the President's Office [8]. It is financially difficult for the NSC to have "outdoors" activities other than advisory or coordinating tasks. Currently, all NSC "outdoors" activities are sponsored by the annual budget of the NSB, MoFA or MND, which are under the audit of bureaucrats and the supervision (or sabotage) of the legislature.

The NSC involvement in the American beef issue in the current Ma administration has exemplified a further territorial expansion of the NSC operations. President Ma is determined to restore Taiwan's economic prosperity and believes the only option is to deepen cross-Strait economic relations. Without an equivalent of a national economic council in the President's Office, Ma has had to insert two to three economic specialists into his NSC team, responsible for the coordination between traditional national security agencies and the economic sector. In the signature of the Economic Cooperation Framework Agreement, which could have significant political and economic impacts on cross-Strait relations, Ma's NSC played the leading role.

Conclusion

Although some controversies remain unsolved—such as its relation with the legislature—the NSC in Taiwan has evolved as a modernized institution in assisting the president's national security policy-making. The NSC operations, of course, can be improved via some institutional measures. For example, the frequency of president-chaired formal NSC Meetings and the introduction of the president's national security decision directives (NSDD) may raise the legitimacy, accountability and transparency of NSC operations. Yet, the pivot of any meaningful improvement in NSC operations still lies on the president and his (or her) administration, whom the NSC is designed to serve. After all, NSC supremacy is the presidency supremacy; the NSC drawbacks are the president's problems. Every president (or SG-NSC) in Taiwan learns, and often corrects, the mistakes that his (or her) predecessors committed. The price of lesson learning, however, is high enough: Chiou, Chen's most trusted SG-NSC, is now facing an investigation of alleged corruption in secret diplomacy missions; Su, Ma's intimate and his best SG-NSC, was forced to resign and almost retired from politics. Two highly prominent figures in Taiwan's contemporary national security circle earned no admirable hurrah when they left the NSC.

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APPENDRIX: The Evolution of Taiwan's NSC after 1993

President	SG-NSC Appointment	NSC Management Style	NSC Staff Operations
Lee Teng-hui (1988-2000)	Shih Chi-yang (1993) Ding Mau-Shih (1994) Yin Tsung-wen (1999)	"eight plus one: all equals" decentralized style	mainly advisory tasks crisis management traditional security focus (excluded military)
Chen Shui-bian (2000-2008)	Chuang Ming-yao (2000) Ding Yu-zhou (2001) Chiou I-jen (2002) Kang Ning-hsiang (2003) Chiou I-jen (2004) Chen Tang-shan (2007) Chen Chung-shin (acting, 2008)	"spindle-of-the-wheel" centralization and personalization style	advisory, policing, coordination, and executing tasks crisis management traditional security focus (included military) and some non-traditional security issues
Ma Ying-jeou (2008-)	Su-Chi (2008) Hu Wei-zhen (2010-)	"band of brothers" centralization style centralization style	advisory, policing, coordination, and executing tasks crisis management traditional security plus economic focus, some non-traditional security issues

NOTES

1. Thomas C. Bruneau, Florina Cristiana Matei, and Sak Sakoda, "National Security Councils: Their Potential Functions in Democratic Civil-Military Relations," in *Defence and Security Analysis*, Vol. 25, No. 3 (2009): 265.
2. Amy B. Zegart, *Flawed by Design: The Evolution of the CIA, JCS, and NSC* (Stanford: Stanford University Press, 1999), p. 253, fn. 1.
3. *China Post*, May 17, 2010, http://www.chinapost.com.tw/taiwan/national/national-news/2010/05/17/256790/Ex-NSC-chief.htm.
4. Two other attendees listed in the original membership of the Act were later excluded by the 2003 Amendment: the secretary general of President's Office (the equivalent of the chief of staff to the president in the U.S.) and the chief of military advisor of President's Office. Due to the traditional influence of the military and the intelligence service, both the chief of the General Staff and the director of the NSB are given full membership, which is different from the advisor status in the U.S. model.
5. William W. Newmann, *Managing National Security Policy: The President and the Process* (Pittsburgh: University of Pittsburgh Press, 2003): 3.
6. Michael Swaine, *Taiwan National Security, Defense Policy, and Weapon Procurement Process* (Santa Monica: RAND, 1999): 15.
7. Chiou was former President Chen's most trusted national security staff. Compared with Chiou's two ex-military predecessors, Chuang Ming-yao (2000-2001) and Ding Yu-zhou (2001-2002) who met with Chen on weekly basis (see Shih-chun Wang, *Memoirs of Yu-Zhou Ding (Taipei: Bookzone, 2004): 369. Original in Chinese); Chiou saw Chen every day.*
8. Shambaugh erroenously suggested that, "The NSC's functioning and budget is now subject to monitoring by the Legislative Yuan's Intelligence Committee. Large parts of this budget remain secret, but it must be reviewed and approved on an annual basis." (see David Shambaugh, "Taiwan's Security: Maintaining Deterrence and Political Accountability," in David Shambaugh edited, *Contemporary Taiwan* (Oxford: Clarendon Press, 1998): 245.) The Legislative Yuan has never had an "intelligence committee" and none of the NSC annual budget is categorized as "classified."

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