



## Issue 1, July 12

### Europe's Taiwan Submarine Dilemma

By Richard D. Fisher, Jr.

President George W. Bush's decision to seek a European conventional submarine design to sell to Taiwan, and the brusque refusal of two European countries to do so, highlights Europe's increasing conflicts about arms sales to China and Taiwan. As a result, it is time for Washington to insist that its European allies exhibit the same moral clarity toward war on the Taiwan Strait as the United States has done for decades.

Bush's decision to sell Taiwan eight to ten conventional submarines was a victory for both Taiwan and the small group of Pentagon officials who had pushed for the sale. It is also a victory for the traditional U.S. policy goal of deterring a Communist Chinese attack on democratic Taiwan. For twenty years the State Department had blocked such a sale because it defined submarines as "offensive" weapons that could be used to attack the mainland. But at the same time, the People's Liberation Army Navy (PLAN) has purchased new Russian Kilo submarines and Russian Sovremenny destroyers with their super-sonic Sunburn missiles to enhance its ability to impose a blockade on Taiwan. Selling Taiwan new submarines will help defend against these new sub-surface and surface warfare threats.

But this policy victory has led to a new battle to secure a foreign submarine design that a U.S. shipyard can then build to meet Taiwan's requirements. In Europe today, possible submarine designs are available from the Netherlands, Germany, Italy or Britain. Almost immediately following Bush's announcement, the Netherlands and Germany forbade the sale of

their sub designs to the United States for later sale to Taiwan. Britain and Italy have conventional submarine designs they possibly could sell. Neither, however, is likely to do so.

Complicating the U.S. and Taiwan quest for a new conventional sub design has been many years of patient campaigning by Beijing to block European arms sales to Taiwan. Beijing has dealt harshly with those who have sold arms to Taiwan, such as locking the Netherlands out of mainland markets for several years after it sold Taipei two submarines. A desire to sustain their sizable export to China is likely the main motivator for the almost immediate German and Dutch refusal to offer to sell their very good conventional submarine designs.

However, Europe is increasingly willing to sell military technology to China despite a 1989 decision by the European Union that forbade weapon sales to China following the Tiananmen Massacre. Britain, Germany and Italy have sold China satellite technologies that are informing Chinese military satellite programs. Britain's Racal Corporation has sold airborne early warning (AEW) radar to the PLAN and Britain's Rolls Royce is trying to sell gas turbine engines for PLAN warships. The latest version of the PLAN's new Type 039 Song-class conventional submarine bears an uncanny resemblance to the French Agosta-class conventional submarine. And the Song reportedly is powered by German MTU diesel engines.

Should the Bush administration continue to focus on Europe as the source for Taiwan's new submarine design, it will have to start insisting on strategic and moral clarity from our allies. First, it must clearly tell Europeans that it is China who is, today and in the future, the aggressor on the Taiwan Strait. If Taiwan were to fall to Chinese military pressure, Asia's strategic equilibrium would be threatened. It would be Communist China who would then control the sea

lanes vital to Japan. Absent a strong U.S. response, a regional arms race would likely ensue, only adding to the potential for further more disastrous conflicts in the future. None of this would be in Europe's economic or political interest.

Additionally, Europe should be alarmed by the prospect of Chinese aggression against Taiwan because of the likelihood that would quickly lead to a U.S.-China war. As Americans invested heavily in the prevention of a Soviet attack on Europe, and continues to provide significant forces and leadership in preventing greater war in the Balkans, it should be reasonable for Americans to expect European consideration regarding U.S. security interests in Asia. More to the point, given the enormous sacrifices Americans have made for European security in the last century, it is reasonable for Washington to expect Europeans to acknowledge and condemn communist Chinese aggression against democratic Taiwan.

It is also reasonable for America to demand similar moral clarity concerning arms sales. Washington should be telling its European partners that selling weapons that defend Taiwan is correct, while selling military technologies to China is wrong. Preventing as war on the Taiwan Strait by ensuring that Taiwan remains strong deters a war that would threaten the safety of Americans, as well as threaten the Asian stability that is in Europe's direct economic interest.

However, if Europe is not capable of moral clarity on the Taiwan Strait, America has an alternative. The last U.S. conventional submarine, built in the late 1950s, called the Barbel-class, was in its time an advanced design that was used by some European countries to modernize their submarine production capabilities. While it waits for the Europeans to make up their minds, Washington should now examine the possibility of updating the Barbel design, with U.S. or European technology. Foreign and U.S. orders could account for up to fourteen submarines, enough for U.S. shipyards to enter this market and compete with Europe and Russia for the first time in forty years. If anything, this prospect should help some Europeans to clarify their policy on selling their submarine designs for Taiwan.

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## Issue 2, July 24, 2001

### **China's Accession To The WTO: A Winning Outcome For Both China And The United States**

After close to fifteen years of on-again, off-again, arduous negotiations, the People's Republic of China (PRC) is finally poised to enter the World Trade Organization, the institution governing the international trading system. Premised on the principles of free trade, the WTO requires new member nations to abide by rules and norms that promote the free flow of goods and services across borders. Often times, countries will have to undertake sweeping economic reforms to move the country in a more market-oriented direction. China is no exception.

Despite legitimate concerns about China's ability to live up to all the obligations to which it has committed, it is in the interest of both the world trading community and the United States to see China enter the WTO. It serves the economic interest of all save those industries already failing in the United States and the heads of state-owned monopolies in China. More broadly, it is in U.S. security interests to help integrate China peacefully into the international community. Doing so will strengthen the hand of pro-reform elements in the Chinese leadership.

#### **Benefits to the United States**

Economically, the United States stands to gain a great deal from China's accession to the WTO. China is the United States' thirteenth-largest market abroad for U.S. goods. These exports support high-quality jobs in sectors of the American economy that are key parts of the engine driving the growth the United States has experienced in recent years. Notable among these sectors are aircraft, power-generating equipment, telecommunications equipment, computers, fertilizers, medical equipment and organic chemicals.

Both U.S. consumers and the U.S. economy have benefited from the expanding trade relationship with China over the past twenty years. In 1978, when the PRC launched its ‘Open Door’ policy and abandoned its largely autarchic past, trade between the United States and China stood at an inconsequential US\$2 billion. Today, China is the United States’ fourth-largest trading partner, trading goods worth some US\$100 billion.

There is strong reason to believe that this beneficial trading relationship would expand were China a WTO member. It is true that the United States would incur short-term losses in some sectors such as footwear and textiles, but we should weigh these short-term dislocation costs against the long-term benefits as we rationalize our economy to more accurately reflect our strengths. It is also important to mention that China’s accession will simply be accelerating a process that has long been underway. Countries in Latin America and Southeast Asia have long had lower labor costs than the United States, which is why we have seen a shift of labor-intensive industries to those countries. China will be taking jobs primarily from those countries, not from the United States.

The vast majority of U.S. industries will benefit from China’s accession to the WTO. U.S. firms will have unprecedented access to China’s burgeoning market economy. Opportunities in sectors such as agriculture will expand remarkably, where tariffs on beef products will be lowered from the current 45 percent to 12 percent by 2004. A range of other industries will benefit as well, notably financial services, telecommunications and information technology. These are the sectors that most reflect U.S. strengths.

## **The WTO And China’s Accession To Asian Dominance**

By William R. Hawkins

During the June Asia Pacific Economic Cooperation meeting in Shanghai, the United States made further concessions to Chinese demands in order to move Beijing closer to World Trade Organization (WTO) membership. The concessions gave China de facto

status as a developing country, which will allow Beijing much more latitude within the WTO to control how it will interface with the world economy.

The People’s Republic of China (PRC)—the economic growth of which is generating considerable fear among rival Asian states, and which has been conducting massive military exercises—hardly seemed a worthy candidate for such special treatment. The Clinton administration had glanced over the problem of China’s economic status when completing its 1999 bilateral accession agreement with Beijing, but had held firm in Geneva that China should be treated as a developed country subject to reciprocal trade obligations.

Chinese officials had repeatedly claimed that the talks were stalled because America was demanding “excessive” market-opening measures from China. Because Beijing was already receiving the primary benefit of WTO membership in the form of regular grants of “most favored nation” trading rights in the American market, it felt little pressure to make concessions. Instead, it was the Bush administration under the gun from the transnational business community to get China into the WTO before the November ministerial meeting in Qatar, at which another attempt will be made to launch a new round of global trade negotiations.

### **Who Gains What?**

China’s membership in the WTO will not, however, work to the advantage of the United States, either in Geneva or in Asia. Quite the contrary. Beijing will use its WTO membership both to bolster and protect the policies it is using to gain preeminence in the Asian economy and to shift the balance of power in the region against American interests and allies.

Even without WTO membership, China actively participated in the Seattle ministerial meeting with observer status. Beijing sided with those opposing the main U.S. agenda item: the opening of world agricultural markets. China’s policy of “self-sufficiency in grain through self-reliance” puts Beijing firmly in the protectionist camp. European Union Trade Commissioner Pascal Lamy claimed victory when the talks failed, praising the strong anti-American coalition, which included China, that the EU had formed on this issue. Hailing Chinese support for the launching of a

new WTO round at the Qatar ministerial, as the Bush administration has been doing, is misleading without reference to the fact that Beijing's agenda is fundamentally at odds with Washington's.

As for other hoped-for gains to the American economy from trade with China, these will continue to be "minor"—the term used by the U.S. International Trade Commission in its 1999 study of the benefits of China's WTO membership. The ITC argued the expectation of meager results "is consistent with the fact that U.S. trade with China accounts for less than 1 percent of U.S. GDP." And, by a margin of 6-1, that trade consists of the exports of goods from China, not from the United States. Between 1997 and 2000, U.S. goods exports to China increased from US\$12.8 billion to US\$16.0 billion, while Chinese goods exports to the United States increased from US\$62.7 billion to US\$100.6 billion.

Most U.S. exports to China were in the form of capital equipment for use in Chinese factories or of components for goods to be assembled in Chinese factories. This pattern reflects the general business approach to China concisely put by David Swift, president of Eastman Kodak's Greater China Region operations: "In a market such as China, where the value of business is expected to grow rapidly, local manufacturing is simply a better business model." Thus the U.S. trade deficit with China will continue to expand. The business community's interest in Beijing's WTO membership is not about opening China to U.S.-based producers, but about keeping the American market open to exports from the factories they are building in China. This commerce, however, has strategic consequences. China's mammoth trade surpluses with the United States—which have grown from US\$10.4 billion in 1990 to US\$83 billion last year—represent an enormous injection of hard currency into the Chinese economy. This trade pattern has enabled China not only to amass one of the world's largest stocks of foreign currency reserves, but also to finance its major priorities. Although not all of this growing annual windfall is spent on the military, the simple fungibility of money means that trade-generated profits have made vast resources available to support Beijing's foreign policy. China's estimated military spending is roughly the same size as its trade surplus with the United States.

Since the early 1990s, Beijing has been buying a host of advanced weapons systems, including warships, strike aircraft, missiles and submarines, from Russia and Europe. In the long-term, however, it is the investment American firms are making in China's industrial base and strategic infrastructure that will tip the balance of power in Asia toward Beijing.

### **The Technology Factor**

A study on corporate technology transfers in China by the U.S. Bureau of Export Administration found that "China's investment policies are geared toward shifting foreign investment into the central and western parts of China.... China's national laboratories and the majority of China's military/industrial enterprises are located in this region, some of which are involved in foreign joint ventures." An AT&T press release heralding new contracts with Beijing stated that "China has the opportunity to leapfrog almost overnight into the information age." But this also means the information warfare age.

With technology and know-how from both Russia and the West, China's ability to build its own advanced aircraft, missiles and warships is steadily improving. Beijing still needs both help and time to learn how to integrate and use the technology and manufacturing infrastructure it is acquiring. Washington seems sanguine about giving it both. Yet the focus of Beijing's military modernization is clear; it is to project power outward toward the Pacific Rim directly at American interests and allies. And the vanguard of this thrust is Beijing's economic assault on rival states in the region.

U.S.-China trade patterns are weakening the allies that America needs in order to wage a successful strategic competition with the PRC in Asia. Nothing has destabilized China's Asian neighbors more than the financial crisis of 1997, which is still depressing regional economies. China was a major cause of the crisis; its currency devaluations in 1994 and 1996 made it much harder for other Asian developing countries to compete as exporters to the region's biggest customer, the United States. As an April Business Week cover story on China reported, "China is fast becoming a manufacturing threat to many Asian countries." This echoes Singapore's Senior Minister Lee Kuan Yew, who warned in February that China's

growing trade “dominance” could put its neighbors out of business. This trend is not unknown in Washington. The U.S. Trade Representative’s annual report for 2000 acknowledged that “as China’s share of U.S. imports has risen, those of other Asian countries have fallen, reflecting displacement by China of goods from other suppliers.” But this has not had any impact on policy. The United States continues to support the economic advancement of a belligerent China at the expense of America’s friends and allies.

### **Regional And International Effects**

China could not have surged ahead had Washington not continued granting it “most favored nation” trade status throughout the 1990s. The unlimited market access China received not only crowded out rival exporters, but also encouraged global investors to shift capital to the People’s Republic. The impact has been felt from South Korea to India, but particularly in Southeast Asia and Indonesia.

There are even signs that Japan, whose security relationship with the United States is the linchpin of American strategy in Asia, may jump onto the China bandwagon in ways that hurt other Asian economies. The Tokyo Kyodo News Service reported April 20 that a draft 2001 white paper from the Ministry of Economy, Trade and Industry (METI) stressed the need to cooperate with China to build a new economic system in Asia, rather than continue competing with an ever more proficient People’s Republic. The proposed approach would give China’s developing neighbors roles to play, but envisions the People’s Republic as “the world’s production center” in a broad range of industries, including many in the high tech sector.

India has also expressed concern. In the annual report that India’s Ministry of Defense released May 31, it is noted that in South East Asia “the economic crises have also created additional opportunities for extra regional powers to gain increased security leverages in the region.... At a strategic level, the military balance between China and the other countries of South East Asia is altering further in China’s favor.” This is due both to China’s military buildup and to the fact that “most of the countries in the region have had to

reduce their defense expenditures” due in turn to slower economic growth.

China will undoubtedly use its economic weight to weaken American influence in the region. Beijing has already used access to the China market to reward, punish or influence foreign firms and, through them, their home governments. Just look at how Beijing has turned some of America’s largest corporations into a powerful new China lobby that pushes Beijing’s positions not only on trade but on military sales to Taiwan, weapons proliferation policy and many other noneconomic issues.

This pattern of influence has been noticed overseas. The Indian defense report mentioned above warned “due to the economic stakes for the U.S. in China... the United States would become progressively less inclined to intervene on behalf of others against China.” By letting private business interests dictate its policy in Asia, Washington is undermining its credibility as the guarantor of peace and stability in the region. If the United States wants to compete strategically in East Asia, it should be trying to check China’s economic momentum, not boost it. It would be trying to deny China precious resources, not shower it with cash and technology. And Washington should be trying to lure its allies away from commercial involvements on the mainland that could weaken their resolve to support America’s geopolitical agenda in the region.

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## **Storm Clouds Over Beidaihe**

By Willy Wo-Lap Lam

They are never reported in the official New China News Agency. Chinese Communist Party (CCP) or government spokesmen would not even confirm that the so-called Beidaihe conferences exist. Yet every summer since the 1980s, senior leaders from Beijing and the regions have gathered at a choice strip of sand at the North China resort of Beidaihe for rounds of informal discussions on matters of state. This year, the Beidaihe meetings, scheduled to run from the last

week of July to around mid-August, will have added significance because of pressing domestic and foreign concerns.

Top items on the domestic agenda are the legacy of President Jiang Zemin and personnel changes to take place at the 16th CCP Congress late next year. Relations with the United States and preparation for President George W. Bush's October visit are expected to dominate the foreign agenda. Chinese sources say Jiang, set to retire from his position of party general secretary at that congress, wants the 200-odd cadres attending Beidaihe to affirm his place in the party pantheon.

### The Domestic Forecast

Jiang's allies will also propose an amendment to the CCP charter to enshrine the Jiang Theory—in particular the Theory of the Three Representations—as a guiding principle of the party. The Three Representations Doctrine is a reference to the fact that the CCP must be representative of the most advanced productivity, the foremost culture and the fundamental interests of the broad masses. Jiang, who turns 75 in August, wants the party to accord him a status equal to, if not in some ways even more elevated, than that of Chairman Mao Zedong and late patriarch Deng Xiaoping. This is evident from the president's address at the CCP's 80th birthday on July 1, which concentrated on the achievements of the nation since he took over the helm in 1989.

According to a party source, state propaganda will cast both Mao and Deng as more transitional figures than epoch-making titans. Thus Mao spearheaded the transition from fractured, feudalistic China to the early phase of nationbuilding. But he didn't do much for economic development. Deng retooled Stalinist central planning but died before he could make a go of the socialist market economy. "Jiang is portrayed as the real architect of a new era," the source said; "he has laid a solid foundation for a market economy that matches international standards. And it is along Jiang's path that the nation will go for decades on end." Analysts say that it would be easier for Beidaihe participants, who include Central Committee members from all over the country, to hand Jiang a lofty status than to agree to a constitutional change.

Implicit in the Three Representations Theory is the fact that the party will throw open its doors to private businessmen and professionals, which was what Jiang advocated in his July 1 speech. After all, Jiang and his aides had explained that many members of these "new social sectors" could be considered representatives of advanced productivity and culture.

It is understood that Jiang and his advisers hope they can stifle the opposition put up by leftists, or quasi-Maoist conservatives headed by ideologues such as former propaganda chief Deng Liqun. These remnant Maoists have argued that the CCP—and socialism—will be adulterated if red capitalists, who are considered "exploiters," are admitted to the party. According to diplomatic sources in Beijing, Deng Liqun and his associates have openly complained that Jiang and his Politburo colleagues are abandoning workers and peasants. "Someone wants to take away the hammer and sickle from the party flag—and put in their place a computer and satellite," Deng reportedly fumed in a private gathering.

The second item on the Beidaihe agenda will testify to another ingrained CCP tradition: the division of the spoils among the party's different factions. A preliminary list of nominees for the new 190-odd member Central Committee will be ready for deliberation. More important, top cadres, mainly members of the supreme Politburo Standing Committee (PSC), will put forward their nominations for the new Politburo. Owing to retirement and other reasons, about half of the twenty-two incumbent members will step down next year to make way for Fourth Generation or younger cadres. Diplomatic analysts say that Jiang is pushing for the induction of at least two new members. One of them is Education Minister Chen Zhili, his old subordinate from Shanghai, who may be promoted party boss of the metropolis. The other is likely to be a new face from outside the central bureaucracy.

The names of Zhejiang party secretary Zhang Dejiang, Jiangsu party boss Hui Liangyu and Beijing Mayor Liu Qi have been mentioned. A number of Jiang associates, including head of the party's Organization Department Zeng Qinghong, Vice Premier Wu Bangguo and Guangdong party secretary Li Changchun will likely be given second five-year

terms in the Politburo. Premier Zhu Rongji is believed to be lobbying for Politburo membership for two key lieutenants, People's Bank of China Governor Dai Xianglong and State Council Secretary-General Wang Zhongyu. Other powerful PSC members, including National People's Congress Chairman Li Peng and Vice President Hu Jintao, will also be lobbying on behalf of trusted associates. For example, Hu is throwing his support behind two regional leaders: Fujian party secretary Song Defu and Henan Governor Li Keqiang. Despite the apparent pre-eminence of the Jiang faction, the cut and thrust are tipped to be ferocious—and the horse-trading is expected to go on until weeks before the 16th congress. Thus it is highly unlikely that Beidaihe participants will arrive at even a preliminary consensus on the composition of the new PSC to be endorsed at the pivotal congress.

Informed analysts, however, say that the next standing committee will be dominated by four members: Hu Jintao, as party general secretary; Vice Premier Wen Jiabao, likely to be promoted premier; Zeng Qinghong, who will be put in charge of party affairs; and current head of the Chinese People's Political Consultative Conference Li Ruihuan, who may take over the NPC chairmanship from Li Peng. Other politicians deemed to have a chance of making the PSC include Guangdong's Li Changchun and Vice Premier Wu Bangguo (both Jiang cronies) and law-and-order specialist Luo Gan (a protégé of Li Peng). It is also likely that one or more representatives of the Third Generation will continue to exercise influence from behind the scenes. It is well known that Jiang, while vacating the PSC, would like to keep his chairmanship of the Central Military Commission for at least a few more years. Beijing is also abuzz with speculation that in the footsteps of Jiang, Li Peng, 72, is also scheming to hang on in some capacity. Irrespective of the outcome of such personnel-related wrangling, a body blow will have been delivered to political reform.

According to a cadre familiar with preparations for Beidaihe, one reform proposal to be tabled is that participants should consider new, and more modernization-minded, criteria for selecting Fourth Generation leaders. In addition to traditional values of being "both Red and expert," for example, candidates for

elevation must display knowledge of the market economy and global norms. In practice, however, deliberations on personnel issues will likely be steered mostly by factional considerations.

### **The Foreign Policy Forecast**

On the foreign policy front, Jiang is anxious to get the backing of the Politburo and other senior cadres for his largely conciliatory policy toward the United States. Diplomatic analysts in Beijing say that Jiang will report to his colleagues at Beidaihe about plans to make the much-awaited summit with Bush in October a success.

In private discussions since June, Jiang had asked his aides to foster a "positive atmosphere" in the run-up to the summit. A source close to Jiang's personal think tank said Jiang had designated a timetable for rapprochement with the U.S. Thus the months of June and July would be "a period of winding down [bilateral tensions]." This meant that in the wake of unpleasant events such as the spy plane incident and Washington's arms sales to Taiwan, Beijing would do its part in patching up differences. "Jiang hopes concrete improvement in ties can be achieved in August and September, leading up to a successful presidential summit," the source said. The source added that both officials and the media had been instructed to give the impression that particularly after the departure of the spy plane from Hainan Island early July, bilateral relations were set to enter a normal, even benevolent, cycle. In public statements, senior cadres have toed the line that "the sky has been cleared up after the passage of the storm." Demonstrations of good will by the Chinese side have included the release of Chinese-American scholar Professor Li Shaomin and permission for American naval vessels to resume rest-and-recreation stopovers in Hong Kong.

Analysts say that, apart from reasons such as trade, Jiang is anxious to maintain good ties with Washington because he considers "great powers diplomacy" a major part of his legacy. The president, however, has continued to be criticized by nationalistic cadres and intellectuals for being too "soft" on Washington. Jiang and other "pro-U.S." cadres such as Zhu will

likely argue in Beidaihe that for the sake of developing the economy, Beijing has no choice but to at least temporarily stick to Deng's famous dictum of "keeping a low profile and never taking the lead" in foreign policy.

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## South China Sea Flashpoint

By David G. Wiencek

The South China Sea is a potential international security flashpoint stemming primarily from several significant territorial disputes between the countries of the region. But recent attention in this area has focused on a different set of concerns. On April 1, 2001, a collision took place between a Chinese F-8/J-8-II fighter and a U.S. EP-3E reconnaissance plane over the South China Sea. The collision sparked an international incident. The Chinese fighter closed to within feet of the U.S. aircraft and then lost control, crashed and damaged the EP-3E, forcing it to make an emergency landing on Hainan Island, where the U.S. crew was detained for eleven days before being returned to the United States unharmed.

While the collision may well have been an isolated incident, it can also be argued that China's aggressive interception of the EP-3E aircraft was a calculated act of intimidation designed to limit U.S. reconnaissance of Chinese military activities in and around the critical sea-lanes of the South China Sea. The incident also highlights broader security sensitivities in this vital region and the looming clash of interests between Washington and Beijing.

### Territorial Clashes

To date, most interest in the South China Sea has focused on the conflict over the Spratly Islands. This is arguably the most complicated territorial dispute in Asia. Jurisdiction over these islands has been in question for decades. The dispute affects all of Southeast Asia and directly involves five claimants: China, Taiwan, the Philippines, Malaysia and Vietnam. Brunei is often mentioned as a sixth party even though it

does not physically occupy any of the contested locations.

The Spratlys sit in the southern reaches of the South China Sea. They consist of over 100 remote islets, sand cays, reefs and rocks, comprising a total land area of no more than a few kilometers in an ocean area of several hundred thousand square kilometers. These tiny islands have little intrinsic value. Yet they have taken on a greater significance for reasons of strategy, economics and nationalism.

Economic interest stems from the large volume of trade shipments that travel through the region. It is estimated that over half the world's merchant fleet (by tonnage) sails through the South China Sea each year. Some 75 percent of Japan's oil, for example, is shipped through these sea lanes. Another key reason this area is so important is the potential for oil and natural gas exploitation and access to other valuable maritime resources, such as fisheries.

Nationalism is another factor at work and has resulted in an increased emphasis on maintaining or expanding sovereignty claims, particularly in light of expanding economic zones as provided by the Law of the Sea Convention.

The Spratlys dispute is of key importance to the United States and its allies, particularly in terms of maintaining freedom of navigation and overflight (as seen in the EP-3E incident). American interests also would be directly threatened were Washington's longtime treaty ally the Philippines to be threatened or attacked.

### Strategic Factors Also Involved

In addition to these factors, China is clearly pursuing a strategy of expanding its military sphere of influence in the area to include strategic waypoints in the Paracel Islands, in the northern portion of the South China Sea (particularly Woody Island), down through the Spratlys. The Paracels are another disputed island group occupied by China, but also claimed by Vietnam and Taiwan. In the Paracels, the Chinese have established a major presence on Woody Island and have built a 350-meter pier and a 2,600-meter airstrip, which is capable of handling all

types of People's Liberation Army (PLA) aircraft. There are also oil tanks, gun emplacements and ammunition storage bunkers, which underline the perception that this island could be used as a staging point to support offensive operations in the Spratlys. We also have recently learned of the presence of Silkworm antiship cruise missile installations on Woody Island. The Silkworm has a range of some fifty-nine miles and could be used to threaten nearby shipping traffic.

A Chinese signals intelligence station, meanwhile, has reportedly been established on Rocky Island, just to the north of Woody Island. Rocky Island is one of the highest points in the area, and thus provides good coverage of military signal activity in this part of the South China Sea.

PLA exercises staged beginning in May 2001 (and continuing at the time of this report) at Dongshan Island off the Chinese coast opposite Taiwan involve a three-service assault designed to simulate an invasion of Taiwan. A U.S. official quoted in *The Washington Times* on May 30 indicated that the Dongshan exercise was part of a larger war game underway in the South China Sea, which involved PLA naval and air force elements from both Hainan and Woody islands.

### **Island Occupations Continue**

The nations involved in the Spratly dispute continue to jockey for position and influence. The number of island occupations sharply increased in the 1980s and continued in the 1990s, and this trend shows no sign of abating.

The drive to occupy pieces of territory has given rise to violent clashes. In 1974, China ejected Vietnam from the Paracels. In 1988, Vietnam and China fought a battle over Fiery Cross Reef in the Spratlys that resulted in the loss of three Vietnamese ships and over seventy Vietnamese sailors killed or missing.

As is widely known, the confrontation took a dangerous turn in 1995 with China's takeover of Mischief Reef. Mischief Reef is in the eastern part of the Spratlys and is in the heart of Philippine-claimed waters. The takeover sparked a regional crisis.

Then, in late 1998 and early 1999, with the region distracted by the Asian financial meltdown, new Chinese construction was observed on Mischief Reef. This activity resulted in permanent, multistory structures on concrete platforms and raised heightened worries in Manila and elsewhere about Chinese intentions. The new structures, which Beijing now proudly refers to as "sea bastions," are fitted with anti-aircraft guns and are large enough to serve as landing pads for military helicopters.

Reports from the Philippines in April 2001 suggest that the facilities on Mischief Reef have been further upgraded with new communications equipment.

### **Other Skirmishes**

In addition to the Mischief Reef tangle, there have been a number of other low-level incidents. In May 1999, for example, two Chinese naval ships allegedly pointed their guns at a grounded Philippine supply ship. Subsequently, a Philippine Navy patrol boat pursued three Chinese fishing boats near Scarborough Shoal, another contested area about 130 miles off the Philippine coast. The Philippine vessel fired warning shots and ended up sinking one of the fishing boats after colliding with it several times. In October 1999, Vietnamese troops fired on a Philippine plane during an overflight. About the same time, Malaysian and Philippine aircraft reportedly came into contact without incident near Investigator (Pawikan) Shoal. A further diplomatic flare-up between Manila and Beijing occurred in March 2000 when a Chinese fishing fleet anchored at Scarborough Shoal. In May 2001, there were fresh reports of some twelve Chinese naval vessels near the Spratlys.

These incidents illustrate how two or more of the disputants could easily back into a confrontation that turns into a wider conflict affecting the entire East and Southeast Asian region.

### **China's Looming Intentions**

Beijing has made a vast claim to the entire South China Sea, thus making confidence building measures, such as the long debated "Code of Con-

duct,” highly problematic and dependent on satisfying its interests. The legal basis of China’s claims has been backed up by a seemingly calculated set of island occupations over time, thus establishing a permanent and continuous military presence in the Spratlys.

China has linked its island occupations with a strategy and force buildup that is designed to project power to the far reaches of the South China Sea and beyond. Beijing is thus positioning itself to exert control—in time—of the region’s vital sealanes and airspace. It views the other claimants as challenging this predominant position.

For these reasons, the United States and other concerned countries need to be proactively involved in pressing the South China Sea claimants to explore ways to mitigate the risk of armed conflict, while pursuing longer-term ways of addressing the underlying diplomatic and economic sources of the disputes. But it is also important that U.S. policymakers reemphasize that Washington will not tolerate any attempt to use force to resolve the disputes or to disrupt the vital sealanes of Southeast Asia. Washington should also continue to show the flag in the South China Sea in support of the principle of freedom of navigation, as well as overflight, as it is now doing in the aftermath of the EP-3E incident.

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## Issue 3, August 7, 2001

### Taiwan’s Majority Won’t Stand For Unification With China

By John Tkacik

Earlier this year, it was suggested that Taiwan’s political leaders could never declare “independence” because their supporters are too dependent on their

US\$50 billion (some say US\$100 billion) investments in manufacturing operations in China. On the other hand, Taiwan’s ever-sharpening ethnic politics makes it equally unlikely that Taiwan’s President Chen Shui-bian can move toward Beijing’s “one country, two systems” demand. This is because those favoring “unification” are Taiwan’s “Mainlander” minority while those favoring “independence” are the native Hok-lo Taiwanese majority, and the Taiwanese simply will not stand for it. Complicating the equation, however, is a new alignment of the native-Taiwanese Hakka community and Taiwan’s aboriginal peoples with the mainlanders, yielding about a 65-percent majority against unification to about 35 percent who could probably support some sort of connection with China.

Taiwanese politics are ethnic. And the core issue is Taiwan’s relationship with China. The latest poll (July 7) shows that less than a fifth of Taiwan’s people are interested even in eventual, down-the-road reunification with China, and that another fifth demand full independence. The rest want to “maintain permanently the status quo” of de facto separation from China—or at least put off the decision “until later.”.. much, much, much, much later. These numbers have been roughly consistent, with ups and downs, for the past decade.

#### The Lee Teng-Hui Factor

During his twelve-year (1988–2000) tenure as Kuomintang (KMT) chairman and Taiwan’s president, Mr. Lee Teng-hui pushed a strategy of “localization” (or “Taiwan First”) aimed at reorganizing the KMT into a renascent and distinctly Taiwanese political party that would shake off all identification with China.

As early as 1994, for example, Mr. Lee talked publicly of the KMT as an “alien regime” founded in China and seen in Taiwan as a mainlander invention. By 1999, Mr. Lee redefined Taiwan-China relations as “two nations,” or, as he put it, a “special state-to-state relationship.” And while this vision was embraced by the vast majority of Taiwanese, Lee’s handpicked candidate, the charisma-challenged Lien Chan, was trounced in the March 2000 presidential elections. Lien, himself half-Mainlander and half-

Taiwanese, was so inept that he managed to turn his pedigree into a double-liability. The Taiwanese didn't like him because he was too much the Mainlander, and vice versa.

Rather than attack Lien for the defeat, the KMT's Mainlander faction (which had, of course, completely abandoned Lien in the campaign) blamed President Lee. Amid rioting, overturned cars and smashed windows, Mr. Lee was forced to resign the KMT chair within days of the vote. Mr. Lien replaced him, and promptly fell under the sway of the Mainlander faction. Immediately, Mr. Lien dismantled his predecessor's "localization" policies, and explored new rubrics, like "confederation," for an eventual political union with China.

### **Taiwan Solidarity Union**

So it was unsurprising when, on July 31, one of Mr. Lee's top lieutenants formally registered the "Taiwan Solidarity Union" as island's newest political party, with Mr. Lee agreed as its "spiritual leader." The new party embraces the "state-to-state" model for dealing with China, and demands that Taiwan's future be decided solely by the people of Taiwan. To show his support, Mr. Lee will attend the TSU's inaugural congress on August 12, and reportedly pledged to find money for candidates, to train TSU nominees in campaign techniques and even to go out on the stump for them himself as the December 1 election day draws nearer.

Needless to say, this sparked an uproar in the KMT. On Tuesday, July 31, one ancient former diplomat made a show of cutting his wrists and bleeding all over the floor at the KMT's 16th Party Congress session to protest Mr. Lee's treachery. Others demanded the Party expel him. And despite the 79-year-old Mr. Lee's ironic protest that he is so loyal that he will "die with the Kuomintang," among mainlanders Mr. Lee remains the most reviled man in the Party.

Conversely, among the country's native Hok-lo Taiwanese who count for about 65 percent of the population, Mr. Lee, is the country's most revered politician.

### **The "Provincial Complex"**

As the year-end legislative election campaign heats up, ethnic sniping in Taiwan's politics is out in the open—again. On July 13, KMT Chairman Lien fumed about "evilly disposed" politicians attempting to "divide the country along ethnic lines."

On July 31, when the young, attractive, capable (and Mainlander) mayor of Taipei in northern Taiwan, was bruited about as a likely KMT presidential candidate, a top DPP legislator declared—right out in the open—that the mayor's "background as a second-generation Mainlander" was a major stumbling block to his winning the Presidency. The legislator declared his countrymen in Central and Southern Taiwan "are different from the North, they would find it very hard to accept Mayor Ma as their leader."

The ethnic dynamic—the Mainlanders call it "Shengji Jingjie" or the "Provincial Complex"—is not just a simple Taiwanese-Mainlander rivalry. There are two other key ethnic voting blocs: Hakka Taiwanese and the Malayo-Polynesian aboriginal peoples of the Island.

The Hok-lo Taiwanese make up about 65 percent of Taiwan's population. Some 18,000 of their forebears were liquidated by Chiang Kai-shek's mainlanders soldiers in the aftermath of the infamous "February 28, 1947" rebellion. The "February 28" uprising became the rallying cry for an underground "Taiwan Independence Movement" organized and bankrolled for over forty years by the Taiwanese diaspora—mainly in the United States. By 1992, as President Lee Teng-hui abolished the "black lists," thousands of Taiwanese returned from overseas, some are now Taiwan's most influential political leaders.

The Hakka, Taiwan's largest minority, claim 15-20 percent of the population. They are clannish and fiercely independent "Guest People" who, with their plain-black clothes and unintelligible dialect, have been the traditional objects of Hok-lo derision. Taiwan's aborigines, now numbering not quite a million (3-5 percent of the population), are the Malayo-Polynesian peoples whom the vast migration of incoming Hok-lo pushed into the mountains from the 17th through the 20th Centuries.

And, finally, there are the Mainlanders. They and their children are the remnants of the legendary 2 million boat people who fled China with Chiang Kai-shek's defeated army in 1949-50 after the Communists swept the mainland. And they are generally assumed to count for 10-15 percent of Taiwan's 23 million population, though hundreds of thousands are said to have emigrated back to Mainland China to manage Taiwan factories or otherwise partake of China's economic boom.

All this indicates that Taiwan's year-end legislative elections could become a referendum on unification—especially if the economy, caught in the current global economic slump, turns around. If the Democratic Progressive Party-TSU coalition gains over 50 percent of the vote, it is likely to make Taiwan's government less inclined than now to humor China's insistence on a "one China" principle.

The other side of the coin is that Hok-lo Taiwanese moves toward independence are restrained by the uneasiness of the Hakka, mainlanders and Aborigines. The DPP already acknowledges it must have the Hakka vote if it is to construct a working legislative majority. To do so, the Hakka must be comfortable with a Hok-lo Taiwanese government. Already, the DPP government has a cabinet-level Hakka Affairs Council, opened a Hakka museum, and is popularizing the Hakka language.

But, for the time being, the Hakka electorate believes their interests will more likely be preserved by a Mainlander-Hakka alliance, and the result will be a continuation of the status quo—what Beijing sourly calls "no unification, no independence." With the electorate gridlocked between 65 percent anti-China and 35 percent neutral-to-pro-China, there is no prospect of reaching a consensus on future China ties. Which means that Taipei's leaders will opt to "maintain the status quo permanently."

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## **The Future Of The Kuomintang (KMT) Party**

By John F. Copper

In 1949, Taiwan's Nationalist Party or Kuomintang (KMT) was defeated by the communists and fled from the mainland to Taiwan. At that time the party's future looked dim. Recently there is pessimism in the party not heard since those days. Thrown out of power for the first time in the March 2000 election, KMT is facing another crisis. This seems odd for a party that in the 1960s and after produced the Taiwan "economic miracle." For a couple of decades Taiwan was the world's fastest growing economy. This was a stellar accomplishment in view of Taiwan's unfavorable land to population ratio and its lack of capital and resources. In the 1980s, the KMT engineered the "Taiwan political miracle." It built the world's fastest democratizing system and did that without bloodshed.

### **What Went Wrong?**

What then went wrong? Some say it was complacency with its accomplishments. Others suggest corruption. Maybe the party was in power too long. It aged. Certainly it has suffered from internal splits. The present situation, however, seems immediately traceable to the March 2000 presidential election. Leading up to the election James Soong was the most popular politician in Taiwan. Under normal circumstances he would have been the KMT's nominee and would have won the election hands down.

But President Lee Teng-hui and Soong had become foes. Lee kept the nomination from Soong, instead supporting his vice president Lien Chan. Lien got the party's nomination and Soong decided to run as an independent. The KMT might have allowed a Soong victory and made amends after the election. But KMT leaders, apparently under orders from Lee, attacked Soong relentlessly and released information on his questionable financial activities when he was the party's secretary general.

Soong, who had the reputation for honesty and caring for the common man, was fatally hurt by the accusations. He had trouble answering. The case diverted his attention and his energies. The opposition party's Chen Shui-bian, as a result of the KMT's vote base splitting, won the election. Even though Soong was less than three percentage points behind Chen, and

the KMT's Lien, one of Taiwan's most qualified and able but not charismatic politicians, came in a poor third, the party did not try to bring Soong back into the fold.

Meanwhile, the KMT's reputation had also been sullied by "black gold"—its association with criminal elements and corruption. This was a major campaign issue and an image problem for the KMT that persisted after the election. Out of power the KMT was an easy target. Investigations disclosed past misdeeds (though Taiwan's other parties, including the now ruling DPP were hardly free from guilt).

Soon after the election Soong formed his own party, the People's First Party (PFP). He recruited new members, including attracting KMT members of the legislature. After Chen became president the two parties at times cooperated to block or change legislation and obstruct the Chen presidency. This caused President Chen's popularity to plummet. But so did the KMT's and the PFP's.

The KMT generally has not performed well in opposition. It didn't know how. It has also failed to attract younger people. It needed direction and didn't have it. It lacked a leader. After the election, the party expelled Lee Teng-hui from the chairmanship. Lien took over, but many felt that he should not be the party's nominee for president again. He couldn't win in a popularity contest type of election, which Taiwan's presidential elections had become. Thus, many said he shouldn't head the party either.

The party has also suffered from an internal split over the issue of Taiwan's national identity. The KMT, under Lee, had become a Taiwanese Party. (Taiwanese are an ethnic or sub-ethnic group of Chinese whose ancestors came to Taiwan centuries ago and who are 85 percent of the population, in contrast to the Mainland Chinese, who came to Taiwan after WWII). The DPP also claimed to represent Taiwanese and in power it did. This undermined the KMT's support base and changed its image from a multi-ethnic party to a minority one.

Then in July this year, former President Lee Teng-hui, through one of his protégés, Huang Chu-wen, formed a new political party, the Taiwan Solidarity

Union, from a group of KMT members loyal to Lee. Lee charged that Lien and Soong had conspired to weaken the Chen presidency and in the process created political paralysis.

### **Other Parties To Gain**

Looking ahead to the year-end legislative election, it appeared that three other parties are all going to make gains in seats. The KMT will be the loser—perhaps a big loser. The KMT will likely not only lose its majority in the legislature, but the DPP (now with only one-third of the seats now) might emerge with a majority. Though this seems less than probable, the DPP might, in fact, build a majority coalition with the help of Lee's party if both do well at the polls.

In late July, the KMT held its party congress. The meeting gave observers the impression the KMT was still in power: pomp and ceremony, few new ideas, the same old leadership. Some KMT stalwarts talked of the party hoping to win 85 seats in the year-end legislative election, down nearly 30 seats from what it holds now. One party heavyweight questioned the viability of the party if it does badly in the election. But party leaders couldn't decide whether or not to expel former chairman Lee Teng-hui. Some top officials said out loud that Lee was diverting party money to the DPP. A decision either way on Lee, many said, would damage the party. Public opinion polls for months have placed the KMT far behind the other two major parties (with Soong's PFP usually leading the DPP slightly). The KMT's lack of popularity is persistent and seems difficult to turn around. Efforts to jointly sponsor (with the PFP) some candidates for the year-end election had also failed. This had been a hopeful tack for the KMT. The situation, however, is not completely bleak. KMT members of the legislature gained more clout at the party congress. Some younger leaders rose in stature. Ma Ying-jeou, mayor of Taipei, was the most notable. There were others.

It is also encouraging that Lien and Soong are still getting along and that Soong's party may win most of the seats the KMT loses in December. The KMT and the PFP should also be able to cooperate after the

election. This will mean the KMT's political influence will not drop commensurately with its loss of legislative seats.

There are other variables: Taiwan's economy has performed miserably in the last few months. GNP growth is lower than most citizens can recall, and unemployment higher. The stock market is down and Taiwan's currency has devalued. This and the political paralysis Taiwan has experienced under President Chen should make the KMT appealing to voters. After all the KMT managed the economy well and maintained political stability when it was in power.

The December 1 election will likely deeply impact the KMT's future. But it is doubtful that the party can regain its momentum and minimize its losses, while showing some ability to lead and make policies for the country. Yet the 107-year old KMT has seen bad days in the past. Perhaps it should look back and consider what it did to recover before.

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## China-Taiwan: From Indirect To Direct Dialogue?

By Jean-Pierre Cabestan

Since Chen Shui-bian's election as president of Taiwan (Republic of China) in March 2000, Beijing has constantly refused to resume its unofficial dialogue with Taipei. Channels of indirect communication, however, have multiplied. China's impending entry into the WTO and its need to improve relations with the Bush administration, as well as Taiwan's economic difficulties and coming legislative election, may favor the reemergence of technical and political talks between the two Chinas.

### One China, Two Interpretations

Since Chen's inauguration in May 2000, the Chinese authorities in Beijing have deliberately ignored Taiwan's call for dialogue, in spite of the relative mod-

eration shown by the new (formerly pro-independence) president. Making Taiwan's formal return to the 1992 consensus about the "one China" concept (or, as Taipei considers it: "one China, two interpretations") a precondition to resuming talks with Taipei, Beijing has given priority to courting Taiwan's opposition parties, which still control the parliament—be it the minuscule New Party (NP), James Song's People's First Party (PFP) or Lien Chan's Kuomintang (KMT). This united front strategy has contributed to both isolating and increasing pressure on Chen's government.

In order to retake the initiative, Chen has tried several times to go back to the 1992 consensus. But because of the protest of many Democratic Progressive Party (DPP) supporters and leaders as well as of ex-president Lee Teng-hui's friends, he has had to back down every time. Yet, in December 2000, he endorsed the "one China" proposal made by a cross-party group chaired by scientist and Nobel Prize Lee Yuan-tse and put forward the idea of a gradual economic and eventual "political integration" with China. And, on January 2001, he authorized the opening of direct sea links (the so-called "mini links") between Taiwan's outside islands of Kinmen and Matsu and mainland China.

But this has not persuaded Beijing to soften its stance. On the contrary, Taiwan's booming investments (between US\$48 and US\$70 billion) and trade (US\$26 billion in 2000) with China and growing economic difficulties (+1.1 percent growth in the first quarter of 2000, the lowest result in twenty-six years) have first encouraged Jiang Zemin to intensify pressure on not only the opposition parties but also Taiwan's increasingly depressed business community. In mid-July, the Chinese Communist Party (CCP) established a regular dialogue mechanism with Taiwan's NP on the occasion of the visit to Beijing by an NP delegation.

That delegation clearly endorsed Beijing's definition of "one China" and Chinese Foreign Minister Qian Qichen made public a seven-point plan fleshing out—without actually proposing anything new—the CCP's "one country, two system" policy. A few days later, several Taiwanese business leaders urged their government to relax restrictions on trade with the

mainland—Lee Teng-hui’s so-called “no haste, be patient” policy—in order to lift the island’s economy out of its slump. And, echoing Wang Yung-ching, chairman of Taiwan’s largest company, Formosa Plastics, and other entrepreneurs’ fresh concerns, a group of fourteen presidential advisers, including Stan Shih, Acer’s boss and one of Chen’s supporters, asked Chen Shui-bian to abide by a separate “one China” principle guided by Taiwan’s constitution.

This new environment has contributed to partially changing the Taiwanese’s view of their long-term future. In particular, much publicity has been made about the fact that Beijing’s “one country, two systems” formula is now accepted by a more substantial minority in Taiwan, though political manipulations of opinion polls cannot be excluded—13.3 percent in July 2001 against 16.1 percent in March and 9 percent a year ago according to the government, but 33 percent according to opposition newspaper United Daily News.

Will these new pressures modify Chen’s mainland China policy? Only to some extent. In late July, Chen set up a national economic advisory council aimed at solving the island’s daunting problems, even if its conclusions include the opening of direct sea and air links with China. Though a relaxation of Lee’s “go slow” policy and ban on direct links with the mainland had been part of the electoral platform of every presidential candidate, Chen has remained very reluctant to carry out these promises in view of Beijing’s hard attitude and Taiwan’s economic “hollowing-out.” But today, due to the fall of the stock market (4,000 points only against 10,000 in March 2000), growing unemployment (4.4 percent) and the coming legislative election, Chen seems to have less room to maneuver.

### **Not A Purely Internal Concern**

Two external and reassuring factors may also contribute to persuading Chen’s government to accept some limited changes in its mainland policy. The first, the more supportive and clearer attitude of the new U.S. administration. The second, China’s somewhat less worried and thus aggressive approach to cross-Strait relations.

Since February 2001, in a few well-publicized statements and decisions, President George W. Bush has both strengthened and clarified Washington’s support to Taiwan’s security and de facto survival. Though the words “whatever it takes” do not apply to a Taiwan deliberately declaring formal independence, they do mean that any unprovoked attack of the island would trigger a U.S. military reaction. The substantial arm package (including eight diesel submarines but excluding the Aegis warships) to Taiwan that Washington approved in April—the largest since 1992—was another signal Bush Jr. intended for Beijing, indicating that he would keep a close eye at the preservation of the balance of military power in the Taiwan Strait. Finally, the EP3 surveillance plane incident has underlined Washington’s will to both maintain a strong security role in the Asia-Pacific region whatever Beijing’s objections, and establish a healthy and stable working relationship with the PRC. In spite of the unbridgeable disagreements between both governments in several well-known areas (human rights, Taiwan, proliferation, to name a few), Secretary of State Colin Powell’s July and George W. Bush’s October visit to Beijing will favor this stabilization. Taiwan and Chen can only benefit from the success of this new approach.

Fully aware of the risks of a long-term deterioration of Sino-American relations, the PRC has ironically showed an unexpected moderation on a number of important issues regarding Taiwan. Its criticism of Washington’s arms sales and of Chen’s and Lee Teng-hui’s private visits to the United States has been calm. Additionally, and despite nationalistic rhetoric, it solved the EP3 incident rather quickly.

Its successful bid to hold the Olympics in 2008 cannot fully explain this change of approach. On the one hand, Beijing is quite conscious of stronger pressure on it from a new U.S. administration, which at least partly considers it a “strategic competitor.” On the other, it is reassured by Taiwan’s growing economic and political fragility, and by Taiwan’s fear of being used as a pawn in a Sino-American rivalry. Changing attitudes on the island have led a larger number of Beijing decisionmakers to think (again) that time may be on their side. They may therefore be prepared to show more flexibility toward Chen’s government.

## Summary

To be sure, there are a number of obstacles in the way of direct talks between Beijing and Taipei. The former may prefer to wait until the latter takes real action: soften its investments rules in and open direct sea and/or air links with the mainland. It can also choose to base its decision on the results of the December 1 legislative election and threaten not to re-open direct channels of communications with Taipei if the DPP-Lee Teng-hui coalition initiated in June wins a majority in the parliament, an outcome that cannot be excluded.

But, conversely, Beijing's cultivated contacts with the Taiwanese opposition have not born much fruit. First, owing to the microscopic size of the New Party, the agreement reached with it is meaningless. Second, though both the PFP and the KMT have accepted to return to the "1992 consensus," they are very attached to the existence of the ROC. Lien Chan's July 2001 proposal to establish a confederation between China and Taiwan has not been welcomed by Beijing, which probably sees in it a softer version of Lee's "special state-to-state relations." And the numerous visits to China by opposition politicians have also been used by Chen's government to convey messages and as "confidence-building measures" aimed at relaxing the atmospherics of what is both a too-tense and a too-dormant unofficial relationship.

This is to say that it may be in both China's and Taiwan's interest to resume some sort of dialogue. The more likely scenario would be to see technical talks about direct sea or air links starting first, and only later to re-open more political discussions. In that respect, China's and Taiwan's coming entry into the WTO may offer Jiang Zemin a good opportunity (and excuse) to initiate fresh bilateral talks on the wide range of trade and economic issues that both governments would willy-nilly have to tackle sooner or later.

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## Issue 4, August 28, 2001

### Attack On Taiwan: How Likely?

By Willy Wo-Lap Lam

While considered an unlikely eventuality by most China and Taiwan experts, the use of force—or at least its threat—has proven to be one of Beijing's most potent weapons in what it calls the "great reunification enterprise."

President Jiang Zemin reiterated during his address on the 80th birthday of the Chinese Communist Party (CCP) on July 1 that Beijing would never pledge not to use force against Taiwan. Indeed, the 1999 White Paper on Taiwan pointed out that "perpetual procrastination" on the issue of reunification by Taipei—in addition to declaration of independence and interference by foreign powers—would constitute grounds for military action by Beijing.

If Beijing did decide to launch an attack, what modus operandi would it take? Sources close to the People's Liberation Army (PLA) said scores of invasion scenarios had been tried out on the computer screens of top strategists. And senior generals, including members of the policy-setting Central Military Commission, had narrowed down the options to a couple or so.

Yet no matter which game plan is used, it has to satisfy the following criteria: first, the operation should be limited to one to two days, partly to minimize the possibility of American intervention; second, it should be effective enough to immediately force Taipei to capitulate; and, third, the number of casualties on both sides should be kept to a minimum.

#### Risks And Options

Based on this set of standards, it is most unlikely that the PLA would attempt an amphibious landing. This is despite the fact that in recent war games, including the one launched in June, the navy and other PLA divisions had often practiced landing on hostile islands.

Western and Taiwan strategists have cast doubt on the PLA's ability to accomplish an effective amphibious assault on the main Taiwan island. PLA sources said the generals had also conceded that this type of operation would involve committing a prohibitive number of personnel; to be successful, invaders have to outnumber defenders by a ratio of at least four to one.

Equally important, the number of casualties would be high on both sides. And Beijing certainly would not want to engender among Taiwanese the kind of generation-to-generation hatred against the central government that large-scale bloodshed would entail.

Then there is the American factor—or considerations of how Washington, the U.S. Congress and the public would react to war in the Taiwan Strait. TV footage of tens of thousands of PLA troops storming the main island could prod the White House into immediate action. It would also predispose Congress and the U.S. public to favor committing substantial U.S. weaponry—and even ground troops—to saving Taiwan.

PLA sources said a consensus within the PLA and the Communist party leadership was that the course of action to take would be “surgical” missile strikes against military—and if necessary, civilian—targets on the island. The PLA had done a thorough study of the “Kosovo model” of missile attack against Serbia by NATO forces in 1999.

Short- and medium-range missiles are considered the most modern component in the PLA arsenal. As a result of advancement in missile technology, top generals and weapons engineers have repeatedly assured the CCP leadership that the missiles can knock out the majority of important targets—including military airports and weapons depots—in a matter of a day or two.

Moreover, while beginning this summer the Taiwanese have been testing U.S.-made Patriot antimissile systems, PLA generals have expressed confidence that Chinese missiles can tear through Taiwan's defenses. Key factors in a missile strike will be the element of surprise—and the element of shock largely

induced through sheer numbers and ferocity. Production capacities of short- and medium-range missiles by munitions factories have been expanded dramatically the past three years.

### **The Surrender Factor**

PLA generals believe that Taipei will surrender—that is, agree to start reunification talks on Beijing's terms—after its major military facilities have been incapacitated. Should Taipei refuse to budge, the missiles will also target civilian facilities such as oil depots, electricity plants, reservoirs and water treatment plants.

An internal PLA study pointed out that Taiwan residents, who are used to middle-class comfort, would “hoist the white flag” if they were deprived of electricity and water supply for two days. The study compared the “level of resistance to hardship” between Taiwanese and Vietnamese. It said while the Kosovo model of surgical strikes might not work with tough and adversity-hardened Vietnamese, it should do the trick with the “soft” Taiwanese.

Implicit in the thinking behind the Kosovo model is that the destruction of military—and probably a lesser number of civilian—facilities on Taiwan will be devastating enough that Taipei will capitulate in good time, and in any case before Washington can react in a meaningful fashion. Moreover, these installations are to be decimated with a minimum of casualties. The PLA game plan does not envisage either landing troops on Taiwan or any degree of military occupation of the island.

In an article in mid-June entitled “The iron fist behind the velvet glove,” the Beijing-run Hong Kong daily *Wen Wei Po* quoted a PLA general as endorsing something akin to the missile strikes model. The officer opposed a “stage by stage” action beginning with the occupation of outlying islands such as Quemoy or Peng Hu, saying a prolonged action would invite U.S. interference. Among the general's recommendations were: “destroying Taiwan's military facilities within a very short time” and “ensuring that the Taiwan army cannot fight back through deploying [mainland] forces that will have an explosive, overwhelming superiority [over Taiwan's].”

## The Various Flanks

The missile strikes would be accompanied by a number of other offensives. For example, immediately prior to and during the attack, the PLA will launch an electronic warfare aimed at crippling computers at Taiwan army's command and control centers. Civilian and military authorities in the mainland have dramatically boosted the budget for EDP warfare. Large sums of money are being spent on training computer-warfare experts—and on luring U.S.-educated Chinese computer professionals to return to work for the mainland government. China's cyberpower was illustrated by the "hacking warfare" with the U.S. in the month after the spy-plane incident of April.

Confidence among the Chinese top brass about their ability to win this particular "localized warfare under hi-tech conditions" has been boosted by a large number of studies the PLA had done on Taiwan's military capacity.

For example, one recent CCP appraisal of the Taiwan military said that the Air Force—supposedly its trump card—was vulnerable. The reasons cited by the assessment were as follows. First, ace weapons of the Taiwan Air Force such as the F-16 and the Mirage 2000 come from different countries and it is hard to maintain them properly. China's friendship with EU countries has made it more difficult for Taipei to get new parts from France and other European countries. Second, there is a severe shortfall of highly trained personnel to run imported hardware. For example, there are not enough qualified pilots to fly the F-16s and Mirage 2000s—leading to a surprisingly large number of accidents involving these aircraft. Third, Taiwan lacks the expertise—both hardware and personnel—to ensure smooth and quick coordination among the different branches of its defense establishment especially in times of emergency.

## Conclusion

In spite of the apparently advanced degree of military preparedness, however, it is obvious the leadership of Jiang Zemin will not be resorting to a military solution any time soon. This is despite the fact that the piling up of missiles—estimated at around 450 last

year—in the three bases in Fujian and Jiangxi provinces has gone on relentlessly.

Diplomatic analysts say that Jiang is happy with the progress made in united front tactics against Taipei. This is manifested in the unprecedented number of Taiwan businessmen and politicians who have come to the mainland to invest or to build ties with the Beijing leadership. The analysts say Beijing is willing to wait at least until the new presidential elections in March 2004, when they expect President Chen Shui-bian will be beaten by a pro-unification candidate from either the Kuomintang or the People's First Party.

Between now and 2004, the military card will be used mainly as psychological warfare. The right degree of saber rattling will not hurt Beijing's united front tactics. It may, however, cause the further flight of capital from Taiwan—and discourage multinationals from investing in the island.

Military pressure on Taiwan will further isolate President Chen and his pro-independence Democratic Progressive Party—and provide ammunition to opposition parties such as the KMT to attack Taipei's failed mainland policy. The military card will also force the embattled Chen administration to spend more on weapons, which will be unpopular given the economic recession. This is despite Chen's statement that Taiwan would not engage in an arms race with the mainland.

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## The Pla's High-Tech Future

By Richard D. Fisher, Jr.

It is increasingly evident that China's People's Liberation Army (PLA) is devoting considerable resources to the research and development of advanced high-technology weaponry. An apparent crash program now seeks to build new weapons for a conflict over Taiwan. But, more broadly, this effort warrants vigilance by the United States because there is the

potential that China could achieve technical breakthroughs that would enable them to exceed certain U.S. military capabilities.

High technology mobilization programs are not new to the PLA. In 1986 China launched its “863 Program” in response to the U.S. Strategic Defense Initiative, to focus state research efforts on a range of laser, space, missile, computer and biological technologies. Earlier this year, reports emerged in the Hong Kong press—which some U.S. officials take seriously—that on New Year’s Eve 1999, PRC President Jiang Zemin exhorted an expanded meeting of the Central Military Commission to give him “Assassins’ Maces” to bring victory over Taiwan.

The “Assassins’ Mace” concept is from ancient Chinese statecraft, in which warring nobles sought secret weapons that would attack their enemies’ vital weaknesses and bring about their rapid military collapse. In the modern context, Jiang Zemin could be seeking weapons like new supersonic missiles, advanced naval mines, lasers and antisatellite weapons. What is disturbing is that he pushing the PLA to develop these weapons for a possible war against Taiwan.

Information on the “Assassins’ Mace” program follows several years of debate in the PLA over the relevance of the Revolution in Military Affairs (RMA). Essentially, the RMA posits that advances in information technology, combined with other military technical advances, can give new weapons decisiveness and lethality approaching that of nuclear weapons, but without using to nuclear explosives. Since the late 1980s, the United States has grappled with the RMA as a means of transforming the way militaries are structured, how they fight and with what. And so have the militaries of Russian and China.

### **RMA Insight**

A vital insight into China’s views on the RMA was given to Dr. Michael Pillsbury, of the Pentagon’s Office of Net Assessments, in the form of an unprecedented collection of until then unknown PLA writings, which he translated and turned into two books published by the U.S. National Defense University in 1997 and 2000. The articles in these books, plus numerous subsequent publications, have stressed the

PLA’s need to excel in implementing the RMA, and to develop information warfare, space weapons, directed energy, very small nano-weapons and unmanned combat craft, to name a few. Some PLA scholars have suggested that China could better implement a real RMA because, unlike the United States, it did not have to fund large and expensive conventional forces to meet global political commitments.

When they appeared, Pillsbury’s collection of PLA articles on the RMA were criticized as representing the “aspiration” of the PLA, versus the reality of a PLA struggling to absorb the operational methods and technology of the 1980s, much less transform into a leading 21st century military force. There was scant evidence that the PLA was indeed working on these radical military technologies. China’s high-technology sector was viewed as a slow socialist dinosaur that could not produce innovative military technologies and weapons that could compete with those of the United States. This is also the thrust of a RAND Corporation study by Roger Cliff released earlier this year.

### **New Weapons**

However, since the early-to-mid 1990s, when many of the first wave of Chinese RMA related articles were written, new information has emerged on the PLA’s research and development of advanced RMA-like military technologies. Whether these are at an advanced enough stage to be made into Jiang’s Assassin’s Maces, is not known. But possible new weapons include:

- **Information Warfare.** Here is can be said with some certainty that the PLA is moving rapidly to harness the PRC’s burgeoning civil computer hardware and software sector to provide high-tech “troops” to wage sophisticated computer network attack operations. PLA writings indicate that it views the use of viruses and other forms of computer network attack as a means of sowing chaos in the Taiwanese and U.S. civilian sector. PLA attacks against Taiwan and U.S. military communi-

cation, command and logistics computer networks could seriously impair a response to a PLA attack on Taiwan.

- **Directed Energy Weapons.** There is now abundant Chinese technical literature and Western disclosures on PLA research into high energy lasers, high-power microwave, and electromagnetic weapons. All utilize a form of energy to produce a “soft” kill that merely renders an enemy weapon ineffective, or a “hard” kill to destroy the enemy weapon. Since 1998 the Pentagon has noted that the PLA may have lasers powerful enough to dazzle U.S. satellites. The PLA has sought Russian help for lasers, and for electromagnetic bombs, which produce an intense burst of electronic energy sufficient to fry the complex electronic circuitry in advanced weapons. Such an electromagnetic bomb delivered by ballistic or cruise missiles could render U.S. Navy ships ineffective before they could rescue Taiwan—and with a minimum of casualties.
- **Unmanned Combat Platforms.** As threats to the viability of manned combat aircraft and ships continue to grow, the U.S. Air Force and Navy have been investing heavily in a new generation of unmanned combat platforms. These are highly maneuverable and able to replace manned platforms for certain high-risk missions. It should not be surprising that the PLA is following suit. At the 2000 Zhuhai Air Show in China the PLA revealed new unmanned aircraft and computer control elements that could form the basis for new unmanned combat aircraft. China has also tested an unmanned submarine able to descend to a depth of 6,000 meters.
- **Electromagnetic guns.** Also known as “rail guns,” electromagnetic guns use magnets to accelerate a shell to far greater speeds than possible with chemical propellants like gunpowder. With such guns it is possible to give artillery shells the range and speed of a tactical ballistic missile, allowing thousands of long-range artillery rounds to supplement

hundreds of missiles. China has been researching electromagnetic guns more intensively than the United States, and may produce a usable weapon first.

- **Micromechanical and Robot Systems.** In America, micro-machines and robots are a key RMA technology that will enable new small weapons, such as 25-pound “nano” satellites, palm-sized reconnaissance aircraft, or small robot vehicles that could replace guard-dogs and sentries. Again at the Zhuhai show, a Chinese company stated their intention to build new “nano” satellites, which some in the U.S. fear could be used for antisatellite missions. China has also revealed a new 20-millimeter-sized helicopter, which could form the basis for a microreconnaissance vehicle. In addition, China has also revealed research to produce intelligent human-sized robots that could also in the future help produce robot soldiers.

There is plenty of reason to be concerned that China is succeeding in developing new weapons consistent with the goals of the RMA; that is no longer merely an “aspiration” of the PLA. And it may also be dangerous to conclude, as does the recent RAND Corporation study, that China’s military-technology sector is too slow to translate high technology research into advanced weapons. Spurred by the need to develop “Assassins’ Maces” to conquer Taiwan, the PLA has a clear requirement to turn advanced technology research into next-generation weapons.

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## **Chinese Air Force Improves Training**

By Srikanth Kondapalli

Training of troops is one of the weakest links in the modernization of China’s armed forces. This may be

changing, however, especially in the power projecting forces like the air (People's Liberation Army Air Force, PLAAF) and naval forces.

### A Strategic Issue

A week before the U.S.-PLAAF collision incident near the Hainan Island, on March 26, the Chinese official military newspaper stated that henceforth, military training “should aim at formidable enemies.” In addition, while urging the rank and file to usher in a “revolution in military training at deeper levels,” it called for “innovation in four aspects,” to include military theory, training content, training forms and means and training systems. To enhance the military's “comprehensive fighting ability structure” the paper advocated the formulation of a “Program for Military Training and Examinations” and its implementation across-the-board from 2002. Given the PLAAF's recent acquisition of new weapon systems like the multi-role fighters Su-27s, and Su-30MKKs, the S-300 PMU air defense systems, beyond-vision air-to-air (R-73 and R-27R) missiles, the article stressed the need to improve training, and raise “base-oriented, simulated and Internet-oriented military training to a higher level.”

That, however, is a far cry from the previous era of PLAAF training. During this period PLAAF training indicators like per capita flight training of pilots (which was a mere 4 hours and 27 minutes during the Korean War in the early 1950s), training methods and content, all exhibited a lack of sophistication and were hence far below the then world levels. Coming under the overall strategic principles of “people's air defense” and as an adjunct of the land forces, the PLAAF training program suffered a setback. To compound, the technological level of the PLAAF equipment of that period (the J-5s, J-6s, J-7 fighters, H-5, H-6 bombers, etc) displayed a general lack of offensive features.

The situation began to change under the leadership of Deng Xiaoping. In 1974 he identified training as a strategic issue, and for the PLAAF, in 1979, Deng emphasized “obtaining control of the skies.” The 1991 Gulf War further highlighted the low quality of PLAAF training. As a consequence, air superiority, beyond-vision air combat, long-range aviation and

surgical strikes became the buzzwords in PLAAF circles producing obvious demands for better training. Additional pressures were forthcoming. In 1995 the General Staff Department, the nodal organ for military training, issued a “Military Training Outline” that broadly revised the armed forces training from “fighting” a local war to “winning” a local war under high tech conditions. These were reiterated by Chinese Army Chief of Staff Fu Quanyou in a speech in October 2000, in which he noted “the ability to win in battle” to be the starting point of the training program.

### Quality vs Quantity

Given these parameters, the PLAAF leadership has stressed the principles of enhancing the quality rather than the quantity of its personnel. Equally important, it has emphasized offensive aspects in its combat missions and has initiated measures to “institutionalize and standardize” its training manuals. Another result is that it focuses its training resources to create specialized units (“Class A” units) instead of the tedious and time-consuming uniform training of the entire force. The PLAAF has also increased simulation methods training, which is also increasingly becoming the dominant mode of training. In addition, it has placed greater emphasis on the “joint” nature of future warfare in its military exercises, meaning greater cooperation with other services.

The PLAAF has enhanced professional trends in the twenty-six aviation schools, has made efforts to establish a noncommissioned officer (NCO) system, and is building linkages to the civilian educational system. It has rephrased its “guiding thought” in training as “persist in reform, increase beneficial results, advance steadily, [and] ensure safety.” An intensive crash course of flight training was launched for those under 25 years for undergoing training in high-altitude and high-speed interception.

The advanced standards of 800 hours flight training, however, seem to have evaded a large section of the PLAAF. The Class A units were also favored in terms of allocating the best training centers and equipment. Reportedly, by the early 1996 about 87 percent of the PLAAF combat regiments attained A-class standards, though one really wonders about the

reliability of such crash courses. The traditional anomaly of not having standard operational procedures (SOPs) was also reportedly rectified in the training program. It was said that the number of all-weather pilots, compared to the 1980s, have increased by 20.5 percent by the mid-1990s. And in 1997 it was reported that 76 percent of the pilots have undergone such training. Nevertheless, though the pilots of Guangzhou region flew for long-range air-drop missions and used GPS for long-range reconnaissance mission in July 1999, only 400 pilots were reported to be such “backbone” all-weather pilots.

### Foreign Study

To enhance training standards the PLAAF has started sending its officers abroad. Two batches of Chinese military experts were trained by 1995 and 2000 respectively at Russia’s Moscow Pilots School and to Orenburg to study the TOR-M1 state-of-the-art surface-to-air missile (SAM) system. According to reports, the PLAAF was also briefed at the U.S. Edwards Air Force Base in 1999 in air traffic control, which would be critical for mounting large air operations.

Anti-aircraft missile and gun units are major elements of the PLAAF and their training is also improving. For SAM units the traditional tasks were battlefield rescue, shooting, tracking and oxidizer filling. New training now stresses the use of multiple air defense systems. The anti-aircraft gun units are being trained in new tactics of attacking cruise missiles. The PLAAF logistics unit training is also improving. An exercise in April 2000 practiced four broad tasks: the rescue of a damaged airfield after attack, restoring the airfield’s capacity to respond to emergencies, ensuring logistics and main battle equipment for ground troops’ mobile warfare, and camouflaged defense of airfields, positions, and oil tanks. The PLA Navy’s aviation has also been trained in sea-air maneuvers for seizing and maintaining “regional air domination” on the sea.

### Offensive Missions

The PLAAF’s recent emphasis on offensive missions is noteworthy. Offensive training aspects include live

fire and bombing and interregional long-range maneuvering with air-refueling. There is a proposal to set up an aerial refueling training base at Zhanjiang. Offensive training also includes air-borne troop transport, night-flights (on J-8 and Su-27 fighters), low-altitude flying, flying close to strategic points at sea (such as in the PLAAF training in South China Sea in May 2001), adversarial unit confrontations, surgical strikes, imposing air blockades and applying anti-electronic jamming technologies. Offensive training, however, also includes training defensive forces that will support the offensive forces. In this there has been an increase in the training of ground based air defense missile and gun units, and in holding urban air raid drills.

### Adversary Units

Another key element in improving training has been the use of adversary units, known as “simulated foreign units” or “Blue vs. Red” forces. While the first adversary unit was established in Nanjing in the 1980s, they have been used extensively for PLAAF training only in the recent period. By 2000 only three full-fledged simulation training bases were established for the PLAAF personnel. However, these reportedly have elevated the tactical training levels of the PLAAF. Likewise, the PLAAF military exercises have evolved from stressing technical to tactical training (such as landing on hilltops and in open country narrow strips, countering cruise missiles, etc), from the use of single aircraft to multiple aircraft (about five), and from single service to operation to multiservice combined arms operations. This sends a clear message to neighboring countries.

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## China’s Quest For Seapower Still Has Far To Go

by William R. Hawkins

China is making a concerted effort to establish itself as a Pacific naval and maritime power. In February

1992, the National People's Congress passed a law unilaterally claiming sovereignty over not only Taiwan, but the Spratlys, Paracels and Diaoyutai/Senkaku islands as well. It has subsequently built military structures on several isles in the Spratlys and Paracels.

The law declared that the Chinese military had the right to patrol these waters and "to adopt all necessary measures to prevent and stop the harmful passage of vessels through its territorial waters." The April 2001 downing of a U.S. Navy EP-3 surveillance plane in international airspace, but over China's exclusive economic zone (EEZ), was in accordance with Beijing's expanded claims to sovereign authority in the South China Sea.

### The Question Of Potential

Does Beijing have the industrial wherewithal to send to sea forces strong enough to maintain its claims should other states in the region contest them? At the moment, no. But it does have enormous potential to create a shipbuilding capability that could pose such a threat to the Asian balance of power.

China is today the world's third-largest shipbuilder in terms of gross tonnage, surpassed only by Japan and South Korea. The high volume of these three Asian countries comes from commercial, not naval (military), construction. Commercial shipbuilding has always been considered a strategic industry. Adam Smith wrote of the role of merchant shipping in *The Wealth of Nations*, "the defense of Great Britain depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavors to give the sailors and shipping of Great Britain the monopoly of the trade of their own country."

Beijing has followed Smith's advice by expanding its shipbuilding as its foreign trade has expanded. China is the world's tenth-largest trading nation, accounting for 4 percent of world trade, and, according to World Bank estimates, could become the second-largest by 2020. The Chinese-flag merchant fleet numbers more than 1,500 ships, over 700 of which have a displacement over 10,000 deadweight (dwt) tons.

In comparison, U.S. flagged merchant ships over 10,000 dwt number less than 470, with one-third of these owned by the U.S. government. Less than 3 percent of American trade is carried in U.S.-flag ships, and American ships represent less than 1 percent of world commercial tonnage (down from 9 percent twenty years ago). These low shipping figures persist despite the fact that U.S. imports account for 18.5 percent of total world imports and U.S. exports make up 12.4 percent of the global total. Washington has not followed a policy to leverage its position as the world's largest trading nation into leadership in maritime commerce or industry.

More than 600 Chinese-flag merchant ships, aggregating over 20 million dwt and carrying 30 percent of China's trade, are operated by a single entity: the China Ocean Shipping Company. COSCO, a state-owned conglomerate with close ties to Beijing's military, routinely supplies shipping support to Chinese military and naval exercises, and is Beijing's principle carrier for foreign arms shipments.

Though the gap in naval and commercial ship designs has widened since Adam Smith's days, the commercial shipyard facilities and their associated professional and production workers still provide a nation with the mobilization capacity to build warships whenever state authorities give the order.

A study of the Chinese shipbuilding industry by the European Commission (EC) found that Beijing has managed to expand its share of world shipbuilding to 7 percent. This is still behind the goal Beijing set to reach a 10-percent market share. According to the EC, "there has been significant capacity expansion in recent years both through the construction of new facilities and the upgrading of existing shipyards." Beijing uses subsidies to offset costs the EC estimates as higher than in Korea or Japan due to lagging technology. "These difficulties have not stopped the expansion process," the EC says, noting that China is constructing one of the world's largest shipyards at Waigaoqiao.

This Chinese expansion makes little sense from a purely economic perspective, given that there is already a worldwide overcapacity in the industry. The

Organization for Economic Cooperation and Development estimates that shipbuilding overcapacity may increase to around 40 percent by the year 2005. However, if Beijing continues to follow a mercantilist policy of using its expanded trade to support its commercial shipping at the expense of rivals, combined with subsidies and lower labor costs, it may be able to force other countries to be the ones that “adjust” (downsize) their shipbuilding industries. This would be especially true if major rivals depend on “market” forces rather than strategic planning to guide their actions.

According to a report from the United Nation’s Economic and Social Commission of the Asia and Pacific Region, container ship traffic in the region will double over the coming decade. The report indicates that Shanghai will replace Singapore to become the second busiest port after Hong Kong. Correspondingly, the number of containerships also will rise. It is estimated that 1,342 new containerships will be put into operation in the region by 2011. At the same time, a total of 427 new port berths will be constructed, of which 164 (39 percent) are to be built in China. Beijing will thus have the leverage to sustain and expand its shipbuilding capacity.

### **The Obstacles**

China’s shipbuilding industry, however, still has obstacles to overcome before it can take full advantage of the opportunities offered. Beijing’s goal of sourcing 80 percent of ship components from Chinese industry by 2000 was not met. The actual use of Chinese-made equipment is very limited due to its poor quality. This is most vexing in the area of propulsion systems.

China has also been importing advanced production methods and capital equipment, including complete production lines. Using foreign sourced computer-aided design and computer-aided manufacturing (CAD/CAM) hardware and software, Chinese naval architects are becoming more proficient in designing ship hulls, compartment layouts and propeller-rudder combinations that improve speed, efficiency and structural integrity.

Inefficiency is another pressing problem. Many of China’s 800 shipyards are underutilized. A typical Chinese yard employs 9,000-12,000 workers, but these workers are not always kept busy. Poor management, corruption, lack of technical knowledge, political mandates to use particular suppliers, and slow delivery times have hurt productivity. In recent years, Beijing has been trying to reform the industry’s structure by merging yards and making changes in the China State Shipbuilding Corporation (CSSC). The CSSC was created in 1982 to combine the shipyards run separately by the 6th Machinery Ministry and the Ministry of Communications. The change in nomenclature from ministry to corporation did not, however, stimulate an entrepreneurial spirit among managers.

In 1999, CSSC was split into two organizations: one to control operations in the south, the other in the north. The southern entity retains the name China State Shipbuilding Corporation and administers the yards in Guangdong, Jiangxi, Anhui and Shanghai. It controls some thirty industrial enterprises. About half of all Chinese ship construction takes place in the Shanghai area, with Dalian and Guangdong the next two most important centers. The China Shipbuilding Industry Corporation will control the northern yards in Yunnan, Dalian, Hubei, Tianjin, Shanxi and Liaoning. CSIC will control some forty-eight industrial enterprises. Both corporations also oversee numerous science, design and research units. There are some smaller shipyards still run by the Ministry of Communications, by the provincial governments of Jiangsu and Fujian and even by a few local private firms.

### **Regional Developments**

As Chinese builders have become more competitive in world markets, particularly in dry cargo and crude oil tankers, Japanese and Korean shipbuilders are taking steps to protect their corporate profits, if not their homeland’s industrial position. Japan’s Kawasaki Heavy Industries formed a joint venture with COSCO to create the Nantong Ocean Ship Engineering Company (NOSEC), the core enterprise of the newly founded COSCO Shipyard Group. This group has already built the largest ship repair facility in

China, and has announced its intentions to become “the No.1 ship repair yard group in the world.”

In 1997, Korea’s Samsung Heavy Industries opened its Ningbo Factory in the Quingshi Industrial Zone of Xiaogang, China. Ningbo Factory manufactures and exports hull blocks of ships, steel structures and out-fittings to Korean and Japanese shipyards.

Joint ventures between the developing Chinese shipbuilding industry and established Japanese and Korean yards will inevitably serve to transfer technology, engineering skills and production know-how to Beijing. Hundreds of Chinese engineers are being trained by their Japanese and Korean partners. Such transfers are a prerequisite for doing business with any state-owned enterprise in China. Both Japan and South Korean shipbuilders were able to make dramatic improvements in productivity, running as high as 15 percent a year, in their earlier periods of development. With a strong commitment to the industry from Beijing and the inflow of foreign knowledge, it can be expected that Chinese shipyards will also make great strides over the next five to ten years.

The ability to produce commercial hulls on a competitive basis does not translate directly into building first-class warships that can compete in the far more rigorous arena of combat. Weapons systems, sensors, communications, propulsion and navigation gear are far more complex in men-of-war, and their integration forms the real heart of a warship. China is far behind Japan and the United States in the development of these systems. Even Australia, South Korea and India have put more sophisticated warships to sea. Rather, China’s shipbuilding capacity is merely a building block toward a more robust naval capability in the future.

The People’s Liberation Army Navy has been primarily equipped by warships from the Soviet Union/Russia, and still looks to Moscow to provide its most capable new units such as Sovremenny-class guided-missile destroyers and Kilo-class diesel attack submarines.

## Conclusion

China has built some light combatants. The Hutang Shanghai shipyard built four frigates in 1958-59, and an additional four were produced by various yards in 1967-69. During the same period the Jiangnan and Wuhan shipyards in Shanghai started building submarines based on the Soviet Romeo-class. Jiangnan also produced a number of guided missile frigates of the Jianghu-class from 1975 onwards and Luh-class guided missile destroyers starting in 1994. Jianghu and Jiangwei class frigates were also built at Hudong shipyard in Shanghai and Huangpu shipyard in Guangzhou. Series production of the small destroyers of the Luda-class were spread among shipyards in Dalian, Guangzhou and Shanghai centers.

Even more than with its commercial ships, Chinese warships depend on imported components for their more advanced capabilities. For example, the two Luh destroyers relied on gas turbine engines from the U.S. with subsequent units using Ukrainian engines; fire control, surface-to-air missiles and radars are from France; and an antisubmarine suite from Italy (license-built in China). Many hailed the 1998 launch of the first Luhai guided missile destroyer as a major step forward for Chinese shipbuilding. At 6,600 tons, the Luhai was half again the displacement of the Luh and nearly double that of the Luda. But only one more of this class has been built since.

China’s success with nuclear-powered submarine design has been marginal, and only one of the five Han-class (Type 91) nuclear-powered attack submarines is thought to be fully operational. The new Type 93 nuclear attack sub design is reported to be struggling. The first Chinese Song-class diesel attack submarine, launched in May 1994 did not become operational until 1998 and is said to be a less than satisfactory design, though another has been built and more are planned. The indigenous Ming-class (Type 35, based on the Russian Romeo) program, underway since the early 1970s, produced its twentieth hull late in 2000.

There have been rumors of a license agreement to build Russian Kilo-class submarines in China, but negotiations have been under way for the purchase of a late-version Project 636 Kilo to be assembled in Russia (not China) from surplus components. The first two Chinese Kilos, delivered in 1995-96, are to

be refitted at Russia's Bol'shoy Kamen yard on the Primoriy Peninsula, not in a Chinese yard.

Beijing is decades away from sending to sea naval forces that can support its claims in the South China Sea (or beyond) if challenged by the United States or a more active Japan. However, the resources China is devoting to improving its shipbuilding industry indicates that Beijing finds its current inferior position intolerable and intends to change the balance of power in the region when it develops the means to do so.

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## Issue 5, September 12, 2001

### Post Beidaihe: No Consensus On PRC Leadership

By Willy Wo-Lap Lam

They are never reported in the official New China News Agency. Chinese Communist Party (CCP) or government spokesmen would not even confirm that the so-called Beidaihe conferences had ever been held. Yet every summer since the 1980s, senior leaders from Beijing and the regions have gathered at a choice strip of sand at the North China resort of Beidaihe for rounds of informal discussions on matters of state.

This year, the Beidaihe meetings, which ended in late August, had added significance because one top item on the agenda concerned personnel arrangements in the run-up to the 16th CCP congress next year. Much of the party, government and military leadership will be changed at this pivotal congress—and that is why preparations have begun as early as last spring. Latest reports from Beijing said that the Beidaihe conferences failed to produce a consensus on the leadership lineup to be endorsed by the 16th congress. Senior officials, however, agreed to uphold party unity—

and the principle that major factions should be represented in the new Politburo and the Politburo Standing Committee (PSC).

President Jiang Zemin, who recently skirmished openly with the party's leftists, or remnant Maoists, made gains insofar as that "Jiang Theory" was accepted as the guiding principle of the party. The 75-year-old veteran reiterated the need to speed up the transition of power from the third generation of leaders, which he currently heads, to the fourth. And it is likely that after Jiang's retirement from the post of Party General Secretary at the 16th congress, his Shanghai Faction may no longer remain the predominant CCP clique.

A source close to the Beidaihe conferences said that Jiang, Premier Zhu Rongji and National People's Congress chairman Li Peng spent a lot of their time giving big pushes to their protégés. Two fourth-generation leaders charged with personnel arrangements for the 16th congress—Vice President and PSC member Hu Jintao, and head of the CCP's Organization Department Zeng Qinghong—also tried to improve the chances of their associates. "The shortlists of candidates to be inducted to the Politburo and the PSC at the 16th congress won't be finalized until the middle of next year," the source said.

#### Leadership Line-Up

Regardless, rough contours of the leadership line-up have become apparent. The following cadres, who all enjoy high-level patronage, are considered likely candidates for elevation to the PSC. Apart from Zeng, they include Vice Premiers Wen Jiabao and Wu Bangguo, Politburo member Luo Gan, Guangdong party boss Li Changchun and State Councillor and foreign trade specialist Wu Yi. The chances of Zeng, Wen and Luo making the PSC are considered particularly good. Amongst these high-fliers, Zeng, Wu Bangguo and Li are considered Jiang cronies. Luo is a protégé of Li Peng, while Wen and Wu Yi, the only woman among the lot, are deemed to have Zhu's support.

Beidaihe participants also agreed to hasten the speed of transition of power from the third to the fourth generation. In principle, cadres who have reached the

age of 70 by the 16th congress should be stepping down. This means that apart from Hu, only one other PSC incumbent, Li Ruihuan, will be staying for one more term in the supreme body. Li, who is generally considered a reformer and a Jiang foe, will likely take over the NPC position from Li Peng.

It is understood that the likelihood that the three powerful septuagenarians—Jiang, Zhu and Li—will remain in official capacities after the 16th congress have lessened.

At Beidaihe, Jiang made it clear that he thought the fourth-generation cadres could finally pass muster. “After undergoing rigorous training, the fourth generation is now experienced enough to handle complex challenges both at home and abroad,” Jiang reportedly said. He also reiterated his readiness, if such was the will of the party, to relinquish all his official posts in the coming year or so. Analysts said, however, that given the fact that many generals had written petitions asking for Jiang to remain chairman of the Central Military Commission (CMC) for one more term, it was still possible for the president to use the pretext of “heeding the people’s will” to stay on as military chief.

### **Politburo Competition**

Competition at the level of the Politburo was also ferocious. Owing to retirement and for various other reasons, about half of the twenty-two incumbent Politburo members will step down at the 16th congress. Diplomatic analysts say that at the Politburo level, Jiang is backing at least two associates. One of them is Education Minister Chen Zhili, his old subordinate from Shanghai, who may be promoted party boss of the metropolis. The other is likely to be a new face from outside the central bureaucracy: The names of Jiangsu party boss Hui Liangyu and Beijing Mayor Liu Qi have been mentioned. Hui has distinguished himself for popularizing ideological education based on Jiang Theory, while Liu has gain credit for successfully organizing Beijing’s Olympic bid.

Premier Zhu is believed to be lobbying for Politburo membership for two key lieutenants, People’s Bank of China Governor Dai Xianglong and State Council Secretary General Wang Zhongyu. Other powerful

PSC members, including Li Peng and Hu Jintao, will also be proffering support to trusted associates. Hu, for example, is throwing his support behind two regional cadres: Fujian party secretary Song Defu and Henan Governor Li Keqiang. Like Hu, Song and Li Keqiang first earned their spurs while serving in the Communist Youth League, which is generally considered to have reformist inclinations.

One or two cadres from the western provinces are expected to be inducted to the Politburo to reflect the importance Beijing is putting on the “go west” development program.

Informed sources say that the post-16th congress Politburo will be dominated by four PSC members: Hu Jintao, as party general secretary; Wen Jiabao, likely to succeed Zhu as premier; Zeng Qinghong, who will be in charge of party affairs; and current head of the Chinese People’s Political Consultative Conference Li Ruihuan, who will move to the NPC. Of the four, only Zeng is deemed a Jiang supporter. Hu and Wen, both of whom had served in Gansu province, do not hail from the Shanghai Faction. Hu had actually opposed the advancement of Zeng. And given the enmity between Li Ruihuan and Jiang, it is possible that Li would ally himself with Hu and Wen.

### **Jiang’s Legacy**

Analysts said that Jiang hoped, irrespective of personnel arrangements, that his influence in the party and country would persist well into the next decade if his Jiang Theory could become party dogma. It is therefore no small triumph for Jiang that his colleagues at Beidaihe agreed to amend the party charter at the 16th congress so as to incorporate the Jiang Theory, particularly his Theory of the Three Representations.

This doctrine is a reference to the fact that the CCP must be representative of the most advanced productivity, the foremost culture and the fundamental interests of the broad masses. This doctrine has formed the basis of Jiang’s surprise decision—announced in his July 1 nationally televised speech—to allow qualified private businessmen to join the CCP. After all, Jiang’s aides have argued, in this information age, it

is the “new classes” of businessmen and professionals who can best represent the most advanced culture and production forces.

The doctrine, however, has attracted ferocious criticism from leftists, who have castigated Jiang for abandoning workers and peasants, the CCP’s traditional pillars of support. Open letters circulated by the likes of leftist ideologue Deng Liqun have also slammed Jiang for building a personality cult around himself and for favoring the Shanghai Faction. Analysts said Jiang was able at Beidaihe to make a strong defense of his theory—and to marginalize the leftists, who will unlikely be able to gain even positions as Central Committee members.

In a further effort to discredit the Maoist ideologues, the president also played up the imperative of internal party cohesion. Pointing to the dissolution of the Soviet Communist party ten years ago, Jiang said that cadres should heed late patriarch Deng Xiaoping’s teachings on the subject. This was a reference to Deng’s statements in 1991 and 1992 that if the CCP wanted to avoid Moscow’s fate, it must promote internal stability, particularly that within the party. Jiang also stressed the need to be responsive to people’s needs, which, he said, underpinned his Three Representations Doctrine. “If a [political] party can’t get the support of the masses, it will crumble,” he said, again citing the experience of the Soviet party. However, at Beidaihe, Jiang also had to protect his flank against the leftist fusillades—particularly charges against his nurturing a cult of personality. Hence Jiang’s emphasis on passing the baton to the fourth generation—and the stress he put on the principle of “five lakes and four seas,” a reference to picking cadres from different factions and backgrounds.

Analysts have said that Jiang might be obliged to share more authority with Hu, including decision-making powers on foreign policy, starting from the autumn. So far, Jiang has jealously guarded his authority on diplomatic and military affairs. This is despite the fact that as state vice president and CMC vice chairman, Hu should long ago have been given heavier responsibilities in these fields.

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## The Central Military Commission and New Trends In Military Policy

By Nan Li

Unless an acute CCP leadership crisis occurs in the Chinese Communist Party (CCP), on the scale of the Cultural Revolution or the 1989 Tiananmen Square Incident, it is not very likely that the leadership of the People’s Liberation Army (PLA) will play a strong role in CCP leadership politics in the near future.

The 1999 CCP Politburo decision to divest the PLA of its business activities blocked another policy venue. As a result, analysis of the PLA leadership policy preferences should focus on two new dimensions.

- First, nationalist agendas, based on irredentist claims and driven by geostrategic concerns, that emphasize regional issues such as Taiwan, the South China Sea, the Korean peninsula, ethnic tension in Western China and Sino-Indian border disputes.
- Second, a new emphasis on technology-driven force modernization to resolve these issues.

These become clearer in comparing the backgrounds of the early PLA leaders and those who now dominate China’s highest military policy council, the Central Military Commission (CMC).

### Nationalist Agendas

The first and second generations were largely revolutionaries who spent their formative years waging civil wars through highly mobile and fluid guerrilla warfare. They also fought the anti-Japanese war. But

this war was fought not as much for enhancing Chinese national identity and security, as for gaining relative advantage in the ensuing civil war (1946-1949) between the communist and nationalist forces.

In contrast, the third generation--those who were born in the early 1930s and joined the PLA in the final days of the civil war--was largely associated with the founding of the PRC in 1949 and with the introduction of the more settled military region (MR) system, designed for the dual purpose of territorial consolidation and national defense against foreign threats.

Since the early 1950s, Guangzhou and Nanjing have been the forward MRs with the primary objective of resolving the Taiwan issue. The Guangzhou MR, on China's southeast coast, has jurisdiction over major PLA forces in Guangdong, Guangxi, Hunan and Hubei provinces. It has also been responsible for handling threats from South East Asia, including the South China Sea. The Nanjing MR, on China's eastern coast, merged with the Fuzhou MR in 1985 and manages PLA forces in Fujian, Jiangxi, Zhejiang, Jiangsu and Anhui provinces and Shanghai municipality.

Three of the current nine uniformed CMC members can trace their institutional origins to the forces under these two MRs.

1. Zhang Wannian, one of the two uniformed CMC vice chairs, began his career and served for about twenty years in the 41st Army (from the late 1940s to 1967). The 41st Army is the only major unit from Lin Biao's 4th Field Army that did not participate in the Korean War, largely because it has been deployed in eastern Guangdong since the early 1950s, for the sole purpose of "liberating" Taiwan.

2. Yu Yongbo, a CMC member and director of the PLA General Political Department (GPD), spent almost thirty-five years of his career (from late 1940s to 1985) in another major unit of the Guangzhou MR, the 42nd Army. Yu also served for four years as the political department director of the Nanjing MR (1985-89).

3. Fu Quanyou, another CMC member and the PLA chief of staff, served for about thirty-five years in the 1st Army of the Nanjing MR (from the late 1940s to 1985). The 1st Army is the only category A/light formation of the Nanjing MR and would serve as the initiating force in a Taiwan conquest scenario.

During the 1995-96 Taiwan Strait crisis, Zhang and Fu both served in the PLA forward command and directed various PLA war games to intimidate Taiwan, as chief and deputy chief, respectively. Zhang also participated in the 1979 war against Vietnam as the commander of the 127th Division (which was transferred to the 54th Army as its parents 43rd Army and Wuhan MR were eliminated in the 1985 downsizing). Fu did as well, directing his units, as the commander of the 1st Army, in the renowned battle to take Mount Laoshan in 1984 during the protracted post-1979 Sino-Vietnamese border skirmishes.

The primary mission of the Shenyang MR is to handle threats from Russia and the Korean peninsula. The Shenyang MR, which lies to China's northeast and borders Korea, supervises PLA forces in Liaoning, Jilin and Heilongjiang provinces. With the improvement of Sino-Russian relations, the Korean peninsula has become the dominant concern. Again, evidence of the Korean connection in the formative experience of the current PLA leadership is abundant.

Among the nine uniformed CMC members, four--vice chair Chi Haotian, Fu Quanyou, Yu Yongbo and PLA General Logistics Department director Wang Ke--served as company- or battalion-level commanding officers in the Korean War. Although Wang did not begin his career in the Shenyang MR, he did serve as its commander during 1992-95, where he headed a PLA delegation to visit North Korea in June 1994, and was received by Kim Il Song. Shenyang MR has also been conducting major military exercises based on a Korean crisis scenario, which have included a 1987 exercise to "repel a local foreign invasion" and an amphibious landing exercise directed by Wang in late 1994 following the death of Kim.

Xu Caihou, one of the newer fourth-generation CMC members (those who were born in early and middle 1940s and joined the PLA in the late 1950s and early

1960s), began his career in the Jilin Provincial Military District (MD) and the 16th Army. Both are under the jurisdiction of the Shenyang MR. Xu, who holds the position of the deputy General Political Department director, and is a possible future GPD director, spent twenty years in the Jilin MD (1968-88) and afterwards became political department director and commissar of the 16th Army (1988-92).

Due to its central location, the Ji'nan MR, which supervises forces in Shandong and Henan Provinces, serves as the PLA's strategic reserve. Its central mission is to provide reinforcement or relief: (1) to Beijing MR in the event of a Russian crisis in the northwest, (2) to Shenyang MR in a Korean crisis in the northeast and (3) to Nanjing MR in a Taiwan crisis in the southwest. With the collapse of the Soviet threat, Ji'nan MR has shifted its attention to Taiwan and Korea. The most notable Ji'nan MR connection in the CMC is Zhang Wannian's thirteen-year service as the commander of the 127th Division (1968-81). This division constitutes the backbone of the 54th Army, the only Category A/heavy force of Ji'nan. Zhang also served as the commander of the Ji'nan MR from 1990 to 1992. Similarly, both Chi Haotian and Xu Caihou served briefly as commissar of the Ji'nan MR.

With the decline of the Soviet threat from the Northwest, the far northwestern Lanzhou MR--which supervises PLA forces in Shannxi, Gansu, Ningxia, Qinghai and Xinjiang provinces--has shifted its mission. That is now to consolidate China's western frontier by fighting the "splitism" associated with the Islamic fundamentalism and the radical Turkish ethnic minorities.

Wang Ke can probably identify with the Lanzhou MR better than other current CMC members. He began his career and served in the 21st Army, the only Category A force of the Lanzhou MR, from 1947 to 1958. From 1962 to 1992, he again served in various major units there, including as commander of the 47th Army (1983-86) and of the Xinjiang MD (1986-90), and as deputy commander of the Lanzhou MR itself. Fu Quanyou served briefly as the Lanzhou MR commander (1990-92). Finally, Guo Boxiong, a fourth-generation CMC member and currently the executive deputy PLA chief of staff, served as the

deputy chief staff in that MR from 1988 to 1992, and as commander of the 47th Army from 1992 to 1994. Given his current position and qualifications, Guo could be a future PLA chief of staff.

### **Technology-Driven Force Modernization**

Technology is another major generational difference in the formative experience of the PLA leadership. Even though the PLA likes to claim that it has always been an inferior force fighting a superior one, the enemies of the first and second generations of the PLA leadership, such as the Kuomintang Army and the Japanese Imperial Army, were basically low-technology forces. In contrast, the third generation of PLA leadership, serving as frontline lower-level officers in the Korean War, had first-hand experience and was keenly aware of the overwhelming U.S. firepower associated with superior U.S. technology. Furthermore, many had vivid and fond memories of acquiring large number of modern Soviet MiG fighters, tanks and heavy artillery pieces at the later stages of the war. These weapons formed the technological basis of the post-Korean War PLA. Memoirs of the Korean War contain many accounts of the impact of U.S. and Soviet technology.

Technology was central to the formation of the leadership after the Korean experience as well. As grassroots unit commanding officers, for example, most current CMC members were the direct participants in the Soviet-style defense modernization of the 1950s. While PLA manpower was reduced from 6.11 million at the end of the Korean War to 2.35 million by 1956, the assimilation of Soviet technology, organizational style and military strategy took on added importance.

Chi Haotian, Zhang Wannian, Fu Quanyou and Yu Yongbo all attended advanced command schools such as the Nanjing Military College, the Beijing Advanced Military College and the PLA Political College in the late 1950s, when Soviet influence dominated the curriculum. Furthermore, some current CMC members are trained as technical experts. Xu Caihou, for example, attended and graduated from the prestigious Harbin Military Engineering Institute from 1963 to 1968. Chao Gangchuan, another CMC member and the director of the General Armament

Department, attended the PLA Third Artillery Technical School from 1954 to 1956. It is particularly worthy to note that Chao spent another six years studying at the Moscow Artillery Engineering Institute in the Soviet Union (1957-1963).

While other major factors may contribute to the new PLA emphasis on nationalist agendas and technology-based force modernization, the formative experience of the rising PLA leadership is a clear guide to their thinking and their policies.

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## Post-Cold War Deterrence And A Taiwan Crisis

By Keith B. Payne

Over the course of the Cold War decades, U.S. nuclear doctrine reflected great confidence that deterrence of the Soviet Union could be “ensured” by a “stable” deterrence relationship. “Stable” deterrence came to be viewed as the near-certain product of a nuclear stalemate based on secure mutual retaliatory threats, a “balance of terror.”

The underlying belief was that significant mutual vulnerability would produce mutual prudence, hence a “stable” deterrence relationship. It was assumed that neither side in such a relationship would pursue highly provocative brinkmanship because of the enormity of the risk involved. In the context of mutual vulnerability, rational leaders are expected to consider the risks and potential cost of war to be wholly unacceptable virtually regardless of the “stakes” involved in a crisis, and make their policy decisions accordingly.

The apparent success of this form of deterrence in U.S.-Soviet relations throughout the Cold War led to extreme confidence in the reliability and predictability of deterrence strategies based on mutual nuclear vulnerability. Unfortunately, the Cold War deterrence framework, and the confidence drawn from it,

largely ignore many factors that can prevent deterrence from functioning predictably even in the context of high risks and potential costs.

### Brinkmanship

For example, two general imperatives can drive leaders to surprising and extraordinarily risky brinkmanship: grave foreign and/or domestic threats that leaders believe necessitate their military action. In such circumstances, leaders have in the past understood their foe’s seemingly credible and capable deterrence commitments, and nevertheless willingly undertaken highly risky military initiatives. Leaders can consciously choose a high-risk course involving potentially great cost because the alternative of inaction appears to lead to wholly intolerable consequences. In the context of such need-driven decision-making, leaders accept and rationalize high-risk brinkmanship because of the expected unacceptable cost of inaction. There are numerous historical examples of such imperatives leading to high-risk brinkmanship.

In addition, whether a foreign leadership actually judges a U.S. deterrent threat to be so potentially severe that it overshadows all other considerations will depend on how that foreign leadership calculates loss, what other losses it fears and the goals it may pursue. How a specific leadership interprets cost and benefit may be unique to its particular culture, worldview, political circumstances, notion of honor, values and goals, or even the personal health of an individual leader. Because there can be enormous variation in how leaders interpret such factors, foreign responses to deterrence commitments often can appear wholly unreasonable, even irrational.

Deterrence can fail or not apply when leaders are very highly motivated, perceive concession as intolerable, are willing to absorb great cost or are unwilling/unable to count the expected cost, are dubious of their opponent’s commitment, are ignorant of the risks they are running, or encounter any of a myriad of other factors frequently found in the real-world behavior of leaders under stress.

Consideration of a case study involving the United States, China and Taiwan illustrates the potential significance of these types of factors that undermine the

predictable functioning of deterrence. In the event of an unambiguous declaration of independence by Taiwan, what factors are likely to dominate Chinese decision-making, and how might they shape deterrence?

Subduing Taiwan following a declaration of independence would be a survival interest for Chinese leaders. Doing so would be the priority value, and China's freedom to conciliate on the issue would be very low. Its freedom to provoke Washington, in contrast, would be high, because Chinese leaders would likely be skeptical of a U.S. threat to take decisive military counteraction. Years of circumspect U.S. support for Taiwan and the conscious policy of "strategic ambiguity" emphasized by the Clinton administration are unlikely to have communicated U.S. resolve to Chinese leaders, who will be predisposed to see softness in the U.S. commitment because they want such softness. A variety of cognitive defense mechanisms could easily move Chinese perceptions of U.S. will toward skepticism even if Washington were in fact fully prepared to intervene.

### Strategic Profile

Although much remains unknown about Chinese decision-making, it is possible to construct an empirically based strategic profile of the Chinese leadership pertinent to this scenario. It includes the following summary points:

- PRC leaders are rational and calculating.
- The fate of Taiwan is a survival issue for them.
- There is a political consensus in China for reunification.
- Taiwanese independence is wholly intolerable for the CCP regime.
- PRC leaders are ready to use force to deny Taiwan independence.
- PRC leaders would be willing to take significant risks to prevent Taiwanese independence.
- PRC leaders would be willing to absorb high costs to prevent Taiwanese independence.
- PRC leaders believe the "stakes" over Taiwan are far less significant for the United States than they are for China, and view the U.S. commitment to Taiwan in this regard as uncertain.
- PRC leaders consider Washington unwilling to absorb significant costs for the purpose of preventing China from subduing Taiwan.
- PRC leaders believe that Washington will be vulnerable to Chinese nuclear deterrence threats in a crisis over Taiwan.

This suggests that following a declaration of independence by Taipei, China's leadership may not be susceptible to U.S. deterrence threats, regardless of their severity, largely because denying Taiwan independence would be a near-absolute goal for Chinese leaders. They may easily conclude that they do not have the freedom to concede to U.S. threats. Indeed, a domestic political imperative, such as the one shaping Chinese decision-making regarding Taiwan, is very likely to encourage Chinese brinkmanship over the issue.

In this case, Washington's capacity to deter China is likely to be undermined by several factors operating simultaneously. Despite overwhelming U.S. nuclear superiority, the Chinese may rationally see victory over Taiwan as practicable at a level of risk that is acceptable relative to the wholly intolerable consequences of successful Taiwanese independence. Of greater possible significance than U.S. deterrence threats are the apparent Chinese beliefs that: first, the stakes involved over Taiwan are much greater for China than for Washington; and, second, China is more able and willing to absorb cost and run risks to subdue Taiwan than is the United States to prevent China from doing so. In a contest of wills involving serious mutual threats, these likely asymmetries in the stakes and willingness to absorb cost and to run risks are all likely to undermine the effectiveness of U.S. deterrence threats.

### "Ensuring" Deterrence

To establish a deterrence policy suited to these circumstances, the United States would have to make blatantly clear its will and capability to defeat Chinese conventional and WMD attacks against Taiwan and against its own power projection forces. This would require the manifest capability to project sizable and suitable forces to the theater to demonstrate the U.S. commitment to Taiwan and to deny China any hope for a *fait accompli*. The U.S. would need to be, and to be seen as being, capable of intervening decisively to prevent China from subduing Taiwan before U.S. forces could be brought to bear.

Perhaps the most limiting factor for Washington in this regard is the obvious fact that U.S. intervention would risk escalation to a large-scale theater war and Chinese ICBM threats against the U.S. homeland. Preserving the credibility of U.S. deterrence commitments in such circumstances would require Chinese leaders to believe that Washington would persevere despite their nuclear threats and possible regional nuclear use. Washington would have to deny Chinese leaders confidence that such threats could deter U.S. intervention, a hope to which they would likely cling. Consequently, U.S. deterrence policy in this case could require that the United States be able to limit its own prospective losses to a level compatible with the stakes involved.

In sum, a U.S. deterrence policy for this case would focus on a “denial” deterrence threat, that is, a threat to defeat China militarily while significantly limiting potential U.S. civilian and military losses. The U.S. military posture supporting deterrence in this case would be capable of limiting prospective U.S. military and civilian losses, while also defeating China militarily, that is, a combination of offensive and defensive capabilities, including missile defense. The defensive side of this deterrence threat would be intended to bring the stakes involved for Washington into greater balance with the prospective costs and risks involved in a conflict with China.

The approach described here by no means would “ensure” an effective deterrent in the postulated crisis; there can be no such assurances, particularly given the various asymmetries favoring China in this case.

It would, however, be tailored specifically to the opponent and context, and, if effective, provide the enormous benefit of preventing war in the Taiwan Strait as envisaged in the scenario.

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[This article draws with permission from Keith B. Payne, *The Fallacies of Cold War Deterrence and a New Direction*, Lexington, KY: University Press of Kentucky, 2001. (c) National Institute for Public Policy, 2001.]

## China’s Emerging Political Criminal Nexus

By June Teufel Dreyer

Beijing’s recent disclosure that at least ten directors of public security (police) bureaus at or above county level were found to have close connections with local criminal syndicates highlights concern that a fusion of political and criminal elements is undermining popular support for the Communist Party. The president of China’s Supreme Court has warned that the People’s Republic of China (PRC) is “one step away from being plagued by crimes similar to those of the Italian mafia.” And a noted professor of economics estimates that corruption lowers the country’s gross domestic product by between 13 and 17 percent each year. Fifteen to 20 percent of the funds for any given project are diverted away from the purpose for which they are intended. Worse, according to the academic, is that crime pays. There is only a 6.6 percent chance that corrupt officials will be prosecuted.

### The Extent

The political criminal nexus extends far above, and below, county level. Often the sons and daughters of central government leaders, the so-called “princelings” are involved. Although the media do not mention the escapades of the children of leaders at the very top of the elite, a surprising number of Chinese

are aware that Jian Mianheng, son of Party General Secretary Jiang Zemin, is a major investor in several large-scale businesses despite the few hundred dollars a month salary his formal position pays. And in January, a former subordinate of Li Peng, the second most powerful individual in the PRC hierarchy, was charged with corruption. The subordinate was an official of the State Power Corporation, where two of Li's children are also employed and in the service of which they have amassed fortunes. In December, China's justice minister was removed for irregularities in his conduct in office. At lower levels, gangs pay government inspectors to approve "bean curd dregs" projects characterized by shoddy workmanship and substandard materials. Nearly new bridges have collapsed, dams burst and buildings fallen in on their luckless inhabitants. At borders with foreign countries, customs agents waive through the passage of prohibited items, including drugs and armaments—for the right price.

Party and government have responded with a "Strike Hard" campaign, its avowed aim being the extermination of both criminals and the officials who protect them. Other methods, some of them quite creative, have been developed as well. One initiative involved developing a profile of officials considered most susceptible to corruption, in order to help investigators narrow their search for the guilty. The result, dubbed the "39-year-old syndrome," refers to cadres who see little possibility of promotion while feeling threatened from below by promising younger colleagues. Zhejiang province, where authorities estimated that about 40 percent of graft scandals involve family members of officials urging them to take bribes, began a "wife-educating campaign." Cadres' wives were mobilized to listen to lectures on the value of probity, watch anticorruption films and visit jailed corrupt officials to preview what life would be like should their husbands be similarly incarcerated. On the basis of unspecified criteria, nine women were honored with the title "Clean and Honest Wife." Three other provinces were reported to have borrowed the idea. In Hebei, a local cartoonist designed a deck of cards depicting fifty-two different forms of graft and official misconduct. The king of spades, for example, depicts a half-naked official with a pretty young woman. The procuratorate liked the idea so much that they provided the cartoonist with a subsidy

to get the cards commercially printed. In an ironic aside, the decks became favorites of poker players who are suspected of money laundering. And, in contravention of intellectual property rights laws, counterfeited decks circulate as well.

### The Response

Punishment remains the major weapon for dealing with official corruption. According to Amnesty International, the PRC's own statistics, which are believed to err on the low side, indicate that it executed more people in the three months between April and June than the rest of the world executed in the last three years. Though not all of these were involved in official corruption, the Strike Hard campaign has accounted for a significant jump in the numbers. Officials at the very top appear to be shielded---one official explains that "the practice of the party is to cover up for its top leaders for the sake of stability." Central government ministers and provincial party and government leaders are, however, considered fair game: A number of them have been prosecuted in well-publicized trials. Although the presumption is that the punishment of these individuals will warn others away from participating in criminal activities, such does not seem to have been the case. When former Beijing party secretary Chen Xitong received a sixteen-year sentence, the reaction of many capital residents was cynicism. Some observed that Chen was no more guilty than other officials, it was simply that Jiang Zemin regarded him as a potential rival to be disposed of. Others noted that those convicted of bribes involving much less money had been sentenced to death.

Major trials are televised and watched with much interest, though often, it would seem, for their entertainment value rather than because they serve as a deterrent to would-be lawbreakers. The lurid exposes that accompany them risk making some of the miscreants into cult heroes. Accused smuggling webmaster Lai Changxing built a six-story pleasure palace named the Red Chamber to entertain his official guests. He has explained that the color was chosen because it is the color of communism. The chamber, equipped with karaoke facilities, saunas, luxuriously appointed bedrooms, beautiful women and an acclaimed chef imported from Hong Kong, became an

instant local tourist attraction and there are now plans to turn the building into a museum. Some of the accused have pleaded, with justification, that they did not think they were breaking rules. Lai Changxing, now fighting for asylum in Canada, maintains that he is the innocent victim of political infighting within the top leadership, and that testimony against him was obtained after witnesses were beaten. Given China's murky legal climate, the rampant local protectionism of its courts and the not uncommon use of torture, Lai's defense is plausible, even if not necessarily true.

Many entrepreneurs, Lai included, have stated that while they would prefer not to have to bribe officials, it is the only way to move business transactions forward. Officials, who receive modest fixed salaries that are unrelated to their performance on the job, are able to rationalize that taking illegal or semi-legal payments is the only way to provide their families with the comforts of life already enjoyed by entrepreneurs. For some years, Chinese academics have advocated adoption of the Singapore model, under which civil servants receive handsome salaries but are punished harshly for corruption. While attractive in theory, to implement the Singapore model in the PRC would require a huge increase in state revenues that the budget, already in deficit, simply cannot sustain. The sort of thoroughgoing economic restructuring that would return more revenue to the central treasury is politically impossible. And, given the institutionalization of official corruption, there is no guarantee that better paid civil servants will be more honest.

The recent overthrow of corruption-ridden administrations in Indonesia and the Philippines have provided China's leaders with fresh reminders of the consequences of failure to cope with this growing problem. But solutions remain elusive.

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**Issue 6, September 27,  
2001**

## China Not Yet An Ally

By Richard D. Fisher, Jr.

While the United States is correct to seek China's assistance in what will be a long war against terrorism, it should harbor no illusions that China will share all of America's goals in this fight, or that China will cease being a longer term adversary.

Yes, Chinese President Jiang Zemin was swift to condemn the September 11 terrorist attacks in the United States and China appears to be ready to share counterterrorism intelligence. So far, President George W. Bush has affirmed his intention to visit China for a late October summit. At a basic level it would be very good to have Beijing's full cooperation for the many battles ahead. China could contribute a great deal to the U.S. understanding of the Taliban and radical elements in Pakistan.

### Cooperation vs Conflicts

Cooperation over the common threat of terrorism, however, will not remove the current conflicts in the Washington-Beijing relationship, to include the future of democratic Taiwan, U.S. alliances in Asia, and China's nuclear and missile proliferation. Furthermore, China has patiently cultivated relationships with Iran, Iraq and, more recently, the Taliban of Afghanistan to advance its own consistent goal of undermining U.S. power. Thus, future Chinese assistance in the war on terror can only be meaningful if China reverses the aid it has given to a number of rogue states.

For example, should Osama bin Laden or his allies obtain a nuclear weapon in the future, it is likely that many of its components will come via Pakistan or Iran, and could very well carry the stamp "Made in China." China's assistance to Pakistan's nuclear weapons program dates back to the mid-1970s and includes the training of engineers, provision of nuclear fuel reprocessing components, and perhaps even the plans to make nuclear weapons. China has sold Pakistan over thirty 180-mile range M-11 ballistic missiles. Even more disturbing, China has also sold Pakistan the means to build solid fueled 450-mile range Shaheen-I and 1,200-mile range Shaheen-

II missiles. China has sold Iran both nuclear-reactor and nuclear-fuel reprocessing components, and cruise missiles that could conceivably carry a small nuclear device.

For over a decade, America has been “engaging” Chinese officials in a now-familiar pattern of repeated U.S. complaints, Chinese promises not to proliferate and occasional slap-on-the-wrist sanctions by Washington, but with no definitive Chinese cessation of proliferation. So far, Beijing is correct to question U.S. resolve. It took the Bush administration until August this year to impose some sanctions on Chinese companies selling Shaheen missile parts to Pakistan. But this is far better than the Clinton administration, which produced no Shaheen-related sanctions during its two terms, even though the program very likely began during Clinton’s first term.

This failure to stop Chinese proliferation helped fuel the ongoing nuclear missile race between India and Pakistan. And as the latter weakens under pressure from those hardline Islamic forces powerful in the Pakistan Armed Forces, the danger increases that nuclear weapon technology could fall into the hands of radical groups like bin Laden’s. But rather than isolate radical Islamic regimes that harbor or aid terrorists, Beijing engages them as well. Last February, China was caught red-handed helping Saddam Hussein to build new fiber-optic communications networks that will enable his missiles to better shoot down U.S. aircraft. These improvements are suspected of helping Iraq shoot down two American reconnaissance drones in recent weeks. Beginning in late 1998, according to some reports, after it gave Beijing some unexploded U.S. Tomahawk cruise missiles, the Taliban began receiving economic and military aid from China.

But beyond simply helping regimes that in turn help terrorists like bin Laden, China, incredibly, may be attracted to using terrorist methods as well. Bin Laden himself has a fan club in some quarters of China’s People’s Liberation Army (PLA). In their 1999 book “Unrestricted Warfare,” two PLA political commissars offer praise for the tactics of bin Laden. The authors note that bin Laden’s tactics are as legitimate as the tactics that U.S. General Norman Schwartzkopf used in the Gulf War. To highlight the

utility of bin Laden’s tactics these authors note that the “American military is inadequately prepared to deal with this type of enemy.” While some U.S. analysts downplay “Unrestricted Warfare” as written by officers with no operational authority, it is well known that the PLA is preparing to wage unconventional warfare, especially cyber warfare.

Indeed, the September 11 debacle demonstrated America’s vulnerability to unconventional attack, as it also gave the PLA insight into U.S. military emergency contingencies. China is building up its PLA, to include development of cyber warfare, to achieve “unification” with Taiwan under Beijing’s terms. China could be tempted to use military force against Taiwan should the war on terrorism force a diminished U.S. military presence in Asia. As part of such an attack, the PLA would want to shut down the U.S. air transport system. The PLA now knows this can be done with four groups of terrorists, or perhaps by computer hackers that can enter the U.S. air traffic control system and cause four major airline collisions.

### **What China Wants, What America Needs**

So before he flies to China for his late-October summit with Jiang Zemin, President Bush should consider China’s real utility in the war on terrorism and what it must do to qualify as a U.S. ally. Tough rhetoric and photo-ops should not qualify China for ally status in a war that will cost the lives of many more U.S. and allied citizens. But the United States can demand that China must stop lying about its nuclear and missile technology proliferation, and demand that China prevents states like Pakistan and Iran from fielding nuclear missiles. Also, China must end its economic and military commerce with regimes that harbor terrorists, such as the Taliban and Iraq.

It is also necessary to warn China that America will retain the means to defend Taiwan from military attack so long as China is intent on preparing for war against the democratic island. It is also necessary to exercise caution in relaxing any high technology sanctions on China unless its cooperation in fighting terrorism extends to a true reversal of its proliferation activities and its aid for regimes that harbor terrorists.

In his September 20 speech to the nation, President Bush correctly declared that “any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime.” China’s support for the Taliban and Iraq, and its record of nuclear proliferation in Pakistan and Iran are not the actions of a friendly regime. To qualify as America’s ally in this new war China must first undo all it has done to strengthen the sources of terrorism.

*Richard D. Fisher, Jr. is the managing editor of the Jamestown Foundation’s China Brief.*

## China’s Islamic Challenge

By June Teufel Dreyer

Reports that Chinese responded with laughter to pictures of terrorist attacks on the World Trade Center are bewildering. More Chinese nationals perished in these attacks than when the United States accidentally bombed the PRC’s embassy in Belgrade in 1999. Moreover, available evidence strongly indicates that the perpetrators of the attack on the World Trade Center were Muslim fundamentalists--and China has its own problems with such groups. The epicenter of the mainland’s concern is China’s northwest, where the great majority of the country’s 20 million Muslims live, and in particular in Xinjiang province. Though classified as the Xinjiang Uygur Autonomous Region, its inhabitants regularly complain that they have no meaningful autonomy and are in fact more closely controlled by the central government than areas populated by Han Chinese. From Beijing’s point of view, careful scrutiny is justified. The natives are restless, and have a long history of violent resistance to Han control. The province is China’s largest administrative unit, is one-sixth of the PRC’s total territory, has rich petroleum deposits and produces most of the country’s cotton.

### A Troublesome Territory

Known to Chinese for centuries simply as “the Western regions,” Xinjiang was designated a province only in the late nineteenth century. The major impetus for changing its status was fear that the expanding czarist empire, already contending with Great Britain

in the “Great Game” in Central Asia, planned to annex the territory. Before it could be brought under Chinese control, one of the Qing (Manchu) dynasty’s leading generals had to suppress a massive Muslim rebellion that convulsed northwest China for more than a decade, and to destroy an East Turkestan Republic headed by Turkic Muslim chieftain Yakub Beg. The name Xinjiang itself means “new territory.”

Making the area a province did not end its rebellious tendencies. A new East Turkestan Republic was established in 1933, and put down with considerable effort. It reappeared in November 1944, not coincidentally on the anniversary of the Bolshevik Revolution. The ETR’s leaders claimed to be the spiritual heirs of Yakub Beg, and received aid and support from the Soviet Union, with which the province shared a long border. China’s Kuomintang government attempted to deal with the ETR enclave by incorporating its leaders into its formal power structure, along with the Soviet influence they represented.

The Chinese Communist Party essentially did the same, while trying to wean the area away from the Soviet sphere of influence. When Sino-Soviet tensions were at their height, there were several skirmishes on the border, and radio broadcasts by Uygurs and Kazakhs who lived in the Soviet Union urged rebellion against the Chinese. By the 1980s, Sino-Soviet tensions had abated enough for border trade to resume. As well, China, anxious to cultivate ties with the oil-producing states of the Middle East, eased its controls on the country’s Muslim population. By chance, this occurred at the same time as a rising tide of Islamic fundamentalism in the Muslim world. Reports began to circulate of weapons hidden in crates of machine tools and lumber coming into Xinjiang, and of Hamas and Hezbollah operatives entering to instruct their co-religionists in how to use the weapons. In 1989, almost unnoticed because of foreign preoccupation with events at Tiananmen Square, several thousand Muslims demonstrated in Xinjiang’s capital city, Urumqi. Peaceful protests against the publication of a book offensive to their religion soon turned violent. At the same time, Muslim rebellions broke out in two other provinces, Qinghai and Gansu, over other grievances.

The centrifugal forces that Islam exercised on China were significantly enhanced when the Soviet Union disintegrated. Six Muslim states were among its successors, three of which--Tajikistan, Kyrgyzstan, Kazakhstan--abut Xinjiang. A fourth, Uzbekistan is nearby. The province also shares borders with Afghanistan, Pakistan, India, Mongolia and a small sliver of Russia. In 1990, residents of Baren Township in Akto County rose up in protest against the destruction of illegal mosques, with the riots quickly spreading to at least six other cities. The official death toll was twenty-two; eyewitnesses estimated it at three times that many. Local television announced that a group called the Islamic Party of East Turkestan was responsible for the well planned and carefully organized attack on the party and socialism. It did not mention that the Han Chinese population had been a target. The following years saw several repetitions of such demonstrations, with other groups claiming credit or being blamed, depending on the viewpoint of the beholder.

Worried party/government sources noticed that the attacks were becoming increasingly sophisticated. When cornered by the military, the terrorists would commit suicide rather than risk capture. Those who were deemed too friendly with the Han Chinese authorities, including imams, began to be attacked as well, with some killed and others hideously mutilated. In March 1997, Islamic terrorists carried their protests outside of Muslim areas for the first time, when a time-bomb exploded on a crowded bus in central Beijing. Taxi drivers in the capital and other major cities, usually eager for fares, became reluctant to pick up people they suspected of being Muslims. In this period, the official media began to accuse pro-Islamic separatist groups of having joined forces with similarly-inclined Tibetans and those propounding the independence of Taiwan. They have also stated that Osama bin Laden has trained Chinese Islamic terrorists in camps in Afghanistan.

### Facing The Problem

Party and government have fought back in various ways, including:

- rewarding informers who provide information on the terrorists and their sympathizers. The terrorists, who regard such people as traitors to their religion, have been known to retaliate against not only the informers but their family members, thus deterring those who might be tempted to tell what they know.
- tailoring the nationwide “Strike Hard” campaign against crime and corruption for Muslim areas so as to emphasize convictions of alleged terrorists and their sympathizers.
- drawing Russia and the four Muslim successor states of Central Asia into an alliance whose aims include the suppression of terrorist activities as well as mutual economic development. Russia’s problems with Chechnya are well known; the legitimacy of the governments of the Islamic states is fragile and several have their own problems with religious fundamentalists.
- increasing the flow of Han Chinese immigrants to affected areas.

The incidence of reported terrorist incidents has gone down in the last four years, though the underlying causes seem to be increasing. Natives, even those who are not militant, are upset by the entry of more Han Chinese, regarding it as ethnic swamping. An ambitious program to develop the infrastructure of Western China, in order to reduce the growing income gap between it and the country’s east coast, will provide the terrorists with tempting new targets, including rail lines, dams, and power plants.

China fears that the success of the September 11 attacks will embolden its Islamic terrorists into copycat activities. Its options in dealing with this are limited. If, as Indian intelligence has reported, the PRC has supplied Osama bin Laden’s jihadis with arms funneled through the Taliban government, the contradictions appear even greater. Perhaps China hopes that befriending bin Laden will ensure that the weapons will be used only against Western enemies. But it cannot be sure. Although Beijing may be pleased that the terrorists have taught America a lesson, it continues to be concerned with the growth of Muslim

fundamentalism. To side with Washington in any meaningful sense is also fraught with peril. To back American demands that Taliban hand over bin Laden or, worse, to support military action against Afghanistan, would go against everything that the PRC has said about the inviolable prerogatives of the sovereign state. It would also provide a precedent for action against China if it should invade Taiwan. Should U.S. actions involve the use of bases in Pakistan, Beijing fears an American presence in South Asia that could last years. Yet to tell Pakistan not to allow the U.S. military access to its territory would drive the United States closer to India—a rapprochement that China is already worried about.

Beijing appears to be opting for a least common denominator policy: urging that the American response be channeled through the United Nations and backing Taliban's refusal to turn over bin Laden unless sufficient evidence of his guilt is produced. As the Chinese leadership well knows, the composition of the UN makes a strong stand on virtually any issue nearly impossible. Moreover, it is unlikely that any level of proof would prove satisfactory enough to the Taliban's leaders to turn over bin Laden. In trying to be all things to all people, Beijing may fail to satisfy any of the aggrieved parties. And the threat of domestic Islamic terrorism will continue.

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## **China Proliferation Record: Unwillingness to Help Halt Terrorism?**

By David G. Wiencek

Since the September 11 terrorist attacks on the United States, China's statements on its readiness to support the United States and the emerging international coalition in the urgent fight against global terrorism have been mixed and accompanied by caveats. On a September 21 visit to Washington, for example, Foreign Minister Tang Jiaxuan pledged to share intelligence information on terrorism. Days earlier, however, a Foreign Ministry spokesman in

Beijing sought to link cooperation with a reciprocal U.S. pledge to support Chinese efforts in their own internal conflict situations in Taiwan, Tibet and Xinjiang.

In a country the size of China there will naturally be different voices offering different analyses and policy solutions. Yet the rhetoric to date, both official and unofficial, does not inspire confidence that Beijing will actively side with and positively support the American-led counterterrorism war.

### **On The Record**

This skepticism is reinforced by China's record on nonproliferation. Here too Beijing has offered pledges of support, which have been later cast aside in pursuit of other geopolitical objectives and/or pure commercial considerations.

Chinese activity regarding missile transfers is particularly problematic. Throughout the 1990s, the United States repeatedly sought to gain Chinese adherence to the principles embodied in the 1987 Missile Technology Control Regime (MTCR) or even to have China become a signatory to this agreement. (The MTCR is a voluntary arrangement among thirty-three nations that attempts to curb proliferation of missiles capable of delivering Weapons of Mass Destruction (WMD). In the main, it focuses on controlling ballistic and cruise missiles capable of carrying a 500 kilogram payload to a range of at least 300 kilometers, and associated technologies.)

The Chinese pledged their support to the MTCR on a number of occasions, but then exploited ambiguities in these promises in order to continue exporting WMD-capable missiles or missile technologies. Beijing also sought to link its compliance with MTCR principles with extraneous issues, seeking a "quid pro quo," perhaps as it is now positioning itself to do in the current crisis.

The respected Center for Nonproliferation Studies at the Monterey Institute for International Studies summarized China's behavior as follows:

"While China made pledges in 1991 and 1994 to the United States promising to comply with the main

provisions of the MTCR and halt all sales of complete MTCR-class missile systems, it has tended to interpret these pledges narrowly and has continued missile technology transfers and manufacturing assistance to Pakistan....More recently, China has also implicitly linked its MTCR commitments to issues of increasing salience to its own security concerns, namely, theater missile defense (TMD), U.S. arms sales to Taiwan, and U.S. intention to deploy national missile defense (NMD) and amend the ABM [Anti-Ballistic Missile] Treaty.”(1)

In its January 2001 authoritative report, *Proliferation: Threat and Response*, the U.S. Department of Defense commented:

“China has maintained that it will not assist any country in developing nuclear weapons or MTCR-class missiles to deliver them, and has taken steps over the last several years to strengthen its control over sensitive exports. Nevertheless, Chinese entities have supported some nuclear, chemical and missile programs in countries of concern, driven by China’s overall strategic interests in South Asia and the Middle East and by domestic economic pressures.”(2)

In short, the Pentagon concluded, “China continues to be a source of missile-related technology.” (3)

In addition, in an unclassified report to the U.S. Congress issued just days before the terrorist attacks of September 11, the CIA made the following observations covering Chinese missile and other WMD export assistance. Essentially, these were that China continues to supply missile technology and related equipment to Pakistan, Iran, North Korea, and Libya. But CIA’s conclusions are worth quoting in full:

During this reporting period [July 1 to December 31, 2000], Beijing continued to take a very narrow interpretation of its bilateral nonproliferation commitments with the United States. In the case of missile-related transfers, Beijing has on several occasions pledged not to sell Missile Technology Control Regime (MTCR) Category I systems but has not recognized the regime’s key technology annex. China is not a member of the MTCR.

In November 2000, China committed not to assist, in any way, any country in the development of ballistic missiles that can be used to deliver nuclear weapons, and to enact at an early date a comprehensive missile-related export control system.

During the reporting period, Chinese entities provided Pakistan with missile-related technical assistance. Pakistan has been moving toward domestic serial production of solid-propellant SRBMs [Short-Range Ballistic Missiles] with Chinese help. Pakistan also needs continued Chinese assistance to support development of the two-stage Shaheen-II MRBM [Medium-Range Ballistic Missile]. In addition, firms in China have provided dual-use missile-related items, raw materials and/or assistance to several other countries of proliferation concern—such as Iran, North Korea and Libya.

In the nuclear area, China has made bilateral pledges to the United States that go beyond its 1992 NPT [Nuclear Non-Proliferation Treaty] commitment not to assist any country in the acquisition or development of nuclear weapons. For example, in May 1996 Beijing pledged that it would not provide assistance to unsafeguarded nuclear facilities.

With respect to Pakistan, Chinese entities in the past provided extensive support to unsafeguarded as well as safeguarded nuclear facilities, which enhanced substantially Pakistan’s nuclear weapons capability. We cannot rule out some continued contacts between Chinese entities and entities associated with Pakistan’s nuclear weapons program subsequent to Beijing’s 1996 pledge and during this reporting period.

In October 1997, China gave the United States assurances regarding its nuclear cooperation with Iran. China agreed to end cooperation with Iran on supply of a uranium conversion facility and undertake no new cooperation with Iran after completion of two existing projects—a zero-power reactor and a zirconium production plant. Although the Chinese appear to have lived up to these commitments, we are aware of some interactions between Chinese and Iranian entities that have raised questions about its “no new nuclear cooperation” pledge. According to the State Department, the administration is seeking to address these questions with appropriate Chinese authorities.

Prior to the reporting period, Chinese firms had supplied dual-use CW [Chemical Weapons]-related production equipment and technology to Iran. The U.S. sanctions imposed in May 1997 on seven Chinese entities for knowingly and materially contributing to Iran's CW program remain in effect. Evidence during the current reporting period shows Iran continues to seek such assistance from Chinese entities, but it is unclear to what extent these efforts have succeeded....(6)

### Implications

Detailed reporting by the United States Government and others over many years has shown that China's record on non-proliferation is not a good one. Specifically, with regard to the MTCR, China has demonstrated time and again that it is willing to violate its written commitments. It is worth recalling the record on this vital international issue as we move to assemble the coalition to combat another pressing security challenge--international terrorism. Against this backdrop, Chinese pledges of cooperation on the terrorism front should be treated cautiously and assessed on the basis of demonstrable acts. Efforts to extract concessions from the United States will be counterproductive and need to be rejected by Washington. Beijing now has a major opportunity to evolve a more constructive and cooperative relationship with the United States at this important strategic juncture. But will it? The record is not encouraging.

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### Notes:

1. Center for Nonproliferation Studies, Monterey Institute of International Studies, "China's Missile Exports and Assistance to Pakistan," last updated, July 2000, at website: [www.cns.miis.edu/research/india/china/mpakpos.htm](http://www.cns.miis.edu/research/india/china/mpakpos.htm).
2. U.S. Department of Defense, Proliferation: Threat and Response, January 20001, p. 17, at website: [www.defenselink.mil](http://www.defenselink.mil).
3. *Ibid.*, p. 3.

4. U.S. Central Intelligence Agency, "Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, 1 July Through 31 December 2000," at website: [www.cia.gov/cia/publications/bian/bian\\_sep\\_2001.htm](http://www.cia.gov/cia/publications/bian/bian_sep_2001.htm)

## Issue 7, October 11, 2001

### Sino-American Relations: A Matter Of Debate

Willy Wo-Lap Lam

Was September 11 good for Sino-American relations? It is still a matter of hot debate among Chinese cadres and intellectuals.

The so-called Mainstream Faction in Beijing thinks that the terrorist attacks on the United States and the global antiterrorist campaign could spell a boon to ties with Washington. The "China threat" theory, for example, may lose its currency as more American politicians and citizens become convinced the nation's enemies No. 1 are Islamic extremists. Moreover, Washington needs Chinese cooperation in rooting out Osama bin Laden and his accomplices—and joint Sino-U.S. efforts in this area could set the stage for closer cooperation in other fields. From Beijing's perspective, another factor that bodes well for bilateral relations is simply the fact that American strength has been considerably dented.

### Decline of America?

Quite a number of Chinese experts agree with best-selling military authors Qiao Liang and Wang Xiangsui, who pointed out soon after the terrorist attacks that "the day September 11 will likely mark the beginning of the decline of America as superpower." These experts argue that American power in the foreseeable future would be sapped by a multidimensional war against a faceless enemy. And the United States might also be bogged down in a protracted and costly conflict with a sizeable part of the Islamic and Arab world. And of course, the Chinese leadership

would rather do business with a weakened, somewhat humbled United States.

Yet an even more positive development cited by Beijing's America watchers is that Washington may be abandoning its "unilateralism." For example, a top U.S. expert at the Chinese Academy of Social Sciences, Wang Yizhou, pointed out the need to build an antiterrorism alliance should force the United States to decide "whether it should adopt a unilateralist or multilateralist diplomacy."

Vice Foreign Trade Minister Long Yongtu thought the horrific incidents in New York and Washington had "changed America's long-standing attitude to world affairs. The United States now knows it won't do to continue with unilateralism, and that it needs to do many things in tandem with other countries," he said. "They have understood the importance of multilateral discussions." So far, Jiang seems to agree that Beijing should not lose this opportunity to mend fences with the administration of President George W. Bush.

While the on-going skirmishes in Afghanistan are taking place not too far from China's backyard, Beijing has maintained an uncharacteristically low profile. The Chinese Foreign Ministry's response immediately after the missiles rained on Kabul and Kandahar on October 8 was mild if also deliberately vague. It said while Beijing supported antiterrorist actions in general, such actions should be "targeted at specific objectives" and be in accordance with the principles and resolutions of the United Nations. Beijing, however, no longer insisted that military action be undertaken under direct UN auspices. And it avoided explicit value judgments on the air strikes themselves. The same points were repeated by Jiang in his telephone conversation with Bush the same day. The Chinese media quoted Bush as thanking Beijing for its "strong statement against global terrorist networks."

A major reason for Beijing's compliance is its anxiety to boost ties with the United States—and to gain something nifty along the way. While talking with a delegation of American bankers in Beijing in early October, Jiang even revived the idea of some form of partnership with America. "The Chinese government

thinks China and the United States should develop a constructive relationship of cooperation," Jiang said. It was the first time after the spy plane incident of April that he had raised the possibility of a Sino-American partnership.

### Partnership Privileges

Partnership, of course, has its privileges. The Chinese Foreign Ministry has dropped strong hints that in return for its acquiescence in American attacks on the Taliban, Beijing hopes that the United States would make concessions on the Taiwan front. For example, Beijing is pushing Bush to pledge to scale down arms sale to Taiwan. The Foreign Ministry has also asked Washington to lift its remaining sanctions on China, the same way that America had done with Pakistan and India. Diplomatic analysts said, however, that there was no sign that Washington would be forthcoming on these scores—and Beijing's failure to get something substantial in return could change its policy of acquiescence in the coming months.

So far, all that Bush has done is to give Beijing—and particularly Jiang—face by agreeing to come to Shanghai for two days of meetings at the Asia Pacific Economic Cooperation (APEC) later this month. Indeed, Beijing has let the world know how much it cares about Bush's attendance by issuing a news release just hours after the October 8 missile strikes that the U.S. president would keep his Shanghai date. However, according to a Chinese source familiar with Beijing's preparations for APEC, Bush's attendance might also prove a big embarrassment for host Jiang. After all, Beijing's original goal for APEC was to showcase China's status as an "emergent regional superpower," or at least the only economy that had weathered the global recession this year.

Beijing's pride was amply demonstrated by the spin it had put on its recent purchase of US\$1.6 billion worth of Boeing aircraft. The deal was billed by Chinese officials and media as a shot in the arm of the post-September 11 American economy. "We won't forget our friends, especially at a time of difficulties," the Chinese official media quoted Vice Minister of State Planning Zhang Guobao as saying. Yet, given that the world's focus in the weeks if not months

ahead will be on Afghanistan, Beijing's APEC game-plan would likely be upstaged by the antiterrorist imperative. "There is little question that Bush will use APEC as a platform for rallying support for his tough tactics against bin Laden and the Taliban," an Asian diplomat said. "Bush will particularly try to appeal to leaders of countries such as Malaysia, Indonesia and Vietnam, who have shown reservations about a large-scale strike at Afghanistan."

By contrast, Beijing's somewhat wishy-washy stance on terrorism may make it look weak in the eyes of several countries it had hoped to win over at APEC: Those from the developing world that agree with Beijing's effort to promote a more "equitable," non-U.S. dominated, global economic order. Meanwhile, as the military action intensified in Afghanistan, even such a "pro-U.S." cadre as Jiang would have to come to grips with the downside of the military campaign being waged by the United States and its allies.

A few days before the air strikes began, Jiang called a meeting of senior Politburo colleagues and key advisers in the Zhongnanhai party headquarters in downtown Beijing. He reportedly raised three questions about the looming war: how long the military action will last, how large its scale will be and what Washington's "real objectives" are. Sources close to Beijing's diplomatic establishment said Jiang was worried about alleged efforts by the Bush administration to extend U.S. "hegemonism" to central Asia—and to establish a foothold in China's southwest backyard.

In Beijing's perception, the more prolonged and extensive the military effort, the more likely it is that Washington could achieve goals anathema to China. These include setting up a pro-U.S. regime in Kabul, establishing a substantial presence in Tajikistan and Uzbekistan, and engineering a tilt toward the United States within the Pakistani government. A number of senior academics have raised fears the Bush team might be using the antiterrorist crusade as a pretext to extend America's reach—and to complete the encirclement of China. As top America watcher Shi Yinhong put it, Washington's tendency to play world policeman will increase after the United States had fallen victim to Muslim extremism. The September 11 shock, Shi argued, would aggravate Washington's

"crude, simplistic and non-discriminating" outlook on world affairs.

Moreover, as Beijing Energy Research Institute economist Zhu Xingshan indicated, U.S. predominance in the Central Asia "could have far reaching impact on China's petroleum security." This was a reference to China's plans to either import oil from countries in this region or to construct oil pipelines through them. Worse, American success against the Taliban and its allies might goad Islamic extremists based in countries including Afghanistan and Uzbekistan to flee to China's Xinjiang Autonomous Region, which is home to more than 7 million Muslim Uighurs. That is why a few days after September 11, Jiang dispatched senior People's Liberation Army (PLA) staff to Xinjiang to beef up security measures. The officers reportedly included Vice Chief of Staff General Xiong Guangkai, a veteran head of military intelligence and leading expert on the United States.

While Jiang's military advisers have reassured him that the short Sino-Afghan border is secure and there is no danger of a massive influx of refugees into southern Xinjiang, the president is said to be unhappy about the latest turn of events. Of course, whether Beijing could turn September 11 and its aftermath in its favor depends on the outcome of the "mini-summit" between Jiang and Bush in Shanghai. Given that Jiang will retire from his most important position of party general secretary at the Communist Party's 16th congress next year, the APEC conferences would be one of his last chances to play the role of senior international statesman.

Diplomatic sources say it is likely Jiang and Bush will in their tete-a-tete confirm some form of cooperation in the fight against terrorism, including the swapping of intelligence. That an exchange mechanism will be put in place between the FBI and the secretive Ministry of State Security could be construed as proof of amelioration in Sino-U.S. ties. Bush may heap more praise on Beijing as a responsible member of the global community through at least tacitly going along with his antiterrorist crusade. And television images of Jiang and Bush shaking hands enthusiastically are precisely what the Chinese president needs to justify his controversial "great power diplomacy" to a domestic audience.

Beijing-based analysts say, however, that unless Jiang can secure something more concrete than mere symbols of Sino-U.S. friendship, the president may find it difficult to parry a growing tide of internal criticism of his U.S. policy. Already, PLA hawks as well as nationalistic intellectuals have grouched that Beijing's response to a potentially massive conflagration at its doorstep has been too weak. Jiang's detractors have also claimed his policy of acquiescence regarding the bombings in Afghanistan has already cost China friends in the Arab and Muslim world. And it is only due to the gag order that Jiang has put on the generals and radical intellectuals that such voices have not been heard by the outside world.

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## No Time To Take Our Eyes Off Taiwan Strait

By James Doran

While combat in Afghanistan could be the first phase in a protracted war in that region, America should not ignore other potential conflicts that could engage U.S. forces. One such conflict could be between Communist China and democratic Taiwan. Thus, as we train our sights on Osama bin Laden and his fellow terrorists, we must simultaneously mobilize to defend Taiwan from a Chinese attack, the possibility of which grows with each passing day.

War in the Taiwan Strait is now as much or more likely than war on the Korean peninsula. In Korea, deterrence is sustained by 37,000 American soldiers and 600,000 Combined Forces personnel and because North Korea's economic crisis in the 1990s degraded its military capabilities. Although some U.S. estimates note that their economy has recently improved, thanks to large infusions of international aid, the long-term outlook for North Korea is bleak.

China, on the other hand, is a rising power, with consistently high economic growth rates and, since 1989, annual double-digit growth in military spending. Rising powers have rising ambitions. While the Communist regime ultimately desires to predominate throughout East Asia, its immediate goal is to "recover the lost territories." With Hong Kong and Macao back in the fold, Taiwan remains the last obstacle to achieving that dream. Consequently, the absorption of that island is now priority one for Beijing.

In the past two years Beijing has lowered its threshold for using force against Taiwan, declaring in its February 2000 white paper that Beijing reserved the right to use force if Taiwan merely procrastinated on reunification talks. The vice chairman of China's powerful Central Military Commission, Zhang Wannian, was reported to have declared that war with Taiwan is "inevitable" by 2005.

### A Shift In The Balance?

Beijing has backed these threats with an ominous military buildup, geared toward intimidating and, if necessary, attacking Taiwan (and any U.S. forces that might come to Taiwan's aid). In recent years, China has purchased or developed a raft of weaponry and technology—advanced submarines, destroyers armed with supersonic cruise missiles, top-of-the-line fighter jets with helmet-sighted missiles, refueling tankers, airborne command and control systems, antisatellite capabilities and more—all designed to project power and give the U.S. military pause.

At the forefront of China's new arsenal are the 300 or so short-range ballistic missiles it has deployed along the coast opposite Taiwan. With numbers expected to surpass 650 by 2005, these weapons will almost certainly lead any attack on Taiwan, with the aim of destroying military command centers, bases and key civilian infrastructure installations. Most of all, China's missiles will be used to strike fear into the hearts of the Taiwanese populace and government, to force an early capitulation by Taipei.

In a 1999 report to Congress, the Pentagon mentioned many of these trends and concluded that by 2005 the balance of power in the Taiwan Strait could begin to shift in Beijing's favor. This could tempt

Beijing to start a war. U.S. involvement in such a war is almost certain, given America's long friendship with Taiwan, its strategic interests in the region and the implied U.S. commitment to Taiwan in the 1979 Taiwan Relations Act.

Thus, the United States has a huge stake in assuring that China never calculates it can get away with aggression against Taiwan. In Korea, deterrence is assured with a massive and robust military posture. Not so in Taiwan.

### Countering The Threat

The closest U.S. forces to Taiwan are on Okinawa, over 500 miles away. That puts Okinawa beyond the unrefueled range of the F-15s stationed there at Kadena Air Base. Yokosuka, Japan, where the aircraft carrier USS Kitty Hawk is permanently home ported, is a day's sail from Taiwan. It is also frequently out of area, as it is now, having been ordered to the Arabian Sea for operations against Afghanistan. Moreover, these forces are slated to be the first reinforcements in a Korean campaign and thus would be unavailable should hostilities break out in both places.

Given the current political impossibility of putting U.S. forces in Taiwan, U.S. strategy rests on Taiwan being able to hold its own against China for at least several days until the cavalry arrives. Unfortunately, Taiwan's military has a host of unmet needs. In particular, Taiwan lacks any advanced, long-range weaponry that could preempt or disrupt Chinese operations on the mainland, has no ability to detect missile launches, and has insufficient C4I (command, control, communications, computers and intelligence) capabilities. The U.S. Navy has also concluded that Taiwan needs submarines for countering a Chinese naval blockade and Aegis-equipped destroyers to provide it with sea-based air defenses in the years beyond 2010.

Taiwan is impeded in its efforts to redress these shortcomings by a closed, turf-conscious military culture and by a stingy legislature that has slashed defense expenditures. Even more detrimental is the near total isolation of Taiwan's military since 1979. This situation is imposed on Taiwan by an outdated

U.S. policy that is, frankly, inadequate to the task of checking China's designs on Taiwan. The United States maintains a multitude of restrictions on its defense relationship with Taiwan, both substantive and symbolic.

On the substantive side, U.S. policy has prevented any kind of operational contact between the U.S. and Taiwanese militaries. There are no joint U.S.-Taiwan military exercises. There are no direct, secure communications channels between the U.S. and Taiwanese defense establishments. American defense advisors are often proscribed from giving Taiwanese personnel advice on how to use the weapons we sell them. U.S. flag officers are prohibited from traveling to Taiwan.

U.S. arms sales to Taiwan have also been inadequate. Many approved systems have been dumbed down, like the F-16s sold in 1992. Other requests remain unapproved, such as the Aegis destroyers, High Speed Antiradiation Missiles and Joint Direct Attack Munitions. Still others languish in limbo, such as submarines, which Washington has approved but for which it has not found a builder.

On the symbolic side, Taiwanese military personnel are required to wear civilian clothes or coveralls when they train in the United States. Taiwan's pilots cannot wear their name badges while training in the United States. Taiwanese personnel graduating from U.S. defense colleges are told they cannot display the Republic of China flag in their class photos. The pettiness of these restrictions, no doubt the work of eager bureaucrats at the State Department, is appalling.

In many respects, our defense relationship with Taiwan is less robust than our budding relationship with China's People's Liberation Army (PLA). This irony was on full display in early June 2001. At that time the PLA began large-scale exercises off Dongshan Island that were publicly billed as practice for attacking an island, namely Taiwan, and an aircraft carrier, which are possessed only by the United States. One might think this would be countered by joint U.S.-Taiwan exercises, but instead, the U.S. military was hobnobbing with PLA observers at a naval mine countermeasures exercise off Singapore. Meanwhile,

Taiwanese defense attaches and diplomats were being uninvited to a swearing-in ceremony in Washington for a new Undersecretary of State.

Though a conflict in the Taiwan Strait looms, the United States is still beholden to an anachronistic policy that at times has bordered on gross negligence. Progress was made in reversing this dangerous situation in the early months of the Bush administration with the approval of a large arms package, indications of a willingness to consider lifting certain restrictions and the President's mercifully clear pledge to defend Taiwan. This progress must be built upon and sustained throughout the war on terrorism, or else the United States may find itself fighting on another front.

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## China's Leadership Transition: Implications For America

By Michael E. Marti

China is entering into a transition period as the ruling Chinese Communist Party (CCP) prepares to hold its 16th Party Congress in the fall of 2002. At that time, most members of the current Politburo Standing Committee (PSC), the third-generation leaders—Mao representing the first and Deng the second—are expected to retire and hand over official power to the fourth-generation leadership. It will be a period of relative instability as a new leadership tries to establish its authority and fraught with pitfalls for U.S. foreign policy.

### China: Leadership Transition

At next year's party congress, the third generation of CCP leaders—Jiang Zemin, Li Peng, Zhu Rongji, Li Lanqing, Li Ruihuan and Wei Jianxing—are expected to retire and hand over "official" power to a fourth-generation, represented by the current Chinese vice president and PSC member Hu Jintao and

current Politburo members Wen Jiabao, Li Changchun and Wu Bangguo, as well as Jiang aide Zeng Qinghong. This new generation of leaders, born in the 1940s, are mainly technocrats, who lack the revolutionary experience of the third generation, but have more education and a greater understanding of international affairs.

This new generation of leaders, however, will not be totally free agents. In the near term, they will have to acquiesce to the guidance of the third generation, who will assume the role of "elders." The new generation will have to govern in the midst of factional power struggles within the party. There will be posturing for the public, key support groups and mentors that will make for unstable domestic politics and foreign relations. Such posturing will at a minimum include:

- a strong nationalistic position that includes support for unification with Taiwan, which will take an anti-American tone;
- a strong stand against corruption, but not so strong as to threaten the communist party system;
- strong support for economic growth, but not elimination of the domestically important state owned enterprises, despite WTO obligations and promises;
- greater efforts to ease the plight of the peasants; and,
- above all else, a strong commitment to internal stability.

It will require time before the new leaders are confidently in control of the administrative process and substantive issues and able to establish a sense of normalcy in daily operations. As a result, during this period, the new leadership will have little room for compromise with America.

The critical formal institution during the transition period will be the Central Military Commission (CMC), as opposed to the informal institution of the "elders." The CMC was the source of Deng's power

that enabled him to force his economic reforms on the party. It is responsible for ensuring the continuity of those reforms, internal stability and the primacy of the party. If Jiang is permitted to stay on as chairman of the CMC, he will be able to exercise the ultimate, behind-the-scenes power, as Deng Xiaoping did in his final years.

Ultimately, the lineup of the new leadership will be a compromise, indicative of the major fault lines over policy and power within the party. The new lineup will include protégés of the “elders,” to protect them from future corruption charges and to maintain family and/or factional power, the economic reformers, those pushing for a continued state role in the economy, and, finally and necessarily, the PLA.

### **United States: Response To Transition**

The Bush administration’s characterization of China as a “strategic competitor,” as opposed to the Clinton administration’s “strategic partner,” will inevitably push the fourth generation to view all issues with the U.S. through the lens of a zero-sum, we/they perspective. Indeed, this is already happening. China has detained U.S. citizens in violation of consular agreements and made an issue of U.S. surveillance flights along its coast, resulting in the accidental downing of an EP-3 aircraft on 1 April 2001. China continues to protest U.S. plans to go forward with theater and national missile defense. It has voiced displeasure at the Bush administration for allowing Taiwan’s President, Chen Shui-bian, to stop in the U.S. on his way to Latin America and receive official delegations and at President Bush for entertaining the Dalai Lama at the White House. Finally, China has signed a 20-year treaty with Russia aimed at unspecified third party aggression, most probably the United States.

It is not likely that relations between the two powers will improve in the near future as the power structure in China evolves. Recognizing the situation, however, the United States can still carry on with effective bilateral relations. America can construct a proactive policy designed to foster already acknowledged mutual goals—that is, economic development, Korean stability, South Asian denuclearization and, more recently, cooperation against global terrorism.

The administration should avoid those issues on which the leaders have no room to maneuver.

One such issue is human rights. For the Chinese, it is a matter of domestic stability. They will not permit any worker, peasant or religious/political movement to expand into a national movement that could threaten domestic security. Likewise, separatist movements in Xinjiang and Tibet are issues related to internal stability. The United States must understand their concerns and recognize that there is nothing it can do to effectively change their attitudes.

As regards the detention of U.S. citizens or green card holders, the administration should be uncompromising in demanding strict compliance with consular agreements. China must be put on notice that any harassment campaign against U.S. citizens or green card holders will result in immediate retaliation with selective sanctions, such as in economics and trade.

On the issue of WTO compliance, America should take an uncompromising stance. China will undoubtedly waiver in its commitments, when the requirements of compliance lead to domestic unrest. The United States must remain focused on the long-term objective of economic growth and stability. However, any protests, without decisive action, like sanctions, will be ignored in Beijing.

As regards NMD/TMD, the administration needs to engage China in a strategic dialogue, but nevertheless press ahead with its program. It should continue to push for greater transparency in weapons programs, publicize violations of nonproliferation agreements and impose legal penalties where they cause the most impact.

On the issue of Taiwan, the new leaders will probably defer to the PLA, the embodiment of Chinese nationalism. The United States should thus caution Taiwan to avoid needlessly provoking Beijing, but, at the same time, warn Beijing that it will respond forcefully to any attempted military solution, effectively putting an end to the policy of strategic ambiguity. Ultimately, China will not needlessly risk economic development with a war.

Finally, America should recognize that China's pledge to cooperate on combating global terrorism amounts to no more than good public relations and will not lead to anything of substance. China does not want the United States to establish a presence in Central Asia as a result of seeking out bin Laden, but it is aware that world opinion demands a public stand with America against terrorism and the events of September 11, 2001.

Thus, the prospects for dialogue and normal relations are not good during the transition period, but Washington should ignore the rhetoric, play to areas of mutual national interest, and emphasize patience, realism, economics and a clearly stated determination to support Taiwan in the event of a PRC military move. Such an approach should encourage China to choose cooperation as its national interest, over confrontation.

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*The views expressed in this article are those of the author and do not reflect the official policy or position of the National Defense University, the Department of Defense or the U.S. Government.*

## The QDR and China

By Richard D. Fisher, Jr.

On September 30 the U.S. Department of Defense released its long-awaited Quadrennial Defense Review (QDR), a document that been used by successive administrations to convey its strategic military intentions. Early expectations that this QDR would be Secretary Donald Rumsfeld's blueprint for transforming the U.S. military to fight wars in a new era have been put overtaken by numerous Pentagon and political pressures, and a renewed emphasis on homeland defense following the September 11 terrorist attacks.

This QDR, however, makes several statements of intent that, if fulfilled, will affect U.S.-China relations. But it is important to note at the outset that the QDR does not once mention the word "China." This can be understood in the context of current antiterrorist coalition politics. But the QDR does address the need for America to be better prepared to address contingencies in the "East Asian Littoral," which is the "region stretching from the South of Japan through Australia and into to the Bay of Bengal." The QDR also calls for an increase in U.S. forces in the "Western Pacific." This QDR emphasis, an unnamed Defense Department official told the Washington Times, "implements President Bush's campaign rhetoric about viewing China as a competitor and not a partner."

The QDR directs the U.S. Navy to "increase aircraft carrier battlegroup presence," but not necessarily increase the number of forward-deployed aircraft carriers beyond the one 7th Fleet carrier stationed in Japan. However, new naval force to be deployed to the Western Pacific will include "an additional three to four surface combatants, and guided cruise missile submarines (SSGNs)." The U.S. Air Force is directed to "ensure sufficient en route infrastructure for refueling and logistics," which may mean an increase in forward deployed refueling and transport aircraft. And in "in consultation with U.S. allies and friends," the navy "will explore the feasibility of conducting training for littoral warfare in the Western Pacific for the Marine Corps."

### QDR Decisions Imply New Bases

This latter intention points to a possible requirement to increase the number of U.S. "bases," in the Western Pacific. The Clinton administration had already decided to send submarines to Guam, which could accommodate more forces if needed. But to maximize the benefits of forward-deployed support aircraft, and to find new training areas for the Marines, Washington may have to look to the Philippines. Though U.S. forces left the Philippines in 1992, this country is a U.S. treaty ally, and offers the ideal geostrategic "pivot" location for supporting U.S. military operations in the East Asian or Persian Gulf. And since taking power this past January, the government of President Gloria Macapagal Arroyo has been sending

consistent signals that is its willing to rebuild military cooperation with Washington.

Should the United States move to increase its regional presence and increase cooperation with the Philippines, Beijing is sure to complain, having long made clear its opposition to the U.S. military presence in East Asia. Behind the scenes Beijing has worked to undermine U.S. influence in Japan, South Korea, Thailand and the Philippines in the hopes of weakening their military ties to the United States. And Beijing has led a loud public campaign against American-Japanese missile defense cooperation, as it has applauded South Korea's reluctance to engage in the same. Beijing has even in recent months received delegations of Okinawans who have long sought to remove critical U.S. Air Force and Marine bases there.

Beijing's near-term goal is to ensure that U.S. allies in East Asia do not assist U.S. military forces in the event the PRC decides to attack Taiwan. The exit of U.S. forces from the Philippines was a victory for Beijing, as it reduced the possibility that U.S. forces could open a Southern front in time to assist Taiwan. So the reestablishment of a U.S. presence in the Philippines would serve to diminish PRC confidence in the success of a Taiwan War, and contribute to deterrence. Likewise, an increase in aircraft carriers presence and an increase forward-deployed surface and subsurface warships will also help to deter the PRC.

But for how long? It is increasingly apparent that the PRC understands that the "tyranny of distance" is a key U.S. weakness in a Taiwan conflict. The PRC's People's Liberation Army (PLA) is assembling capabilities to disrupt U.S. deployments to the Western Pacific, such as through cyber warfare and antisatellite weapons to attack U.S. intelligence and communication satellites. In addition the PLA is increasing the number of missiles, cruise missiles, submarines, aircraft and commando forces that could attack U.S. naval and air forces—even in their forward-deployed bases in Japan and Okinawa. And finally, the PLA is massing the missile, air and ground forces necessary to ensure the Taiwan War is concluded before the United States has the time to respond.

### **QDR Decisions Delayed**

It is indeed laudable that the Bush administration recognizes the requirement to increase the U.S. military presence in the Western Pacific, but its ability to do so may come into conflict with other elements of the QDR. First, the QDR foregoes the traditional requirement that the United States be able to fight two major regional conflicts. As a consequence, the QDR does not envision any real increase in U.S. air or naval forces. So increasing aircraft carrier presence in the Western Pacific, already a difficult prospect given that the twelve existing carriers are overtasked, will be even more problematic given the requirements of the War on Terrorism. The same would hold true for overstressed U.S. transport and refueling aircraft units, and for critical antiradar aircraft and intelligence aircraft, already too small in number.

In addition, the QDR defers decisions regarding the "transformation" of the U.S. military, or the building of a high-technology force which can attain new heights of superiority over potential foes like the PRC, and thus better sustain deterrence for a longer period. The inability of the Clinton administration to pursue fundamental reforms generated an early desire by some in the Bush administration to reduce existing U.S. conventional forces in order to afford new advanced technologies. However, fighting a war on terror while deterring more conventional wars may mean that that the United States cannot afford the luxury of implementing far-reaching reforms. Instead, the QDR reaffirms existing trends to build more unmanned reconnaissance aircraft, new space-based radar satellites, and to convert ballistic missile submarines to carry cruise missiles.

### **Need For Greater Investment**

To be sure, quickly building these systems can contribute to deterrence on the Taiwan Strait, but it is also well known that the PLA is investing heavily in high-tech forces. The PLA's known interest in building laser weapons, anti-satellite weapons, cyber warfare, and a Joint Warfare capability will only place greater pressure on U.S. forces. To stay ahead America will have to be able to conduct defensive and offensive space warfare such as with space-based lasers. And it must be able to bring massive nonnuclear force to bear on the Taiwan Strait within hours. This

will require more submarines outfitted with nonnuclear missiles on patrol in the Western Pacific, and greater forward-deployed air, naval and ground forces, such as in the Philippines.

By recognizing the need to increase U.S. forces in Asia, the QDR makes a positive contribution to U.S. security and to deterrence in Asia. China will not like this message. However, by failing to increase U.S. force levels and by delaying much needed “transformation” modernization issues, China could also conclude that a pre-occupied America is less able to sustain a level of conventional military superiority necessary to thwart an attack on Taiwan. Winning the current war on terrorism and deterring future wars may require a far greater U.S. military investment than envisioned by the QDR.

*Richard D. Fisher, Jr. was the managing editor of China Brief.*

## Issue 8, October 25, 2001

### What If Chang Is Right?

By June Teufel Dreyer

[For this issue China Brief is pleased to offer a debate on Gordon Chang’s recent book “The Coming Collapse of China” (Random House, 2001). In his book Chang offers alarming analysis of China’s economic and social weakness and the inability of the Communist Party to solve its myriad problems. Chang makes the startling prediction that China’s Communist regime could collapse of its own weight in five or ten years. In this issue Dr. June Dreyer asks what if Chang is correct, while Dr. Bob Sutter argues that predictions of China’s demise are premature. Gordon Chang offers a reply.]

In this engagingly written and cogently argued book, attorney Gordon Chang argues that the government of the Chinese Communist Party will fall, probably within the next five years and certainly within ten. Although conventional wisdom is more likely to predict that the People’s Republic of China (PRC) will

become the superpower of the 21st century than a failed state, it could happen.

### The Whys Of “What If”

If the citizenry does rise up and topple the Communist Party from power, it is likely to be for the reasons Chang suggests: The party is simultaneously suppressing cultists, democracy activists, ethnic separatists, aggrieved workers and peasants, and others. In their manic insistence on stability, party leaders are preventing the changes that could save their government and their legacy. Meanwhile, corruption permeates all sectors of society. High offices can be bought, as well as membership in the party, admission to the educational institution of one’s choice, and even the court verdict one desires. Officials eat, drink, and make merry at ordinary taxpayers’ expense. PRC founding father Mao Zedong once sought to defend himself against criticism that his measures were too harsh by retorting that “A revolution is not a dinner party.” Now, Chang observes tartly, the revolution has become a dinner party. Average citizens are not able to participate, except in the sense that they pay the bill.

The news gets worse: The state-owned banks that contain over 90 percent of the deposits in the PRC are hopelessly insolvent. This is well known to economists, but apparently not to the people who regularly entrust their savings to these institutions. What happens, Chang wonders, when their bankrupt condition becomes widely known. The last straw that breaks the dragon’s back is apt to be China’s entry into the World Trade Organization. Subsidies that support inefficient sectors of society will have to cease. WTO regulations on transparency in accounting procedures will expose the scope of corruption and mismanagement. The People’s Liberation Army, says Chang, is unlikely to shoot people whose only crime is to demand their life savings back, even if there are hundreds of thousands of them.

### Yin As Well As Yang

No simple prophet of doom and gloom, Chang sees positive forces as well: As internet usage grows, it becomes harder and harder for party and government to suppress news they would prefer that citizens of

the PRC not know about. And the youth of China are becoming more like young people elsewhere: unwilling to tailor their aspirations to conform to the officially-sanctioned party line of the moment. No government, says Chang, can defy the laws of gravity indefinitely, nor can it withstand the will of all of its people. He cites acquaintances who have come to the United States to study: Their young son is Americanized and does not want to go back to China. Should the communist party be replaced, however, the prospect of return will not seem so dismal. Little Jason will have hope.

If Chang is right and the Communist Party does fall, life for the average Chinese could, however, become very difficult. Although the communist party does many things poorly, it has been quite successful at preventing any alternate form of organization from emerging. Indeed, this is the principal reason that the official reaction to Falun Gong was so strongly negative. The movement's ability to bring, undetected, over 10,000 followers into central Beijing on the eve of the tenth anniversary of the Tiananmen demonstrations terrified the leadership. The movement's explanation that it is an association of practitioners of qigong breathing exercises with no political agenda rang hollow as the party elite contemplated the organizational apparatus that made possible the appearance of so many members. After more than two years of vicious suppression, Falungong is in retreat, though it has probably not been defeated. The same is true of democracy advocates, proponents of Tibetan independence, Islamic militants and disgruntled workers. These groups have little in common except dislike of the current regime. Were they to succeed in toppling the party from power, it is difficult to imagine that they could form a viable organizational apparatus to replace it. Indeed, their views contradict one another's. One cannot imagine that Muslim fundamentalists would be comfortable with the sort of government that democracy activists favor. Moreover, for all their devotion to free elections and an unfettered press, most democracy activists are Han chauvinists who recoil at the notion of a separate Tibetan state.

### **The Blank Sheet of Paper**

In describing his plan for China, the young Mao Zedong compared his country to a blank sheet of paper. Since it had no blotches, the newest most beautiful words could be printed on it. This is catchy rhetoric, but one must remember that Mao's words were not an accurate description of reality. Even a war-weary country with a nearly demolished infrastructure retains its cultural characteristics to a significant degree and China, possessing the world's oldest continuous civilization, was no exception. In order to rid his country of the scourge of traditional culture, Mao resorted to the most devastating acts of cruelty. Those who owned land-affluent peasants, capitalists and even entrepreneurs-were struggled against. Many were tortured to death in the effort to erase vestiges of the old society. A few years later, when it seemed as if the country was progressing too slowly, Mao introduced the Great Leap Forward, a disastrous effort to plunge the People's Republic into pure communism. Many millions more died, most from famine and malnutrition-related diseases. In the wake of the Leap, survival became paramount, and the party's social controls were relaxed. Gambling, "superstition"-that is, religion-economically-motivated marriages and clan power returned. A horrified Mao compared China to a train that was rushing in the wrong direction, back toward the culture he so despised and which he felt was holding China back. In consequence, he launched the Great Proletarian Cultural Revolution to irreparably reverse its course. The result was yet another devastating human tragedy. Millions died, not from famine, but from persecution by their neighbors or by marauding groups of Red Guards who believed that they were actualizing the ideals of the revolution and its supreme leader.

Post-Mao China has no supreme leader. The elite-perhaps one should not call them leaders-makes no attempt to suppress the old culture unless it directly impinges on their power and privileges. Indeed, when the old culture can promote tourism and therefore bring in foreign exchange, it is actively cultivated. A recently built mausoleum in pseudo-Mongolian style adorns the spot where Chinggis [Genghis] Khan is almost certainly not buried, there are bogus Confucian ceremonies in the sage's home town, and veritable human zoos purport to showcase traditional minority nationality cultures. Even secret societies, which brought about the downfall of more

than one dynasty, can be cooperated with in return for suitable contributions to officials' bank accounts. The sale of public offices, the bane of many a dynasty, has returned as well.

Ironically, in light of his well-documented cruelties, people express nostalgia for the days of Mao. The communist party's fault may lie less in its flawed ideals than in its inability to resist a return to the less attractive attributes of traditional China. Were the party to be overthrown as Chang predicts, the country would be likely to return to the sheet of loose sand that Sun Yat-sen deplored. Its critics will not have the communist party to kick around any more. But after it is gone, many people will regret the party's absence. They will not miss the party that they toppled from power so much as the party with ideals that they put in power in 1949. Post-communist leaders may be no better than the old ones, and might even be worse. If Chang is right, little Jason may not actually have hope after all.

*June Teufel Dreyer is a professor of political science at the University of Miami.*

## The Chinese Regime Will Endure

By Robert Sutter

[For this issue China Brief is pleased to offer a debate on Gordon Chang's recent book "The Coming Collapse of China" (Random House, 2001). In his book Chang offers alarming analysis of China's economic and social weakness and the inability of the Communist Party to solve its myriad problems. Chang makes the startling prediction that China's Communist regime could collapse of its own weight in five or ten years. In this issue Dr. June Dreyer asks what if Chang is correct, while Dr. Bob Sutter argues that predictions of China's demise are premature. Gordon Chang offers a reply.]

Gordon Chang and other specialists have focused recently on the danger of a regime collapse in China. Behind such a collapse, they suggest, would be the stress of conforming to WTO norms and other tensions inherent in the broader impact of globalization. The balance of evidence and likely determinants,

however, support a cautious optimism about China's future. The regime appears resilient enough to deal with anticipated problems, despite the challenges.

### Political Leaders And Institutions

China's current third-generation leadership and its likely successors will continue the process of institutionalizing politics that has made China's political behavior much more predictable than it was during Mao's time (1949-76). Today's leaders lack charisma. They are, however, more technically competent and much less ideologically rigid than their predecessors. They are also aware of the problems they need to face, and are prepared to deal with at least some of the more important ones.

The upcoming fourth generation—which is composed largely of lawyers, economists and other technically qualified individuals—is more capable and innovative when confronted with economic and social problems, more technocratic and pragmatic when dealing with domestic and foreign policies. It has enjoyed better education. It has benefited from many exchanges with the United States and other countries. Nonetheless, it has but a limited understanding of the West.

"Institutionalizing" politics means, of course, little more than more institutions. But it also means that decisions are likely to be less arbitrary. A disadvantage is that China's current (and future) leaders may not be as decisive as Deng Xiaoping because the growing bureaucracy and procedures hem them in. But along with the growth in the number of institutions within the government comes a distinct break with the Maoist past—evident in growing regularization and routinization. Chinese Communist Party (CCP) and National People's Congress (NPC) sessions and plenums have been regularly scheduled and held since the late 1970s. Planning and budgetary cycles are adhered to. The principles of class struggle have been replaced by budgets geared to a socialist market economy and political constituencies. Socialist laws continue to be promulgated, though enforcement remains problematic.

The military is less well presented at the top-level CCP Politburo than it once was. Some observers ap-

prove of this development, some do not. Nonetheless, it could pose a potential destabilizing bifurcation between the CCP and the People's Liberation Army (PLA).

China's politics overall are becoming more stable and predictable, with its battles being fought on the institutional level. Personal rivalries and relations, however, cannot be ignored. Other key problems are leadership succession, nepotism, favoritism and increased corruption. At the top of this list is Jiang Zemin's reported intention to remain in a senior leadership position while seeking the retirement of many of his Politburo Standing Committee colleagues. His record of seeking compromise and incremental advances suggests that he will not allow this issue to fundamentally divide the Chinese leadership.

### **Economic And Social Trends**

Even if economic growth is not as strong as official Chinese statistics suggest, it will outpace population growth, continuing the overall rise in the standard of living that has characterized Chinese development over the past two decades. A young, highly trained labor force with modern technical skills will increase in numbers. The infrastructure of rail, roads and electronic communications greatly reduces perceived distance and helps to link the poorly developed interior to the booming coastal regions.

Chinese development continues to depend heavily on foreign trade, investments and scientific/technical exchange. This dependence is not likely to diminish. It will in fact increase. The regime faces daunting problems. Notable among these are ailing state-owned enterprises, a weak banking/financial system and WTO requirements. Also worrisome are the increasing number of unemployed and laid-off workers, decreasing inventories, a high real-interest rate, the divestiture of military enterprises, and bad loans and bankruptcies. The leadership has taken concrete steps recently to remedy some of these problems and weaknesses-which, given continued economic growth, appear manageable.

The signs of social discontent-seen recently with demonstrating peasants and laid-off workers and Falun Gong sect members-are likely to continue. Such

developments, however, have a long way to go before they pose a major threat to the regime. A variety of current sources of social tension and conflict in China might present opportunities for expressions of discontent. Groups that might exploit such tensions include those people living in the poorer interior provinces, ethnic minorities, farmers, members of the unemployed or underemployed floating population, laid-off state-enterprise workers and other laid-off workers, students and intellectuals, and members of sects such as the Falun Gong.

To pose a serious danger to regime stability, however, these groups would need to establish communications across broad areas, establish alliances with other disaffected groups, put forth leaders prepared to challenge the regime and gain popular support with credible moral claims. Success also requires a lax or maladroit response from the current regime. The attentiveness of the regime to dissidence and the crackdown on the Falun Gong strongly suggest that Beijing will remain keenly alert to the implications of social discontent and prepared to use its substantial coercive and persuasive powers to keep it from growing to dangerous levels. Popular support for continuity is strengthened by a broad aversion to chaos and a perception that there is no viable alternative to community party rule in China.

### **Security And Foreign Policies**

China will continue to depend on its economic connections with the developed countries of the West and Japan. Nonetheless, nationalism will exert pressure to push policy in directions that resist U.S. "hegemony" and the power of the United States and its allies in East Asia, notably Japan. Beijing will resolve these contrasting pressures by, first, attempting to stay on good terms with its neighbors and, second, keeping economic and other channels with the United States open while endeavoring to weaken overall U.S. power and influence in East Asia and elsewhere in its long-term attempt to create a more "multipolar" world. Military modernization will continue at its current or perhaps a slightly more rapid pace. This poses some challenge to the already modern and advancing militaries of the United States and its allies and associates in East Asia, especially in

such nearby areas as Taiwan, where the Chinese development of ballistic and cruise missiles and enhanced naval and air combatants pose notable dangers.

China also sees a challenging international security environment and is apprehensive about several international security trends. It is particularly concerned about the perceived U.S. “containment” and military “encirclement” of China, U.S. national and theater missile defense programs, and the potential for Japan to improve its regional force projection capabilities. These concerns are likely to grow as the United States and its allies strengthen positions along the periphery of China in Central and South Asia as well as the western Pacific during the ongoing antiterrorism struggle.

Taiwan, however, is China’s main security focus. It is also the biggest problem in Chinese-U.S. relations, both politically and militarily. The issues of continuing U.S. arms sales and missile defense deployments in the region remain problematic for the future. China and the United States are currently attempting to find common ground but Beijing will continue to press for reunification with Taiwan. Taiwan’s domestic political and economic preoccupations and growing economic dependence on the mainland are moderating Taipei’s assertiveness in cross strait relations to Beijing’s growing satisfaction.

*Robert Sutter is a visiting professor in the School of Foreign Service at Georgetown University.*

## **Chang’s Reply: China’s Critical Moment**

By Gordon G. Chang

[For this issue China Brief is pleased to offer a debate on Gordon Chang’s recent book “The Coming Collapse of China” (Random House, 2001). In his book Chang offers alarming analysis of China’s economic and social weakness and the inability of the Communist Party to solve its myriad problems. Chang makes the startling prediction that China’s Communist regime could collapse of its own weight in five or ten years. In this issue Dr. June Dreyer asks what if

Chang is correct, while Dr. Bob Sutter argues that predictions of China’s demise are premature. Gordon Chang offers a reply.]

The consensus in the world today is that the Chinese regime will survive. But should we be surprised? No one, we know, has ever been fired for extrapolating. Timid predictions, however, just won’t do when a society begins to crumble. And that’s exactly what’s happening in China in the first decade of the 21st Century.

All the experts acknowledge that the People’s Republic faces serious challenges: failing state-owned enterprises and banks, rising corruption, a deteriorating environment, a slowing economy, and growing ethnic and religious unrest, just to name a few of the most obvious. Peasants riot and workers go on the rampage, hundreds of times a day. Demonstrations are becoming more frequent and larger with every passing year. Nonetheless, the leaders in Beijing report good news as they inform us of all their accomplishments. They show us wonderful statistics that back them up.

And many of us believe them. Analysts can believe all they want, but their assessments won’t matter. Communist Party cadres are, as Marxists would say, fighting the forces of history. Those who do so, we are told by those believing in a deterministic universe, are bound to lose. Even all the fabricated statistics in the world cannot avoid the inevitable.

### **Bowing to the Inevitable**

And the inevitable will soon occur in China. Mao Zedong created an abnormal society. But he was at least enough of a realist to surround his new republic with high and strong walls so that it could survive almost indefinitely on the inside.

His successors have not changed the Maoist system, in which the Communist Party directs and society is supposed to follow. Yet, at the same time, China’s new leaders have sought to create a more modern nation, and they have successively opened the country. As they do so, all the forces that apply around the world, economic and political, will begin to apply in China as well. At some point in this process Mao’s

system will fall. It is as if Mao tried to abolish the law of gravity by decree in his republic. As the country is opened up by his successors, gravity will have to apply in China. And that is why we see all the protests in the People's Republic today: The Chinese struggle to cope with all the serious dislocations that occur at the end of a regime.

So the issue for China today is not whether Communist Party cadres are doing the right things. In most cases they're not, but that's not the important issue. The important issue is time. The next five years will be critical period in the history of the People's Republic. Beijing's technocrats keep their economy going by pump-priming and thereby incurring ever-increasing budget deficits. Although the central government's financial condition looks manageable, we know that's not the case when all the hidden obligations, such as the indirect loans and unfunded pensions, are added in. The economic planners have just a few years, perhaps only five, to put things right. In that period the worst effects of accession to the World Trade Organization will be felt in China as unforgiving competition results in seemingly unending social turmoil. To make matters worse, a major political transition in the Chinese capital means that new leaders in both the Party and the government will be unprepared to respond to the rising challenges that will face the nation. There has been no smooth transfer of power in the People's Republic, and, now that the Party leadership is already split, no one should believe that events will follow the script. As Henry Kissinger once observed, "No communist country has solved the problem of succession."

The most dire predictions about China's future do not come from the outside; they belong to economists and others in China itself. Many of them say that the next few years will be critical for China. We should be listening to them.

Listen to the experts outside the People's Republic, however, and you would believe that the state will not fall. We hear this conclusion because we're told that the historical conditions for collapse don't exist. In essence, we are supposed to believe that history follows the old patterns. The analysts assure us that regimes don't fall unless there is a viable alternative to the ruling clique. Today, conventional wisdom

says, no one can rally the opposition. The underlying premise of the need for a strong opposition is not correct: Who among us truly believes that, of the 63.5 million men and women of the Communist Party, only one of them wants to rule China? In the future the Party could split over some issue, and then the leader of the first post-communist government in China may come from the Communist Party itself. There's another point to consider: when the China state goes, it may go quickly. Social change does not always occur gradually, says author Malcolm Gladwell, it can take place at one critical moment. Therefore, someone may emerge from society to lead the final revolt. It has happened so many times before in Chinese history when leaders, some of them unlikely individuals, have risen up to seize the throne. Why can't history repeat itself now?

### **The Effect Of Instant Communications**

We have been led to believe that, before a revolution can succeed, those opposed to the existing regime must command a majority of the people. Today, many are arrayed against the modern Chinese state, but groups in society have yet to link up. Yet we know alliances can come together quickly in this day and age of instant communications. In imperial China, revolutionaries put written messages in moon cakes. Many people in the country did not hear of the events in Tiananmen Square in 1989 until years later. Now, however, China is connected with telecommunication devices of every sort.

The next time there are large protests, the Chinese may not learn about them afterwards but see them in real time. In 1999 we witnessed a bank run in China spread by rumors posted on the Internet. Why can't revolution, another type of event fueled by emotion, be spread electronically? That happened this year when texting, the sending of text messages by cheap paging devices, brought down Joseph Estrada in the Philippines. Texting permitted ringleaders to organize thousands of protestors with the push of a button. Demonstrations that would never had happened in the past occurred almost spontaneously. When there were too many people in the streets, Estrada had to step aside. In case you didn't know: text messaging is now doubling every month in China. The growing

connectivity sponsored by the regime in Beijing could, one day, be its undoing.

Today the Chinese support their current government, we are assured. We cannot take at face value expressions of this sort, however. We mostly listen to the voices of those who have been benefitted by the reform era of the last quarter century, in other words, the wealthy few in the big cities. We often do not hear the peasants, some 900 million of them, who struggle to survive, or to workers in rust belt cities. In an authoritarian society, where the government suppresses views it considers subversive, people often do not express such sentiments. These days it appears that, at best, people just tolerate the Party. That means they won't rush to its defense when the time comes. And that means that only a few will be needed to bring the Party down. It may take just one person, a person with the vision of a Mao Zedong, for instance.

In China today there are many people with a vision of a better country. The Communist Party will not give way when the people ask it to do so, however. The Party will just stiffen and then collapse. And collapse will happen soon: within a decade and maybe within five years.

Yes, history does repeat itself, but it does not necessarily follow all of the old patterns. We don't need to have an understanding of the past to see what will ultimately happen in the future. We can see from all the evidence that exists today that the regime will fail. If anything is inevitable in the fast-changing world of today, it is the end of the People's Republic.

*Gordon G. Chang is the author of The Coming Collapse of China, published by Random House.*

## **Widening The Definition Of Terrorism**

By Willy Wo-Lap Lam

The United States and its allies are opposed to terrorism. The Chinese, however, are opposed to "all forms of terrorism." Or, as Chinese President Jiang Zemin put it in Beijing on returning from the Asia-Pacific

Economic Cooperation (APEC) forum in Shanghai: "Terrorism should be cracked down upon, whenever and wherever it occurs, whoever organizes it, whoever is targeted and whatever forms it takes."

What is the difference between the two approaches? Quite a bit. After all, the Chinese are past masters at definitions and nomenclatures, which could be used as rhetorical weapons-and more. To understand why it is in the Chinese leadership's interests to broaden the definition and criteria regarding the global scourge, it is instructive to examine how Beijing is cracking down on antigovernment and secessionist groups, including the Falun Gong, under the omnibus banner of fighting terrorism.

### **Falun Gong**

A Communist party directive released earlier this month identified groups ranging from the Falun Gong spiritual movement to Uighur separatists in Xinjiang as terrorist organizations. Also fingered were violent "splittist" outfits among other ethnic minorities, as well as subversive and "unstable social elements" which are using weapons such as bombs against the authorities. A Chinese source close to the legal establishment said that, soon after the September 11 attacks on the United States, President Jiang and the party Politburo Standing Committee asked various departments to assess the danger of terrorism within China. Party and government units taking part in the appraisal included the Ministry of State Security, the police, army intelligence, the Political and Legal Affairs Commission, the State Ethnic Affairs Commission and state religious authorities. The party directive, which was based on the findings and recommendations of these departments, said that central and regional cadres should lose no time in taking the most resolute action against these terrorist groupings.

The source said also that a number of Politburo members wanted to take advantage of the global antiterrorist campaign to exterminate internal opposition and secessionist forces. So far, cadres and the state media have not yet publicly called the Falun Gong, known officially as an "evil cult," a terrorist organization. However, Foreign Ministry spokesman Sun Yuxi said at the time of the APEC meetings that a

parcel containing a letter suspected to hold anthrax germs was mailed to a Chinese employee working in a China-based American company. The letter was, he said, inserted among the pages of a “propaganda book about the Falun Gong.”

Sun did not explicitly tie the suspected terrorist act to the Falun Gong, saying only that the incident was “receiving the high attention of the Chinese government.” Falun Gong spokesmen in Hong Kong and America, however, said that it was “ridiculous and ugly” for the Foreign Ministry to try to smear the group by implicitly linking it with anthrax attacks. Sun said earlier this week that exhaustive investigations found the letter to have contained no anthrax toxin.

Analysts say while the police have already used draconian methods against the Falun Gong, the latter’s identification as a “terrorist” unit might help Beijing justify additional tactics including financial weapons that had been approved by the global community. Moreover, this terrorist label might help shield Beijing from condemnation by both liberal intellectuals at home and foreign governments.

### **The Uighur Separatists**

If Beijing has kept its new campaign against the Falun Gong under wraps, it has launched a high-profile crackdown against the Uighur separatists, now characterized as part of a global, “East Turkestan” terrorist movement.

The Central Military Commission has in the past fortnight continued to deploy more troops, including newly formed crack units, to western Xinjiang, which has the largest Uighur population. Earlier this week, Xinjiang party chief Wang Lequan said a “High-Pressure Strike Hard” campaign had been launched in the autonomous region to get rid of “core separatist elements as well as forces of religious extremism.” Equally important is the diplomatic offensive Beijing has mounted to preempt or blunt international—mainly American—criticism of its handling of terrorist and quasiterrorist groups, including Uighur secessionists and the Falun Gong.

At the APEC meetings in Shanghai, Chinese officials indicated that East Turkestan elements, including Uighur “splittists,” had been trained in the Afghan camps set up by Osama bin Laden. Foreign Minister Tang Jiaxuan added that the bin Laden group had even sent some of these East Turkestan firebrands to fight in Chechnya. Official Chinese media reported that during their meeting on the fringes of APEC last Saturday, Jiang and his Russian counterpart Vladimir Putin agreed that “Chechnya and East Turkestan terrorist activities are part of international terrorism.” Foreign Ministry spokesman Zhu Bangzao added that the international community “should hold a uniform stance and consistent attitude in opposing and combating international terrorism.” Zhu’s words recalled those of another Foreign Ministry spokesman last month, to the effect that Western countries should not harbor “double standards” in the global fight against terrorism.

### **The Message**

The message for America could not be clearer: If you want China to help fight terrorism associated with Islam extremism, do not criticize Beijing’s tough tactics against terrorist units in China.

An equally significant thrust of Beijing’s antiterrorist diplomacy is to widen and universalize the criteria and definition of terrorism. As the Foreign Ministry’s Zhu put it: “We think terrorism should be opposed no matter where it manifests itself, where it comes from—and no matter who the perpetrators and their targets are.” Or, as Jiang pointed out while meeting with Putin: “China is determined to counter all forms of terrorism, no matter where and when it takes place and no matter who it is targeting.” Beijing’s all-embracing approach was reflected in the APEC antiterrorist manifesto. It said APEC leaders condemned “murderous deeds as well as other terrorist acts in all forms and manifestations, committed wherever, whenever and by whomsoever.”

Analysts have said that such criteria could make it easier for Beijing to brand quite a variety of antigovernment or “splittist” groups as terrorist. And the APEC document—or at least Beijing’s interpretation of it—might be cited by the Chinese government to

help justify whatever harsh means its law enforcement agencies would take against groups deemed to be “terrorist” in nature. Furthermore, once the “terrorist” nature of Xinjiang separatists and the Falun Gong is established, Beijing may feel it has the moral high ground to demand that countries—including the United States—not allow such groups to operate on their soil.

And it is precisely the question of whether Beijing is justified in using the full force of the army and police against Uighur separatists—only a minority of whom are known to have been trained in Afghanistan or to have used terrorist tactics—that Presidents Jiang and George W. Bush seemed to have the most differences. During his three-day stay in Shanghai, Bush spoke out repeatedly against countries using the antiterrorist campaign to target their ethnic minorities. “The war on terrorism must never be an excuse to persecute minorities,” Bush said after his “mini-summit” with Jiang last Friday. At an APEC-sponsored speech a day later, Bush pointed out “ethnic minorities must know that their rights will be safeguarded—that their churches, temples and mosques belong to them.”

Chinese officials said later that Bush was simply stating a general principle and not criticizing China in particular. Foreign Minister Tang, however, took pains to defend Beijing’s record in Xinjiang, saying there was “no question” of Beijing suppressing the Uighurs. “We have the highest respect for ethnic minorities,” Tang said. Vice Foreign Minister Li Zhaoxing, a former ambassador to the United States, added that China did require international help to combat these terrorists. “We need to cooperate with foreign countries to solve the problem of terrorism [in Xinjiang],” Li said in Shanghai.

### **Perspectives On Shanghai**

Meanwhile, based largely on Washington’s need for Chinese acquiescence in the war in Afghanistan, American and Chinese officials achieved a considerable level of fence mending in Shanghai.

For Jiang, the biggest achievement of his “mini-summit” was that a framework of friendship and close consultation has been laid down. Jiang pointed out

after the *tete-a-tete* with Bush that Beijing and Washington would strive to develop a “constructive, cooperative relationship.” In their joint press conference, Jiang said both sides would engage in “high-level strategic dialogues” to push forward cooperation in trade and international affairs. The Chinese supremo added that he and Bush had reached “a series of consensus” on fighting global terrorism and on maintaining world peace.

Bush praised China’s decision to be “side by side” with Americans in the antiterrorist campaign, particularly in areas such as the exchange of intelligence and freezing the terrorists’ finances. The American president also indicated that he was after a “candid, constructive and cooperative” relationship with China. This was quite a departure from the relationship of “strategic competition” that Bush had earlier this year characterized as bilateral ties. But Bush made no concessions in areas such as Taiwan or lifting sanctions on the export of high technology to China. In discussions with Jiang, Bush merely made a pro forma reiteration of Washington’s long-standing “one China” policy. And, at the press conference, Bush urged Beijing to “preserve regional stability” when dealing with Taiwan. He also hinted at the lack of progress in political reform in China, saying that “economic and political freedoms must go hand in hand.”

Diplomatic analysts in Shanghai and Beijing said both governments would need to work much harder to ensure that the momentum generated by joint antiterrorist efforts would remain substantial enough to render differences on Taiwan and other issues less of an impediment to ties. Many of them have suggested that the Sino-U.S. understanding on combating terrorism might erode if the military action in Afghanistan were to grow larger or spill into another country (such as Iraq).

Jiang has repeatedly warned that antiterrorist military actions by the United States and its allies must have “clearly defined targets” and that they must avoid hurting innocent civilians. The Chinese are also adamant that the UN be allowed to play a big role.

Soon after meeting Bush, Jiang scurried to beef up the Shanghai Cooperation Organization (SCO)—also

known as the Shanghai Six—that consists of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. After talks with Putin, Jiang announced that the SCO would meet next year to confirm its charter of counterterrorism and fighting separatism within these countries.

Analysts indicated that Jiang was afraid that America had taken advantage of the war in Afghanistan to establish a foothold in Central Asia—China’s northwestern back-yard. This in turn would mean an exacerbation of Washington’s so-called “anti-China containment policy.” A pro-U.S. regime, for example, might be set up in Kabul. And the United States may be able to maintain quasi-military facilities in Uzbekistan for a long time. Chinese officials and academics have also pointed out an American foothold in Central Asia will threaten China’s “petroleum security,” or a reliable supply of petroleum to fuel the country’s ambitious industrialization program.

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## Issue 9, November 8, 2001

### On Taiwan, Beijing Knows Exactly What It Is Doing

By Chuck DeVore

China’s stated policy toward Taiwan is that there is one China, and Taiwan is part of that China. Given this, how will China act upon this policy to make it a reality? China sees three paths for action: negotiation with Taiwan, political victory for pro-unification forces in Taiwan, or military conquest.

Today, China may see near-term hope for the first two options fading. If so, what might the signs be of a shift in Chinese tactics to achieve the goal of absorbing Taiwan?

The conventional wisdom has it that China’s actions toward Taiwan tend to be clumsy, and overbearing,

often evoking a response from Taiwan and the world that is the opposite of what was intended. A typical example of Beijing’s miscalculation would be the large-scale military exercises in 1995 and 1996 that led to America sending two aircraft carriers to waters near the Taiwan Strait while bolstering anti-Mainland feelings among the Taiwanese. China’s snub of Taiwan’s chosen representative for the September APEC conference in Shanghai would be the latest such move, according to this long-held line of thought.

Given China has had ample opportunity to see the results of saber rattling and rude manners toward Taiwan, it may be possible that China is deliberately seeking to create a pretext to justify future military action. If this is the case, has China’s recent behavior toward Taiwan been consistent with this goal?

On September 10, Chinese Vice Premier Qian Qichen asked Taiwan’s former ruling party, the KMT, to set up an office in China to coordinate China-Taiwan business exchanges. Such an office would have marked the first official presence on the mainland for the KMT since 1949. The offer was considered to be just one in a long string of Beijing’s attempts to isolate Taiwan’s Democratic Progressive Party (DPP)-led government while serving to restore the fortunes of the KMT—a party that has shifted its stance to one of pro-unification with China.

The KMT currently has overwhelming control of the Taiwanese national legislature and has been using that control to stymie the one-year-old government of President Chen Shui-bian and his DPP. With national legislative elections fast approaching on December 1, 2001, the prevailing thought was that China would do all it could do to enhance the prestige of its former rival for power on the mainland, the KMT, to ensure its continued dominance of the legislative branch.

Then, on September 11, more than 5,000 Americans were killed and the calculus across the Taiwan Straits was dramatically altered.

America’s sole focus in national security and international affairs became its war on terror. Many of the few U.S. intelligence professionals who watched

China were detailed away to other priorities. Policy makers concerned about Chinese intentions suddenly became too busy to follow up on previous recommendations or policy shifts. Naval forces in the Western Pacific whose mission it is to watch and deter China and North Korea were suddenly shifted to the Indian Ocean or the Arabian Sea.

China quickly took note of the situation, calling for a U.S. quid pro quo: in exchange for American acknowledgment of China's own war on terror and "splittism" against Taiwan, China would give the U.S. intelligence on the terrorists in Afghanistan ("fortunately," China is one of the Taliban's biggest arms suppliers, so they do know a bit about their client). China later modified the offer to make it appear less self-serving, but the fact remains, the offer was made.

On September 13, Beijing conducted a remarkable policy turnaround when it announced it was giving up hope on negotiating a unification agreement with Taiwan's KMT. After leading the KMT so far down the unification path that it publicly considered a confederation scheme with Beijing, China appeared to pour cold water on one of its major initiatives to achieve unification.

Then, China rejected Taiwan's chosen representative for the APEC summit in Shanghai, former Vice President Li, a KMT Party member. China's stonewalling violated APEC host nation standard procedures and wounded Taiwanese pride, increasing the political capital of President Chen and his DPP just a few weeks before the critical elections.

One would think that China would have learned from previous failed attempts to bully Taiwan. But, if they knew their actions would bolster the DPP, what does that say about Chinese intentions toward Taiwan now? Perhaps Beijing has garnered enough experience in its relations with Taipei that it is, in fact, playing Taiwan like a finely tuned instrument.

Considered in this light, China's actions may, in fact, be a deliberate attempt to create the pretext it wants for military action against the island democracy of 23 million people. If so, what might we see next from China?

If China's intentions toward Taiwan are martial, we could see a resumption of large-scale joint People's Liberation Army (PLA), Navy and Air Force exercises in the area around the Straits. These exercises have become so commonplace that neither Taiwan nor America seem to become alarmed at them anymore. What they do seem to do however, is inflame the passions of the pro-independence minded voters of Taiwan—which is exactly what Beijing may now want.

Should Taiwan's election produce an historic defeat for the KMT, finally giving President Chen a governing coalition, the Chinese could escalate their cross-straits war games. To create an incident, a Chinese gunboat could attack a Taiwanese fishing vessel. A new legislature, no longer yearning for unity with the mainland, would then demand action, while popular opinion on the island may rise in righteous anger. Support for considering a referendum on formal independence might then increase. Soon, the PRC could have its pretext: Taiwan is preparing for the unthinkable, independence from China.

Chinese military exercises could grow in scope and complexity throughout January, then, in early February, while the U.S. is engaged in fighting terrorism in Afghanistan (and perhaps Iraq), China attacks.

China's assault would employ hundreds of missiles armed with special nuclear (electro-magnetic pulse) and chemical (perhaps non-lethal) warheads. Huge waves of combat aircraft would quickly gain air superiority. And, commercial shipping would be pressed into service to bring armored vehicles and conscript troops across the 90 mile strait. But, the main blow would fall from the sky in the form of vigorous commando strikes on key leadership, communications nodes, and airstrips, followed by a massive airlift using China's now considerable civil air fleet. Such a scenario was recently spelled out by Professor Richard Russell in a piece in the Army War College's August issue of *Parameters* entitled, "What if... 'China Attacks Taiwan!'" as well in "China Attacks" which the author co-wrote with China expert Steven Mosher.

In less than seven to ten days, it would be over: Organized resistance on Taiwan would cease.

U.S. intelligence, still focused on the war on terror, would be blind-sided. American naval and air power, concentrated in the Middle East, would never even have a chance to intervene. President Bush's we'll do "what it takes" to defend Taiwan pledge would be forgotten in stunned silence.

Democracy in Asia would be dealt a severe blow. The pressure on the Chinese Communist Party for democratic reforms would be snuffed out by the jackboots of nationalism. A Chinese public wearied by endemic corruption, the highest gap between the rich and the poor in Asia, growing unemployment, and a pending bad debt bomb will instead thrill with the prospect of righting past wrongs and restoring China to its historical greatness as the world's hegemon.

In the future, the events of early 2002 may be viewed as the beginning of China's march to military conquest, analogous to Germany's 1938 Anschluss with Austria and its conquest of Czechoslovakia.

The world has now witnessed the dawn of a new and terrible era of warfare—one unforeseen by most experts. While we are engaged in this New War, let us not blindly stumble into another surprise—one that can rapidly undermine our national security.

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## China's Stake in a Secure Taiwan

By Tom Grant

The Bush administration in May 2001 approved an arms package to Taiwan that, though falling short of the Taiwan government's "wish list" of state-of-the-art weaponry, goes far to beef up the defenses of the island republic. Maintaining such balanced support

for Taiwan is the right thing to do—for Taiwan's interests, for America's interests—and, surprising though it may sound, for China's too.

Defending a democratic, free market Taiwan against a Soviet-style dictatorship in Beijing has clear enough logic for the United States and Taiwan. The People's Republic of China—certainly a power in its region and one with ambitions for "great power" status in the world at large—must be deterred from saber-rattling and using force to obtain its goals. Taiwan, with its accomplishments in government and economy, reflects American aspirations for the Pacific region. Less obvious, however, is that it may well be to the People's Republic of China itself that a weak Taiwan, vulnerable and open to attack, poses the greatest risk of all.

Statements on and off the record by leading members of the armed forces of the People's Republic make it clear that, within China's elite, a constituency favors use of force to resolve the Taiwan issue.

### The Risks

If an attack took place, no matter what the outcome, the results would be grievous for the parties involved. The prospect of two major trade partners of the United States plunging themselves and their region into conflagration is bad enough. Above and beyond the immediate costs of war per se, however, an attack by China on Taiwan carries special risks of its own, and these, in the end, present the greater peril.

China has little experience with power projection. Its attempts at this art, even over short- and medium-range, have met with failure. The 1979 war against Vietnam, bringing China to an embarrassing standstill, furnishes a case in point. Vietnam was primitively equipped, right on China's border, but highly motivated. Taiwan would be at least as motivated as Vietnam in a fight against the People's Republic. Even lacking the best weapons suites that the United States might offer, Taiwan's arsenal, with its F-16s and main battle tanks, outclasses China's in many key respects. It certainly exceeds what Vietnam used to wear China down in 1979. And most crucially, Taiwan is separated from China by a body of water.

For all its sheer manpower and drive toward modernization, China still has a great deal of technological catching up to do—and remains particularly deficient in amphibious capability—the essential element of a cross-water attack. Amphibious operations are notoriously difficult. This logistical reality deterred Napoleon in the nineteenth century and Hitler in the twentieth from invading their enemy, Britain. But key both times to the ultimate abandonment of amphibious ambition was the strength and preparedness of the target country. Britain had a navy capable of stopping any challenger and was improving her ground forces as a matter of urgency. In a situation where the target country was not so obviously prepared for defense, however, an enemy could be tempted to put aside the logistical and tactical challenges. Ironically enough, it was Britain that did this in World War I. Winston Churchill, then Lord of the Admiralty, believed he had identified weaknesses in the Ottoman Empire—an ally of Germany against Britain—and in 1915 he convinced his cabinet colleagues to initiate amphibious operations in the Turkish Straits. Britain, Australia, and New Zealand lost tremendous numbers of men, gained no strategic objectives, and ultimately had to abandon the venture. His own reputation in ruins (it took thirty years and another world war to rebuild it), Churchill was forced to resign, and a year-long unraveling of the Asquith Government of which he had been part began. The failure and its aftermath threatened a beleaguered Britain's stability, solidarity against a vilified and still-vigorous opponent and the solidity of their governing institutions alone enabling the British polity to persevere.

It is the risk of all-out operational failure—and the political disaster that would ensue—that makes a Chinese attack on Taiwan so dangerous a scenario. Bureaucracies contain conflicting cliques. China's is no exception. Indeed, some have speculated that in the stand-off over the U.S. Navy EP-3E reconnaissance aircraft, China's leaders disagreed sharply over how to proceed. That there are elements in China—perhaps even in the government—favoring more democracy and accountability is also known.

### **Possible Scenario**

Imagine the course a war between China and Taiwan might take: Hardliners in the People's Liberation Army and Navy argue that Taiwan is underprepared and ripe for the taking. They win agreement for an all-out attack, and operations commence. Taiwan's air force and navy, from the start, make the amphibious component very difficult, but China manages nonetheless to land substantial numbers of troops on the mountainous island. China's losses continue, and its navy is soon neutralized, its air force incapable of defending the airspace and sea-lanes between the Mainland and the target of invasion. Taiwan, meanwhile, steps up the defense. Supplies and reinforcements from China, essential to exploit China's initial foothold, never get there. As China's forces on the island weaken from lack of fuel, munitions, and food, Taiwan completes the mobilization of its own land forces. Commanding the sea lanes (or at least making chaos of China's attempts to move men and materiel across the Taiwan Strait), Taiwan hammers the invaders into collapse. Back in China, those in the government and armed forces who thought the whole venture foolhardy from the start, now have the political ammunition they need. And they strike. Hoping to oust their foes, they mobilize popular protest as well, and the situation spirals out of control. Within weeks of commencing operations against Taiwan, China's government has collapsed, and the country slides toward civil war.

A hypothetical too far-fetched to come true? If history is any guide, it is nothing of the sort. A failed foreign war can do harm in ways beyond the casualties of war itself. Domestic strife, even civil war, has erupted after many a military folly. In a fundamentally stable state, all but the gravest setbacks can be survived. But after a defeat where the losses have been truly enormous—or for a state weak in its underlying institutions—the prospects for survival decline. The empires of Austria, Germany, and Russia came to an end due to collapse in war. In Russia the ensuing civil war was a disaster for the country and the world equal to or greater than the disaster of the war that triggered it. The shorter civil wars in Germany and Austria carried fewer immediate costs—but the long-term result was Nazism and World War II.

To be sure, military failure can sometimes shake up a system and bring on welcome change. A contributing factor to Soviet leaders' turnabout in the 1980s may well have been the failure of Soviet arms in Afghanistan. The end of the military junta in Argentina was precipitated by defeat in the Falklands. However, the record is a mixed one, and seeking good results by provoking failed wars would be moral and practical folly. Use of force by China against Taiwan is a gamble in too many ways. It is as much in the interest of China—as of any other country—to make clear that Taiwan is no easy target.

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## The Chinese Threat: An Indian Perspective

By Vijai K. Nair

India's defense minister, George Fernandes, has identified an implicit Chinese threat in the shared border between the two countries. In his words, “[t]o underplay the situation across the Himalayas is not in the national interest; it can in fact create a lot of problems for us in the future.”

China now occupies approximately 38,000 square kilometers (km) of Indian territory in Akshai Chin in the west bordering on the Hindukush Range and Pamir Knot and claims a further 90,000 square kms in the east. In June 1998, as a sequel to India's nuclear tests, Beijing forcefully reiterated its claim to these areas. Since then, both India and China have deployed substantial military forces in an eyeball-to-eyeball posture along 3,380 km of what is called the Line of Actual Control (LAC) in place of a mutually recognized international border between them.

### Basis For Concern

Despite having signed an agreement—“On Maintenance of Peace and Tranquility”—along the LAC in 1993, Chinese incursions across the recognized border continue to be a regular practice. The frequency of these intrusions increased after the demise of Deng Xiaoping in February 1997, and again after India's nuclear tests in May 1998. What is little known

amongst Western analysts is that China's People's Liberation Army (PLA) continues to indulge in a comprehensive set of hostile acts, such as:

- regularly crossing the western and eastern extremities of the LAC, “on more than 100 occasions in the last two-and-a-half years” [1]
- developing new defense works in areas earmarked to be resolved through the mechanisms of the so-called maintenance of peace and tranquility agreement
- proceeding with comprehensively upgrading strategic communications—road, rail and air—to facilitate the logistics required to deploy massive military forces along the Sino-Indian border and to support these in war [2]
- continuing to develop a forward network of roads and mule tracks to facilitate tactical operations in the forward areas, which according to the treaty are to be vacated by troops to reduce tensions—including the Pangong Tso Lake (Srijap) in Ladakh, Dibang district, Tawang division, Taksing and Maja areas in Arunachal Pradesh [3]
- constructing strategic surface communications around the flanks of the disputed territory to Pakistan in the west and Burma in the east.

Even Benjamin Gilman, former chairman of the U.S. House International Relations Committee, recognized that the greatest threat to peace in Asia was not the tensions between India and Pakistan, but China's activity on India's northern border. In addressing the committee he said that “the PLA has worked feverishly to build networks of all-weather roads, crisscrossing ...Tibet. [A]llowed China to move large military formations swiftly along the entire length of the Indian border, affording Chinese generals the ability to concentrate mutually supporting armies almost anywhere along the frontier. A chain of permanent bases, many with huge underground storage sites and heavy fixed fortifications, linked to rear echelons by

good roads.” And so on. [4] Gilman acknowledged that China has four armies based in western China that could be employed to support operations from Tibet against India through flanking attacks through Burma or reinforce an offensive from the north.

### Strategy In Action

To support its military strategy, China has built a network of intelligence-gathering stations along the southern edge of the Tibetan plateau to monitor Indian air space, electronic communications and troop movements. It constructed fourteen major air bases on the plateau, along with innumerable satellite airstrips, providing the PLA Air Force with the potential to dominate the air space over Tibet and a capability, for the first time, to execute combat operations over Indian Himalayas. Given its acquisition of mid-air refueling capabilities and the increased runway lengths of upgraded air bases, China is fast increasing its prospects to prosecute deep penetration air strikes against major Indian cities in the hinterland.

The second leg of the Chinese strategy to prevail over India is directed at gaining military linkages and economic influence amongst India’s South Asian neighbors.

Burma, which was recognized by both the British and the Japanese as “the back door to India,” has in the past three decades been targeted by China to steadily increase its political, military and economic influence. It bought its way into favor with the Myanmar Burmese military government by facilitating a peace agreement with the Communist Party of Burma, selling them nearly US\$2 billion of arms, providing cheap consumer goods, re-building strategic surface communications and upgrading port facilities to enhance maritime activities. This strategy has given it considerable strategic leverage including a secure hinterland to the Indian Ocean from where it can prosecute its seaward strategy. China’s PLA Navy is responsible for, among other things, four directives:

- creating naval bases at Munaung, Hainggyi, Katan Islands, Coco Islands, Mergui and Zadaikay Islands—along Burma’s coastline in the Bay of Bengal—and the strategic port of

Gwadar off the Hormuz Straits on the Western extremity of Pakistan

- provisioning Pakistan’s navy with ship-borne cruise missiles [type 802] and LY60N surface-to-surface missiles
- creating and managing China’s sub-surface strategic nuclear forces (which Admiral Zhang Liaozhong defined as “the chief objective of this century”)
- preparing the PLA Navy to emerge into the Indian Ocean in the coming decade.

China remains—overwhelmingly—the main supplier of arms to Sri Lanka, which lies off the southern tip of India, and provides military equipment and materials to Bangladesh as well.

The pincer movement to isolate India from other South Asian militaries is completed by the massive arms supplies to Pakistan and assistance of technological, material and human resources to enhance its fledgling defense industrial establishment. Yet another area of considerable concern to India is China’s extant and emerging nuclear strategic capabilities, which has serious ramifications for India’s long-term security interests.

Not only is China an established NWS with a carefully thought-out nuclear strategy, but:

- it continues to make significant increments in its nuclear weapons arsenal;
- it is creating a nuclear powered sub-surface potential to deploy nuclear weapons in the Indian Ocean;
- it has tested and produced tactical nuclear weapons;
- it introduced nuclear war fighting doctrine in the PLA;

- it has demonstrated ominous trends by integrating missile warfare with nuclear and conventional capabilities into its concept of war; and,
- its ‘no first use’ strategy is directed toward nonnuclear weapon states Party to the NPT, thus excluding India from this dubious assurance.

## Evidence

There is sufficient evidence to indicate that China has at least twenty-five nuclear-tipped medium range ballistic missiles based in Tibet, along with an undisclosed number of nuclear-configured short-range tactical missiles. These deployments are singularly India specific because their range limitations preclude engagement of more distant targets.

According to a declassified report by the U.S. Air Force’s National Intelligence Center on China’s medium range missile deployments—“in areas where the CSS-2’s 3,100 km range capability is required, crew training activities remain robust and the number of deployed launchers likely remains unchanged.” However, CSS-2 activity in the 53rd Army at Jianshui launch complex and Kunming training area continues unabated. The USAF report concludes: “The reason for this activity is probably related to the CSS-2’s maximum range capability [and] allows... missiles at Jianshui to target most of India.”

Of specific concern to India is “the large scale CSS-2 training activity involving at least two launch units from Datong field garrison has also recently been noted at Haiyan training facility in the 56th Army, located in Central China [Tibetan Plateau—assets located at Da Qaidam, Delingha and Xiao Qaidam].” The report goes on to explain that “From Datong the CSS-2 can strike targets in India and Russia.... [and] there is evidence of replacement of some CSS-2 assets in Datong with the CSS-5 Mod 1.” [5] This means that the potential to strike Indian targets is being changed to mobile launchers from silo based launch facilities.

Another source from the Russian Federation reports that the up-gradation of the network of highways stretching from Jianshui-Kunming-Yunan-Chengdu-Lhasa-Haiyan-Datong in China’s southeast is specifically designed to take heavy mobile missiles with suitably surveyed and recorded launch sites.

Because the strategic assets the PLA has created in this region are relevant only to the Indian subcontinent it would be foolhardy to underplay Chinese strategic designs vis-a-vis India and ignore the special issues that need to be thrashed out between these two nuclear-armed states.

The projection of the Chinese nuclear strategy to the subcontinent gains further credence with its blatant assistance to Pakistan in developing its nuclear weapons arsenal through its transfer of nuclear weapons systems, warhead designs related materials, technology, training nuclear scientists and their presence at China’s nuclear tests. The deep strategic linkages between these two countries provide the basis for strategic collusion to be extended in the time of conflict thereby increasing the threat to India manifold and the complexities of formulating and implementing an appropriate nuclear strategy.

A fourth and equally ominous leg of China’s strategy to gain leverage over India lies in its national water resource strategy. One of the objects of which is to manipulate the Asian sources of water to establish a “hands off” control over the river basins flowing through other regional powers that China considers a threat to its long term national interests. This strategy will hold millions of Indians hostage to Chinese potential to flood them or withhold their water supply.

Conclusions of a ‘nonthreat’ scenario arrived at by Western strategic analysts notwithstanding, the Indian government must take all these issues into account in formulating a national security policy for India.

## NOTES:

1. Interview with senior military officials after the chief of army staff visited the LAC in the eastern theater in October 2001.

2. Jawed Naqvi. Quoting a senior Indian Army official in “Chinese Action Irks India,” The DAWN Group of Newspapers, 2001 Dateline. January 2001.
3. Jane’s Intelligence Digest, “Tension On Indo-Chinese Border.” November 3, 2000.
4. Benjamin Gilman. Chairman of the House International Relations Committee. Statement released on April 6, 2000 at a Full Committee hearing on “The Status of Negotiations between China and Tibet”
5. Declassified report by the U.S. Air Force’s National Intelligence Center on China’s medium range missile deployments.

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## Issue 10, November 21, 2001

### How China’s Government Is Attempting To Control Chinese Media In America

By Mei Duzhe

The U.S. Census 2000 data reveal dramatic growth over the past ten years in the Chinese American population. In these years the Chinese-American community has increased by 48 percent to over 2.4 million, making it the largest Asian ethnic group in the country.

Notably, surveys have found that of this Chinese-American population, as many as 82.9 percent speak the Chinese language at home, with 60.4 percent professing that their English skills are limited ([www.asianmediaguide.com](http://www.asianmediaguide.com)). As one might expect, these people’s dependence on Chinese-language media is heavy. And to a significant degree it is these media, as made available in the United States, that determine the worldview of many Chinese-Americans living in the States. Depictions of the democratic process, the rule of law, human rights and other American concepts come to the Chinese-American

filtered through Chinese-language media. The content and nature of Chinese-language media (hereafter “Chinese media”) in America thus deserves greater scrutiny.

Before 1985, Chinese media operations in the United States came primarily from Taiwan and Hong Kong, with little influence from Communist Mainland China. This would change in the mid-1980s, however, when waves of immigration from Mainland China changed the profile of the Chinese-American community. The influx of Mainland Chinese piqued concerns of state-run media operations back home, triggering what can now be described as aggressive media efforts in the United States by mainland operations. Indeed, the Mainland China government has made major inroads into the Chinese media market here over the past decade.

Four main tactics characterize the Chinese government’s effort to influence Chinese media in America. First is the attempt to directly control newspapers, television stations, and radio stations through complete ownership or owning major shares. Second is the government’s use of economic ties to influence independent media who have business relations with China. This leverage has had major effects on the contents of broadcasting and publishing, effectively removing all material deemed “unfavorable” by the Chinese government. Third is the purchasing of broadcast time and advertising space (or more) from existing independent media. Closely related to this is the government’s providing free, ready-to-go programming and contents. Fourth is the deployment of government personnel to work in independent media, achieving influence from within their ranks.

These tactics have been applied with much effect to both national- and local-level Chinese media throughout the United States.

#### Influencing Chinese Newspapers

The dominant Chinese media vehicle in America is the newspaper. Four major Chinese newspapers are found in the U.S.-World Journal, Sing Tao Daily, Ming Pao Daily News and The China Press. With an

alleged total circulation of over 700,000, these publications are regarded as indicators of the market's growth.

Of these four, three are either directly or indirectly controlled by the government of Mainland China, while the fourth (run out of Taiwan) has recently begun bowing to pressure from the Beijing government.

- The China Press

Established in New York in January of 1990, The China Press is directly controlled by the Chinese government. The paper is characterized by its substantial and timely news reports from Mainland China. It represents the voice and views of China's Communist government.

Its daily issue averages some forty pages in length, and is distributed in almost all major U.S. cities. The paper claims a total circulation of 120,000.

- Sing Tao Daily

Sing Tao Newspaper Group (STNG) was established in Hong Kong in 1938. In the 1960s regional offices were established in San Francisco, New York and Los Angeles to publish Sing Tao Daily in North America. In the late 1980s, STNG owner Sally Aw Sian met with financial crisis, and found a financial solution in the form of aid from the Chinese government. The past decade or so has seen the transformation of Sing Tao Daily into a procommunist newspaper. Sally Aw Sian has since become a member of China's National Political Consultative Conference.

In January of 2001, the Global China Technology Group, a Hong Kong-based company chaired by Ho Tsu-Kwok, acquired the controlling shares of Sing Tao's holdings. Ho Tsu-Kwok, it should be noted, has close ties with Beijing and is currently also a member of China's National Political Consultative Conference. In May of 2001 Ho cooperated with China's state-run Xinhua News Agency to establish an information service company known as Xinhua Online.

Larry Lee (Li Ge), the deputy chief editor at Sing Tao's North America headquarters in San Francisco, is himself a former editor of China's People's Daily—the mouthpiece of the Chinese Communist Party. Li is in charge of the newspaper's editorial forum, Sing Tao Square. During the recent EP-3 incident, when two columnists published articles in Sing Tao asking China to release the American crew and return the U.S. airplane, they were singled out and attacked on Sing Tao Square for nearly a month. Similar situations have occurred following the publication of articles sympathetic to the Falun Gong spiritual practice.

Sing Tao Daily prints sixty-four pages in each issue and claims a circulation of 181,000.

- Ming Pao Daily News

As preparation for Hong Kong's return to China in 1997, the Chinese government made vigorous attempts in the early 1990s to purchase several major media agencies in Hong Kong. This was done through the use of third-party merchants who have close business ties with China.

In October of 1995 Ming Pao Daily News was bought by a wealthy Malaysian merchant in the timber industry, Datuk Tiong Hiew King. As people guessed, Datuk had close business ties with China. Like Sing Tao, Ming Pao has since been heavily influenced by the Chinese government. For example, there is an unwritten rule at both Sing Tao and Ming Pao that no exclusive reports on the Pro-Democracy Movement of China are to be published. In order to appear to be "neutral" and "independent," they do however publish some related reports, but they are merely based on news releases from sources like the Hong Kong Information Center for Human Rights & Democratic Movement in China. Employees at Ming Pao's New York office have told sources that their "true boss" is none other than the Chinese Consulate [in New York], and that they are obligated to do whatever the Consulate asks.

Ming Pao claims a circulation of 115,000 and is distributed mainly on the east coast of the United States.

- World Journal

An independently run daily publication, World Journal is one of the six branch-newspapers of the United Daily News (UDN)—Taiwan’s most influential newspaper. World Journal is presently trying to develop business ties with Mainland China. The effects of this are already being felt, some persons report. For example, Chinese Consulates in both New York and San Francisco have pressured World Journal’s local offices to not publish ads related to Falun Gong. The New York office has already acquiesced in full, and the San Francisco office has in part; it still prints Falun Gong ads, but with them appearing on the paper’s least-viewed page 90 percent of the time.

World Journal is the most widely read Chinese-language newspaper in North America, and claims a circulation of 300,000 in the United States.

### **Influencing Chinese Television**

The Chinese government of Mainland China has managed to influence Chinese-language TV in the United States, primarily by means of its China Central Television International station, or CCTV-4. CCTV is China’s official state-run TV station.

Using digital compression technology, CCTV International offers Chinese programming twenty-four hours a day via satellite at no additional charge to viewers around the world, including those in the United States.

CCTV-4 also rents broadcasting time from influential independent TV stations across the United States, such as SinoVision in New York, which reaches millions of households and tens of thousands of Chinese viewers daily with its several broadcasting channels. Furthermore, CCTV-4 also provides free programming (especially news programs) to independent TV stations, ready for broadcast. Some of these stations also reach millions of households, such as Cable KPST 66 in San Francisco, which reaches 2.3 million households in the Bay area.

It is difficult to estimate the total number of viewers CCTV-4 has. First, its satellite broadcast signal is un-coded and can thus be received by any type of satellite dish; second, it runs on cable channels in most every U.S. city.

What this means is that CCTV-4 has effectively brought the Chinese Communist government’s slanted news, or propaganda, to the vast majority of ethnic Chinese living in the U.S. Much of CCTV-4’s broadcasting is identifiably anti-American even, and greatly at odds with reporting produced in the free world.

### **Concluding Thoughts**

The 2000 Census also revealed that 80 percent of all Chinese-Americans live in twelve major U.S. cities. As one might by now expect, all these cities are targeted by the Chinese government with misinformation and propaganda. Not only are the above said papers and broadcasting to be found, but also, in almost every case, there are smaller, local newspapers, television stations and radio stations that are controlled by the Chinese government.

Beijing’s Communist government has thus penetrated U.S. markets to no small extent, having effectively infiltrated all major U.S. cities home to Chinese-Americans. Perhaps what should concern us most, though, is the nature of reporting that results from this. In most cases journalistic standards are clearly far below those of their English-language counterparts, with half-truths and even gross misinformation sometimes being panned as “news.” Analysis of the reporting that takes place in this arena is in great need of careful examination, but of course beyond the scope of this article.

But for many of the United States’ 2.4 million Chinese-Americans, such reporting might be all that they read, hear or see. Few or, in some cases, no alternatives exist. The “outside world” and current events are filtered and presented through a limited number of media, the majority of which are influenced—or even run, as we have now seen—by Beijing’s communist government.

While there has been no formal analysis of such reporting’s impact on Chinese-American communities, its long-term negative effects can nonetheless be surmised if not caught in glimpses. Startlingly apathetic responses to the September 11 tragedies are one re-

cent indicator. Strong anti-American sentiments (especially notable among the Mainland Chinese communities in the United States) amidst the EP-3 affair and the Belgrade Embassy Bombing would be another. And fierce, even violent antagonism toward the Falun Gong on U.S. soil, would also seem telling.

And, surprisingly, this would appear just the beginning. This past week it was reported that AOL Time Warner had closed a major deal with the Beijing government that would bring CCTV programming to the United States on a much larger scale, via Time Warner's cable operations. The U.S. government, by comparison, continues to have broadcasting rights in China flatly denied, instead finding its Radio Free Asia and Voice of America radio networks constantly jammed. Similarly, all major U.S. newspapers are banned in China and their websites blocked.

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## Hu Jintao: The Bird That Keeps Its Head Down

By Yao Jin

A Chinese saying best describes the risk of showing one's clear political or ideological leanings: "The bird that sticks its head out gets shot." Hu Jintao, the man who is widely expected to succeed Jiang Zemin as head of the Communist Party in 2002 and president of China in 2003, has been careful enough to act as "a bird that keeps its head down." In all his public remarks, Hu has cautiously toed the party line, and no outsiders know where he really stands on economic and political reform and many other critical issues that confront China today. His image as a political enigma reflects not only a cautious personality but also the pressures on him not to make mistakes and not to upstage Jiang.

Born in December 1942, Hu graduated from the hydroelectric engineering department at the prestigious Qinghua University in Beijing—China's MIT—in 1964. From 1965 to 1968, he worked as a political

assistant of the university dealing with "political and ideological issues" among students. In 1968, during the Cultural Revolution, he was transferred to Gansu, an underdeveloped province in west China, to work as a junior hydroelectric engineer. In 1974, when Song Ping, a now retired party elder, was a provincial leader, Hu was Song's secretary at the regional construction commission. Song once praised the young man as the "walking map of Gansu," as Hu had visited different parts of the province over the years and knew the counties and their problems so well that he didn't have to refer to his notes when asked to brief visiting senior officials from Beijing. There are other stories about his photographic memory. But according to an insider, Hu works very hard to memorize the speeches he is going to deliver or the notes prepared for him before meeting with foreign visitors. Liberal intellectuals in Beijing deride him as "the best student at recitation."

After the end of the Cultural Revolution in 1976, Song Ping, Hu's mentor, was promoted to work at central departments in Beijing, and this helped Hu's transfer to the nation's capital. From 1982 to 1985, he was the secretary of the Communist Youth League, a position giving him the opportunity to develop extensive contacts with his colleagues that are now regarded as Hu supporters from the "Youth League faction."

At the age of 43, he became one of the youngest rising stars when he was made party secretary of Guizhou, a poor southern province. In 1988, he was made party secretary of Tibet shortly after anti-Chinese rioting had broken out there. Hu proved his loyalty to the party by enforcing Beijing's instructions to crackdown and to impose martial law in Lhasa.

With the blessing of Deng Xiaoping, China's late paramount leader, who once referred to Hu as the most promising leader of his generation, he has been on the powerful decision-making Standing Committee of the party's Politburo since 1992. And he has been China's vice president since 1998 and the first vice chairman of the Central Military Commission since 1999.

Hu is also the president of the Central Party School, a party think tank and training center for rising cadres. This job has given him the opportunity of building contacts with his students, including relatively young colonels and generals in the military. No one in the military dares to report directly to Hu by overstepping Jiang Zemin, who is chairman of the Central Military Commission, however, many officers who have been trained at the party school take pride in having established personal relationship with their president. Under Hu's guidance, the school has been very active in exploring political and economic alternatives. Instructors and researchers there have been to Germany to establish contacts with leaders of its social democratic party, giving rise to speculations about Hu's interest in reforming China's Leninist party.

Chinese liberal intellectuals have given a nickname to each of the seven members of the Standing Committee of the party's Politburo. Hu is labeled "sunzi." In Chinese, it literally means "grandson," but it is also the synonym for "yes-man" in colloquialism. Jiang, nicknamed the "actor," have assigned Hu to thankless jobs from time to time to test the loyalty of the "grandson." After the NATO bombing of the Chinese Embassy in Belgrade in spring 1999, Hu was chosen to give an internal briefing to party and government workers. He openly said, "the hostile forces in the United States will never give up its attempt to subjugate China." But in a television address to the nation, Hu left out his earlier remarks on the "hostile forces" while repeating China's anger over the bombing. And he urged the angry students and Beijing residents who were throwing rocks at the American Embassy to get back to their studies and jobs.

Later in 1999, a student of Beijing University wrote a letter to Jiang Zemin, accusing Liu Junning, a liberal researcher at the Chinese Academy of Social Sciences, of advocating "bourgeois liberalism" in his lectures. Jiang again assigned Hu to handle the case. Hu quickly instructed party scholars to write articles to criticize "bourgeois liberalism," however, he made it clear that only five such essays should be written and they should be published by one national newspaper only. Apparently, Hu didn't want to repeat a nationwide campaign to attack "bourgeois liberalism" as was the case in the 1980s.

This year, shortly after Jiang declared on July 1 that the party would open to Chinese capitalists, remnant Maoists published articles in their journals, fiercely attacking Jiang by alleging that he had departed from the fundamental lines of Marxism-Leninism. Once again, Jiang passed on the thorny issue to Hu. Acting on Hu's instructions, the Propaganda Department of the party suspended two leftist magazines for "rectification," but it didn't order to close them down for good, and the media nationwide was told not to publish any such articles in the future. In handling this case, Hu had tried to patch up the quarrel in a way acceptable to both the conservative and reformist wings of the party.

On October 27, Hu Jintao began his five-nation European tour. The extensive news coverage in Beijing showed his friendly meetings with heads of state, prime ministers and business tycoons in Russia, Britain, France, Germany and Spain, but it was intended, to a larger extent, to strengthen his credentials as a statesman and to portray him as the heir apparent for the home audience. Europeans tried hard to size up this closet man, but Hu remained a political riddle to them. He frequently quoted President Jiang and China's known policy on international and bilateral issues in his meetings with foreign leaders, as if he had nothing to say by himself.

This is because one of the most acute flaws of the Leninist party systems is that power is concentrated at the apex of the system without any existing means to assure a smooth political succession at that level. If Hu continues to play the role of the "grandson" by acting cautiously not to outshine Jiang, he will become China's next leader after Jiang retires as head of the Communist Party and then as president in the next 18 months. At 59, Hu is young enough to rule China for ten to fifteen years. But for at least the first five years of his rule from 2002 to 2007, he will have to look over his shoulders, as it is yet uncertain if Jiang will step down from his most important position as chairman of the Central Military Commission that controls the army. Even if Jiang resigns in full, he is likely to continue to rule "behind the curtains," a Chinese imperial practice that gave the dowager empress much greater power than the young em-

peror. The best guess is that as a leader of a new generation, Hu will show himself as a force for faster political and economic changes in the second five years of his rule when Jiang and other party elders are too old to exert their influence, but no one is sure of that. China is a country of great uncertainties, and so is its next leader.

*Yao Jin is the pen name of a Chinese writer.*

## Zeng Qinghong: A Potential Challenger To China's Heir Apparent

By Wen Yu

Since the Chinese communists came to power in 1949, China has suffered gravely from succession politics. During the Maoist era that ended in 1976, convulsive political tensions and struggles surrounding the succession issue had greatly damaged the relationships among the ruling elite and brought untold suffering to millions of ordinary Chinese. In the late 1980s, China's then paramount leader Deng Xiaoping purged his own designated successors Hu Yaobang and Zhao Ziyang one after another when they displeased him. In the subsequent political struggles to succeed Deng, ultimate decisions on succession were made in secret by a small group of party elders at Deng's home. China today, like its past, has not institutionalized succession. This is especially true regarding the position of the "core leader"—the top man at the center, whose effective leadership is critically important to maintaining stability in China. The uncertainty of smooth transfer of power has been highly damaging to the system in the past and has the potential to remain disruptive in the future.

It is widely believed that Hu Jintao, a member of the all-powerful Standing Committee of the communist party's Politburo and China's vice president, will succeed Jiang Zemin as party general secretary and president when Jiang starts to hand over power in fall 2002. But as Hu has to assure Jiang of his continuing fidelity, it is difficult for him to build up his own power base while Jiang is still around. Though it

seems unlikely that Hu will be purged by Jiang before next fall, one can not rule out the possibility that Hu could be nudged aside by other contenders before he consolidates his position after the succession. In this scenario, Zeng Qinghong, now an alternate member of the Politburo, is the main potential challenger to Hu.

### The "Princeling"

In China, the offspring of veteran communist revolutionaries belong to the privileged class. They are labeled "princelings," or the "princes' party," though it is not an organized political group. Many of them, drawing on the influence of their parents, now hold important positions in the party, government and military, or head lucrative trading companies. Zeng Qinghong is one of these princelings.

Zeng Shan, Zeng Qinghong's father, was a senior commander of the communist Third Field Army during China's civil war that ended in 1949 and a member of the party's Central Committee before Mao Zedong launched the Cultural Revolution in 1966. Zeng's mother Deng Liuqin, who is still alive, used to be the director of the Shanghai-based East China Kindergarten in the early 1950s, where the children of many senior officials were brought up. In a country like China where power resides in informal connections, the network of personal ties the Zeng family has cultivated over the decades has proven to be extremely useful.

Born in July 1939, Zeng Qinghong graduated from a Beijing technology college in 1963. His skill at political intrigue did not become evident until 1984 when he was made deputy director of the party's municipal organization department in Shanghai. When Jiang Zemin became Shanghai mayor in 1985, he immediately found in Zeng a man he could trust.

When the pro-democracy student movement of spring 1989 was gaining momentum nationwide, Jiang was Shanghai party secretary and Zeng was his deputy. Acting on Zeng's advice, Jiang closed the World Economic Herald, a liberal Shanghai-based weekly advocating bolder political and economic reform, in May 1989 and managed to keep the local student movement under control. Contrary to the

bloody military crackdown in Beijing on June 4, 1989, Shanghai student demonstrations ended without bloodshed. Thus Jiang acquired merit in Deng's eyes and was made party general secretary in June 1989.

A popular Chinese saying goes, "when a man attains immortality, even his pets ascend to heaven." This is true of the Jiang-Zeng relationship. Shortly after Jiang's promotion to Beijing, Zeng was made deputy director of the party Center's General Office that handles administrative details of the bureaucracy. In 1993, he became the director. Taking advantage of his power at the General Office, Zeng functioned as Jiang's "chief housekeeper." When Jiang was appointed in winter 1989 to chair the Central Military Commission that controls the military, he had to remain on the periphery as he had no prior military experience. It was Zeng that helped Jiang cultivate and establish ties with the military brass by putting to use his family's extensive network of connections. Zeng's "housekeeping" also furthered Jiang's interest at the Central Discipline Inspection Commission (responsible for seeking out violation of party rules), the Central Commission for Political and Legal Affairs (in charge of the court and prosecuting systems and other repressive apparatus), Propaganda Department (overseeing the media, education and political studies), Organization Department (handling personnel appointments) and many other central party bodies. Zeng even extended his influence into foreign affairs. In the 1990s, when Jiang went abroad to visit foreign countries, Zeng, more often than not, was in the entourage.

### **Zeng The Echo**

Zeng rarely speaks out on China's major domestic and foreign policy issues except to echo Jiang's remarks. His role as Jiang's "chief housekeeper" is equivalent to that of a "chief eunuch" to the emperor in ancient China. Though the eunuch enjoyed unrestricted access to the emperor, he had nothing to claim in his own right and his role was often frowned upon by ministers in the court. To advance Zeng's own political career, Jiang maneuvered to make Zeng an alternate member of the politburo and a member of the party Central Committee's Secretariat at the 15th Party Congress in 1997.

In October 1998, Zeng made an effort to further consolidate Jiang's power. He submitted a proposal to the Politburo in the name of the Secretariat to launch the "Three Stresses" (politics, studies, righteousness) campaign among party cadres at and above the county level. This was in name a rectification campaign to correct unhealthy tendencies. To a larger extent, however, it was an effort to strengthen Jiang's political control. After the Politburo had approved the proposal, Zeng instructed the Secretariat to list forty-five articles written by Mao Zedong, Deng Xiaoping and Jiang Zeming as the required reading for the campaign. Fifteen of these were Jiang's speeches, thus putting him on a par with Mao and Deng.

In March 1999, Zeng moved to head the powerful Organization Department, giving him more power to promote Jiang's and his own supporters. Over the years, Zeng has successfully installed members of the "Shanghai Gang" (a term used to describe Jiang's protégés who had worked in Shanghai when Jiang was party secretary there) for leading positions at the central and regional levels.

At the party's 5th Plenum in fall 2000, it was widely expected that Zeng would be promoted to full membership in the Politburo to fill up a vacancy. That move would have prepared the way for Zeng's elevation to the Politburo's Standing Committee at the 16th Party Congress. But Zeng's promotion did not occur. At the 6th Plenum this past fall, Jiang again failed to install Zeng in the Politburo, as several members of the Standing Committee reportedly opposed Jiang's plan with success.

It seems unlikely that Zeng would rival Hu Jintao for the top spot at the 16th Party Congress scheduled for fall next year, however, Jiang has continued to portray Zeng as China's No. 2. This past September when Jiang was having a closed-door meeting with North Korea's dictator Kim Jong Il in Pyongyang, he reportedly referred to Hu and Zeng as China's "core leaders" of the next generation. In a meeting with Russian President Putin at the Shanghai APEC summit in October this year, Jiang made an effort to introduce Zeng to Putin and asked, "Do you know

Qinghong? He is our director of the Organization Department and a member of the Secretariat.” By the standard practice in the party, Jiang, a senior, would refer to Zeng, a junior, as “Comrade Zeng Qinghong.” If the relationship is close, Zeng would be addressed as “Comrade Qinghong.” The reference to Zeng simply as “Qinghong” implies an extremely close relationship between the two.

Given the possibility that Jiang will continue to exercise a great deal of political influence after his retirement, the most likely scenario is that China will be ruled by a “troika” consisting of Hu, Zeng and the new premier, with Jiang as the overlord behind the scenes. But should Hu show any sign of disobedience, he could be ousted before he has the time to build and consolidate his own base of supporters. If this happens, Zeng could emerge as the victor amidst the subsequent jockeying for power at the apex. But as most Chinese believe that the nation’s social and economic progress hinges on a strong and stable central leadership, the possible division at the top does not bode well for China in the years to come.

*Wen Yu is the pen name for a former Chinese official.*

## Taiwan’s Upcoming Elections

By Willy Wo-Lap Lam

As with Taiwan elections for the past several years, President Jiang Zemin has set up a special task force of civilian and military aides to monitor developments in the run-up to the December 1 parliamentary polls on the island.

Jiang, who also heads the Chinese Communist Party’s Leading Group on Taiwan Affairs, has also been demanding regular updates of the electoral campaign from officials such as the head of the Taiwan Affairs Office, Chen Yunlin. While the state media as well as semi-official websites have run a slew of news reports and comments on the forthcoming balloting, senior cadres have avoided giving their views in public. This reticence, however, hardly masks the fact that Beijing has adopted a multipronged strategy to ensure that it will derive maximum benefits from

the first island-wide polls after the Democratic Progressive Party (DPP) replaced the Kuomintang (KMT), or Nationalists, as Taiwan’s ruling party in March 2000.

Beijing’s best-case scenario is that the pro-independence DPP’s tenuous grip on the Legislative Yuan will slip further. The DPP holds only sixty-six out of 225 legislative seats, meaning that most of President Chen Shui-bian’s policies are routinely blocked. Chen has vowed to boost his party’s legislative positions to at least eighty-seven. And a Chen ally, former President Lee Teng-hui, has formed a Taiwan Solidarity Union (TSU) which, in Beijing’s view, is also gunning for covert independence. The mainland leadership hopes to prevent the TSU from gaining enough seats so that it can join forces with DPP politicians, independents and “rebel” KMT lawmakers to control the legislature. At the same time, the Jiang administration has quietly thrown its support behind the two major opposition parties, the Kuomintang (KMT) and the People’s First Party (PCP), many of whose politicians have visited Beijing the past year. In closed-door meetings with KMT stalwarts, Beijing cadres have pledged to give them political and other kinds of support to ensure the DPP’s defeat at the polls.

### The Gameplan

Beijing’s Taiwan gameplan has been summed up by a Communist party Politburo member in a terse dictum: “Be as tough—or as conciliatory—as the situation requires.” For the past year, Beijing has been ruthlessly wielding the “business card” against the DPP. The mainland leadership’s strategy is simple. First, roll out the red carpet to Taiwan companies, particularly hi-tech firms. As Taiwan’s economy becomes more reliant upon the mainland, not only businessmen but professionals and fresh college graduates see their future well-being in Shanghai, Xiamen or Dongguan, Guangdong Province. Second, establish the linkage between Taiwan’s economic woes and the sorry state of its relations with the mainland. Third, continue the policy of snubbing President Chen—and laying the blame for mainland-Taiwan tension squarely on Chen and his DPP colleagues.

So far, things seem to be going Beijing's way. Unlike predecessor Lee, Chen has been unable to prevent the flow of capital—and talents—to coastal China. Latest statistics—the island's GDP shrunk by 4 percent in the third quarter of the year and unemployment shot to 5.3 percent—have raised the specter of long-term hardship. While a major cause of the recession has been the downturn in the American and world economy, it is easy for anti-DPP forces to play up Chen's failings. Since early this year, the KMT and PFP have trained their firepower on Chen's apparent failure to open a dialogue with Beijing—and presumably to get enough mainland business to resuscitate Taiwan.

The Jiang leadership's business card has become more effective after both the mainland and Taiwan have entered the World Trade Organization. A number of Taiwan transportation firms, including four aviation companies, have already committed sizeable investments in the mainland in anticipation of direct air and shipping links. And Beijing doesn't need to do much to persuade Taiwan businesses to put pressure on Chen to make concessions on the Cross-Strait front, such as recognizing the one China principle. A source close to Beijing's Taiwan policy establishment said that the Jiang administration had earmarked billions of yuan for investments in Taiwan should the three direct links be established.

As more Taiwan businessmen and workers become dependent on the mainland, Taipei's economic sovereignty—and ability to determine its own destiny—may be dealt a body blow. "Since multiparty elections began in Taiwan in the mid-1980s, this is the first time that economics has become a dominant issue," the source said. "Beijing is confident that the momentum is going its way because the mainland economy is thriving while that of Taiwan is deteriorating."

Diplomatic analysts say that Beijing has encountered more difficulties in efforts to woo the Taiwan public through assuming an open and flexible posture on the reunification issue. In the run-up to Taiwan's presidential elections in 1996 and 2000, Beijing hurt its own cause—and indirectly helped its foes, Lee and Chen—by issuing dire threats to the island's electorate. Witness the war games off the Taiwan coast

in 1996 and Premier Zhu Rongji's tough message in March 2000 that a vote for the DPP was the moral equivalent of a ballot for war. This time around, Beijing has exercised relative restraint and focused on waging some form of smile diplomacy. For example, both Jiang and Vice Premier Qian Qichen have emphasized that as long as Taipei recognizes the one China principle, anything—including the title, flag and anthem of the new, reunited China—is negotiable. Officers of the People's Liberation Army have also been told not to make provocative remarks about the "renegade province." There was, however, a major mishap last month, when the hardline Foreign Minister Tang Jiaxuan, almost repeated the errors of 1996 and 2000. At the Asia-Pacific Economic Cooperation (APEC) forum in Shanghai, Tang caused widespread indignation in Taiwan by refusing to let Taipei's representative, Economics Minister Lin Hsin-yi, reply to a reporter's question at a press conference.

### The Payoff Question

Tang also alienated a good chunk of Taiwan's voters by delivering an ad hominem attack on Chen in his speech at the United Nations General Assembly earlier this month. "I despise Chen Shui-bian because all he says are lies," Tang said. Chinese sources in Beijing said Tang received an indirect reprimand from Qian for his impolite—and totally undiplomatic—treatment of Lin in Shanghai. At a high-level internal meeting to reassess APEC, Qian told Tang it was essential to follow the policy of being tough when toughness is required—and being conciliatory when the situation so demands. And the part of Tang's UN speech that savaged Chen was not reported in the official Chinese media. The big question: Will Beijing's elaborate strategies pay off on December 1?

Taiwan analysts say much depends on whether the DPP can hold on to the loyalty of the 30 percent or so of the electorate that has always cast their ballots for pro-independence, native-Taiwanese candidates. Chen and his colleagues are facing a tough test because the majority of long-standing DPP supporters live in southern Taiwan, which is hardest hit by unemployment and other woes.

Chen's strategists, however, have claimed that economics will not triumph over politics—at least not in the case of proud native-Taiwanese residents who have over the decades valiantly battled alien powers ranging from the Japanese to the mainlanders. The chances of Chen and Lee retaining the backing of native-Taiwanese voters may rise if cadres such as Tang were to let their desire to gloat over the mainland's growing prowess get in the way of efforts to reassure Taiwan that it will not be swallowed up in the wake of the tricky business of reunification.

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## Issue 11, December 10, 2001

### Taiwan's December 2001 Election: The Winners And The Losers

By John F. Copper

On December 1, voters went to the polls in Taiwan to select a new legislature, county magistrates and five mayors. It was the first national election following the opposition Democratic Progressive Party's upset victory in March 2000, which put Chen Shui-bian in the presidency and ended more than half a century of Nationalist Party or Kuomintang (KMT) rule. It was in essence a referendum on the new administration: one that could either help President Chen end the gridlock that had plagued his tenure in office, or force him to compromise with the opposition and relinquish some of his powers in the process. The winners and the losers tell the story of what the election means.

According to all of Taiwan's large newspapers and other major media, the ruling Democratic Progressive Party (DPP) won, and won big. Before the election it held sixty-five seats; in the new legislature it will have eighty-seven. President Chen was thus a victor. Although he claimed that he was not a party

president and gave up his party jobs to be a "president of the people" earlier, he campaigned for the DPP and called on voters to favor that party so that he could govern effectively. Chen's charm and charisma, evident in his daily appearances on television throughout the campaign, helped immeasurably.

Commensurately, the Nationalist Party lost. Again almost everyone said so. The evidence was clear. The KMT had a majority going into voting day—110 seats in the 225 seat body (with eight vacancies). It had controlled the legislature since Taiwan was returned to China after World War II. Its numbers dropped to sixty-eight seats. KMT chairman Lien Chan was the biggest loser among Taiwan's leading political figures. Speculation abounds both that he will be replaced as head of the party and that he will not run for the presidency in 2004. Taipei Mayor Ma Ying-jeou looks more attractive now. The People's First Party (PFP)—having been formed just over a year ago, after the March presidential election—won. James Soong, running as an independent with no party, very nearly won the presidential election at the time. He started the party. And it was the biggest victor of all in this election, more than doubling its seats in the legislature (from twenty to forty-six) and proving that it is a party to reckon with.

James Soong himself was also a winner. The party was in many respects his. He campaigned and, like Chen, showed his prowess and voter appeal. Perhaps even more than Chen, being a member of a minority ethnic group. Soong will clearly have a bigger say in post election politics and has no doubt improved his chances for the next presidential contest.

The New Party (NP), a breakaway from the KMT founded in 1993, lost resoundingly. It did quite well in a couple past elections. But not in this one. Its legislative membership dropped from eight to one. Because the NP has had no big-gun national leader since it tried to become a "democratically run party" (which in large part explains its problems), the party itself may well fold. It is certainly unlikely to have any political influence in Taiwan for a while.

The Taiwan Solidarity Union (TSU)—founded by a friend of former President Lee Teng-hui just four months before the election—was a winner. Lee was

behind the creation of the party and campaigned hard for its candidates. For a neophyte party it did well in gaining thirteen seats. Yet it had boasted it would get thirty-five to forty-five. Lee, after all, had name recognition, political influence and control of campaign funds. Its win was thus qualified. Lee has proved that he has friends and supporters, and will probably remain influential in Taiwan politics for some time. But how big a factor he will be is uncertain.

Independent politicians lost. Taiwan usually had quite a few of them. There had been twenty in the previous legislature. Now there will be ten. Fewer independents may be a peculiarity of this election. The presence of more major parties took votes away from nonparty candidates. Yet this may be a permanent future of elections. It is difficult to say.

Observers divided the parties into two groups: the “green team” (DPP and TSU) and the “blue team” (KMT, PFP and NP). The greens represented President Chen and former President Lee Teng-hui (certainly after he was expelled from the KMT during the campaign). The blues were the opposition parties. The greens advocated Taiwan’s separation from China. The blues favored eventual reunification. The greens promoted Taiwan nationalism and were ethnic Taiwanese parties. The blues spoke of “greater China” and were multiethnic parties. The greens won, though this was due more to better leadership and the product of the strategies of the parties and the poor campaign conducted by the KMT than to a permanent shift in voter preferences.

Democracy, of course, belongs in the winner’s column. The election was fair. It was conducted in an orderly manner. It was probably one of Taiwan’s most honest elections. Taiwan, according to most scholars, is still in a process of consolidating democracy. The election’s results will make it easier for President Chen to govern and help end the political gridlock that has had a bad effect on Taiwan, including its economy.

Democracy, however, was also a casualty of sorts. The greens won in considerable measure by playing the “race card,” meaning they appealed to Taiwanese (Chinese who migrated to Taiwan years ago) to vote

for them because of their ethnicity while implying that Mainland Chinese (recent immigrants) were not one of them.

China baiting and appeals to Taiwanese nationalism were seen in the campaign more than has been usual. This may strain cross strait relations. However, it may also be argued that China must now accept President Chen rather than ignoring him as it has been doing (though China’s booming economy and Taiwan’s severe recession would say otherwise). The campaign was also full of negative advertising.

The election was thus a mixed bag. What remains to be seen in terms of its impact is whether and how President Chen puts together a coalition government. The greens did not win a majority and Chen will have to make special efforts to get majority support for his agenda.

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## **Cross-Straits Policy and the Results of Taiwan’s December 1 Election**

By Harvey Feldman

The results of the December 1 election for Taiwan’s parliament, the Legislative Yuan, undoubtedly shook Beijing almost as severely as it did that election’s major loser, the once proud Nationalist Party, the Kuomintang (KMT). Ever since Chen Shui-bian’s narrow victory in the March 2000 presidential election, the Chinese Communist leadership, in party as well as in government, have hoped that a presidency in the hands of the hated Democratic Progressive Party (DPP) was a passing anomaly, that before long the KMT would regain control of the political situation in Taiwan and that the December 1 election would confirm that view.

Their hopes must have seemed quite justified. After all, the KMT held 123 of 225 seats in the outgoing

legislature, and so blocked President Chen's initiatives. Even if they lost a few seats, doubtless they would remain the strongest party and so keep Chen and the DPP in check.

But as we say in Chinese, "Chi shr, bu ran"—that's not the way things worked out. The DPP together with the Taiwan Solidarity Union of former President Lee Teng-hui (the Taiwan politician the PRC hates more than any other) emerged from the election with 100 seats. The KMT contingent was just about halved. Together with its offshoot, the New Party, they will have just sixty-nine seats in the next parliament. The People's First Party increased its total from twenty-six to forty-six, mostly at the KMT's expense. There are nine independents, several of whom probably will join the DPP-TSU coalition. Add a few KMT defectors, and Chen is likely to have a slim but workable majority.

Chen began his presidency in May 2000 by holding an olive branch out to Beijing. He pledged that he would not declare Taiwan formally independent, would not change its name from the Republic of China to the Republic of Taiwan, would not even hold a plebiscite on the question of independence. He offered to meet Jiang Zemin anywhere, anytime, with any agenda—including the question of Taiwan's relationship to China. At one point he even offered to discuss "political integration."

Despite these gestures, the PRC refused to meet with Chen or any member of his government unless Taiwan is first prepared to state agreement with the proposition that "there is only one China in the world," and that Taiwan forms a part of it. Beijing has even refused to allow Chen's name to appear in the PRC press, apparently on the theory that if you limit references to such circumlocutions as "the Taiwan authorities" or "Taiwan Province leaders" (usually with "splittist" as a preceding adjective), Chen will more easily pass out of existence.

Official Chinese attitudes were based on their conviction that to deal with Chen, or his government, would give it prestige and add to its longevity. Refusing to do so, they believed, would convince the Taiwanese public that the DPP was incapable of dealing with the all-important Cross-Straits relationship.

Hence the insistence on the "one China" kowtow, and the refusal, for example, to allow Taiwan to send anyone to the October APEC leaders meeting in Shanghai.

In the meantime, PRC leaders met ostentatiously with KMT politicians, suggested that they open an information office in China, and through the newspapers they control in Hong Kong hinted broadly that Taipei's Mayor Ma Ying-jeou would be a worthy interlocutor—something Mao probably regarded as a direct blow to his local popularity. It would thus seem that, following the death of Zhou Enlai in the mid 1970s, subtlety passed out of fashion.

Given Chen's victory, will the PRC rethink its policy? Undoubtedly some in those think tanks associated with leadership groups will propose doing so. But this is a tough time for those who make decisions in Beijing. The 16th Party Congress will be held next October and its preparations are already under way. The "third generation" of leaders—Jiang Zemin, Chu Rongji, Qian Qichen, who up to now have been responsible for Taiwan policy—are supposed to head off into retirement, to be replaced by a "fourth generation" centered on Hu Jintao as the new general secretary of the Chinese Communist Party. But Hu, like so many previous leaders, will face the "successor's dilemma." He must build a power base of his own, but must do so in ways that do not upset his elders, and certainly must not brand their previous policies as mistaken. Probably it will be some while before Hu would be prepared to take any major initiative in any area of foreign or domestic policy.

So Beijing is unlikely to change its policies toward Taiwan, or toward Chen, in any dramatic way—though allowing his name to appear at last in the mainland press is certainly a possibility. And if this does happen, it will be portrayed as some incredible concession—the emperor deigning to take note of some obscure provincial official. But with Taiwanese entrepreneurs rushing to the mainland to set up factories that take advantage of China's low wages and the absence of environmental or health regulations, the PRC leadership believe economics and trade will fix Taiwan firmly in its orbit without the need to do much else.

If Beijing can afford to be relaxed on Cross-Straits questions, so can the Chen government. With nothing dramatic likely to happen for some while, this should be the moment to concentrate on broader relationships. Chen should try to use this latest example of Taiwan's emergence as a fully democratic state to build warmer relations with the Koizumi government in Japan, and with those states in Europe that just may value democracy more than trade statistics—the Czech Republic, Slovenia, Scandinavia and so on. Perhaps there may yet emerge in the United States a government that also does, one that understands that Washington's version of the "one China policy" took shape when there were two military dictatorships each claiming to be the sole legitimate government of all of China. Now there is only one, and it is not headquartered in Taipei.

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## Jiang Zemin: Challenged On Both Domestic And Foreign Fronts

By Willy Wo-Lap Lam

Jovial appearances and upbeat media reports to the contrary, President Jiang Zemin is hardly a happy man. And socioeconomic problems—particularly the adverse impact of accession to the World Trade Organization—are only the superficial reason for Jiang's disquiet.

This is despite the fact that in year-end meetings on economic policy and planning, the president did devote a lot of time to ensuring sociopolitical stability in the midst of drastic economic changes. "Development must be at the service of stability," Jiang said repeatedly in internal sessions with senior cadres. However, the root cause of Jiang's angst, Beijing sources say, is that he is having difficulty preserving his legacy. And for a 75-year Chinese Communist

Party (CCP) chief on the eve of retirement, his place in history has assumed overwhelming importance.

Jiang's frame of mind can be gauged by looking at the three-point agenda he has set for himself in the run-up to the 16th CCP Congress next October, which will witness the party's changing of the guard. These three objectives have been cited in Beijing's political circles as "conditions" that Jiang has laid down for stepping down from all his positions in 2002 and 2003. The president, however, has met with unexpectedly fierce resistance on all three counts.

First, Jiang wants his Theory of the Three Representations and other dictums to be enshrined in the party constitution next year. The CCP charter must also be revised to allow private businessmen to join the party. The Beijing sources said conservative cadres and party members opposed to recruiting businessmen had concentrated their firepower on one point: that according to Marx, private entrepreneurs are "exploiters" and thus unfit to become party members.

It is understood that Jiang has asked several top think tanks—including the Central Party School, the CCP's Policy Research Office and the Chinese Academy of Social Sciences—to come up with ways to show why, in this particular historical juncture, the "new classes" of businessmen and managers are not really exploiters. "Some theorists have suggested that, at least for workers in shareholding companies, there can hardly be exploitation because employees are entitled to dividends as well as bonuses," said an economist who works for a Beijing-based brains trust. "Other think tank experts have indicated that so long as private businessmen do not engage in illegal practices such as tax evasion or forcing workers to work overtime without pay, they can't be called exploiters."

Up to now, these rationalizations have not satisfied Jiang's critics. Jiang's frustrations are indirectly reflected in a People's Daily commentary in late November. It cited Jiang's latest instruction: "We must unify [cadres'] thoughts in the course of liberalizing our way of thinking." Translation: Jiang's teachings represent the new way of thinking—and they must be taken as gospel truth.

Jiang's second goal is personnel arrangement, or ensuring that protégés such as Head of the CCP Organization Department Zeng Qinghong, Vice Premier Wu Bangguo and Guangdong party chief Li Changchun will be inducted to top councils such as the Politburo Standing Committee (PSC) next year. Jiang wants his men in the PSC to ensure that his teachings and overall legacy will not be revised. For example, to boost the profile of the unpopular Zeng, Jiang has brought him along during his recent provincial tours. Yet because of his reputation as Jiang's hatchet man, Zeng is known in some quarters in Beijing as the "latter-day Kang Sheng," a reference to Mao Zedong's hated political executioner. A well-placed Western diplomat in Beijing said, however, that Jiang cannot have his way with everything. "It looks like Jiang will have to sue for compromise with the other factions," the diplomat said. "If he wants to score big in the area of theory such as revising the party charter, Jiang may have to accept that one or two of his protégés won't make the PSC."

Jiang's third goal is perhaps most difficult to accomplish: He wants the 16th Congress to pass a resolution saying that, even after his retirement, the PSC has to consult him on important policies. This is reminiscent of a similar resolution endorsed by the party Central Committee in 1987 in which the leadership headed by Zhao Ziyang agreed to defer to the retired Deng on major matters of state. A number of current and former PSC members, including Premier Zhu Rongji, chairman of the Chinese People's Political Consultative Conference Li Ruihuan, and former parliamentary chief Qiao Shi, have indicated their disapproval of what many regard as a retrogressive move.

Meanwhile, on the foreign policy front, Jiang's detractors have claimed that because the president is preoccupied with 16th Congress-related maneuvers, he has been unable to stand up for China's interests in the post-September 11 world.

It seems clear that in the course of the Afghan war, Beijing is more a passive onlooker than an active participant. This passivity also goes against Jiang's own theory of "Great Power Diplomacy"—that China should play a role on the world stage that is commensurate with its fast-growing economic and military

muscle.

Jiang's critics have ticked off the minuses for China in the wake of the largely successful military campaign of America and its allies. For example, both Pakistan, a close ally of China, and Moscow, which has a quasi-military alliance with Beijing, are in the first case tilting toward and in the second cozying up to America. Moreover, Washington seems certain to maintain quasi-permanent footholds in Afghanistan and a number of Central Asia states.

As proof of Jiang's failings, nationalistically minded Chinese scholars and cadres have cited the fact that countries with less economic clout than China such as Russia have been playing a much more active role in foreign affairs. It is understood that Jiang's answer to his critics was an old dictum: "He who strikes last has the last laugh."

Jiang's foreign policy advisers have claimed that Beijing still has cards up its sleeves—and that it won't be the loser in the Central Asia power game. They have indicated, for example, that, given Islamabad's reliance on Chinese help with military high technology, it is unlikely the administration of President Pervez Musharraf or his successor would dump Beijing for Washington. On Afghanistan, Beijing has pointed to its ability to work with the Russians—who have intimate ties with the Northern Alliance—to prevent U.S. domination of the new Afghan administration. In late November, the Foreign Ministry confirmed Beijing had been in close contact with representatives of the Northern Alliance. On Central Asia, including areas close to the oil-rich Caspian Sea, diplomatic scholars say that Beijing has set up special task forces to boost ties with the region through means including dramatically increased investments in the energy and other sectors. Jiang aides also exude confidence in reviving the influence of the Shanghai Cooperation Organization, whose six members—China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan—have vowed to tighten cooperation to fight terrorism and religious extremism.

Beijing's optimism, however, is belied by the fact that perhaps to deny ammunition to the anti-Jiang forces, the leadership has continued to ask the official

media to play down coverage of the Afghan war, including the military exploits of Washington and its allies. TV images of the deaths of Afghan citizens coupled with American successes in Central Asia could trigger another wave of anti-American sentiments—as well as more criticism of Beijing’s apparent failure to stand up to Washington in its own backyard. Instead, the state media and publishing houses are devoting substantial resources to embellishing Jiang’s achievements. Official papers, for instance, have reported that an actor resembling the president and party chief will star in the forthcoming movie Deng Xiaoping, billed as an “epic production” on the history of reform. A main theme of the film is how Jiang has inherited and developed Deng’s initiatives. Early next year, the first volume of the multi-tome Selected Works of Jiang Zemin will also hit the bookstores. The book will contain the speeches and pronouncements of Jiang since he was Vice Minister of Electronics in 1982. Ironically, the president’s vaunted Great Power Diplomacy—which has come in for so much criticism since September 11—is said to form a major core of Jiang Zemin Theory.

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## China Improves Its Air Force

By Richard D. Fisher, Jr.

Newspaper reports from December 3 noted that in one of its few acts of intimidation before the December 1 Taiwan elections, the People’s Liberation Army Airforce (PLAAF) sent its new Sukhoi Su-30MKK fighter jets out to the midline Taiwan Strait in early November. This move calls attention to the fact that China’s People’s Liberation Army (PLA) has been investing heavily in building a modern air force. Open reporting tends to confirm U.S. Department of Defense assessments that absent countervailing actions by Taiwan and the United States, by 2005 the PLA Air Force could begin to gain superiority on the Taiwan Strait.

It is important to watch the PLAAF as well as the PLA’s missile forces because in any future conflict, such as over Taiwan, it is the PLAAF that will do the heavy-lifting in terms of strike missions. Missiles have a greater shock value and their political impact is proportionate to the attention given in the media. But a war’s outcome will depend on the PLA’s ability to secure and exploit effective air superiority in the Taiwan theater of operations. A short-range ballistic missile may only carry a 1,000 pound warhead-once. But a strike fighter like the Russian Sukhoi Su-30MKK can carry about 17,000 pounds over scores of missions.

If the PLAAF were to achieve a level of superiority on the Taiwan Strait by 2005 it would be a great accomplishment for a service that has traditionally been secondary to the Army and politically suspect since the early 1970s. Up until the mid-1990s the PLAAF was more ridiculed by Western observers for its lack of modern doctrine, poor training and old equipment. But perhaps dating back to the late 1980s, PLAAF commanders realized that their service was backward and began to press for real reform and modernization. The twin shocks of Tiananmen in 1989 and then the resounding U.S. victory in the Gulf War in 1991 gave further impetus to the PLAAF’s cause.

But the most important driver has been the growing political goal identified by China’s leaders to build a modern PLA capable of playing a key role in forcing unification with Taiwan under Beijing’s terms. The PLAAF is now developing the doctrine, seeking to improve training and is now acquiring modern equipment at an impressive rate. There will always be skeptics who doubt the PLAAF can combine the “software” and the “hardware,” but at least an impressive effort is underway.

### Doctrine

For the last decade PLAAF doctrine has been shifting from a stress on defensive operations to a new emphasis on “active defense.” This term includes a range of operations that can be considered “offensive.” Chinese scholar of the PLA You Ji has further listed a range of new tactical operations that stress rapid mobilization, and pre-emptive attacks, and independent operations that all fall under a doctrine of

“active defense.” The current doctrinal challenge for the PLAAF is to devise tactics and operations that conform to a more recent PLA stress on joint-service operations. All of this points toward the development of a modern vision for the employment of air forces.

### **Training**

In the past PLAAF training was criticized for its lack of realism, an unwillingness to put aircraft at risk, and its stress on following ground control orders. While open source information is limited, it appears that with more advanced aircraft like the Su-27, the PLAAF is exercising harder and is trying to simulate more realistic combat scenarios. There also appears to be a greater emphasis on obtaining modern simulators, which are critical for training multirole fighter operations. The PLA may also be developing its own Air Combat Maneuvering Instrumentation system, which allows aerial operations to be recorded and analyzed on computer monitors.

### **Multirole Fighters**

Perhaps the most visible manifestation of the new stress on “active defense” is the PLAAF’s current expansion of its attack-capable multirole fighters. It now appears that most new PLAAF fighters will be multirole aircraft. According to recent reports, the total number of modern multirole fighters could reach between 300 and 400 aircraft by 2005. If realized, this would constitute a rapid transformation of PLAAF capabilities.

The most potent multirole fighter now entering PLAAF service is the Su-30MKK, a twin-seat dedicated attack variant of the Su-27. Recent Russian reports suggest that the PLAAF could acquire 100 of these fighters, perhaps by 2005. Comparable to the U.S. F-15E Strike Eagle, the Su-30MKK is the first PLAAF strike fighter capable of all-weather attack missions with modern precision-guided missiles. It is also a very effective air superiority fighter. With aerial refueling its combat radius can exceed 2,500 miles, which allows strikes against Okinawa, Guam and most of the South China Sea.

Recent reports suggest that China may build up to 500 of its long-awaited Chengdu J-10 fighter. After a

twenty-year development period, this F-16 size fighter will soon enter production. Having benefited from Israeli design advice and Russian components, the J-10 will likely also be a potent multi role fighter capable of aerial combat and ground-attack missions with precision-guided weapons.

The PLAAF’s urgency in acquiring multirole fighters is demonstrated by its continued acquisition of seemingly obsolete fighters like the Shenyang J-8II and the Xian JH-7. The J-8II is a very old design, yet the PLAAF could build or modify up to 100 with new Russian multimode radar that make this fighter attack capable. The JH-7 is an indigenous Chinese attack fighter that is far less capable than the Su-30MKK, yet China is also persisting with this program by acquiring more British Rolls Royce engines to make more fighters. Though obsolete airframes, the PLAAF understands that with advanced radar and attack munitions, these aircraft can make a valuable contribution to a campaign for Taiwan.

### **Modern Munitions**

It is also apparent that the PLAAF is following foreign trends and investing more in “smart” long-range munitions that allow the aircraft to avoid enemy air defenses. In the last year the PLAAF has unveiled a new supersonic ramjet-powered attack missile and a new land-attack variant of an older antiship missile. Both were featured on models of the JH-7 attack fighter. The PLAAF is also buying new Russian attack missiles like the Kh-31P anti-radar missile and the Kh-59 television-guided attack missile. At the recent August 2001 Moscow Airshow a new 285 km range antiship variant of the Kh-59 was revealed, with strong indications that the PLAAF is its primary customer.

### **Support Aircraft**

Dedicated radar, tanker and intelligence aircraft are essential for modern air combat, and the PLAAF is investing in all three. Its first capable airborne warning and control system (AWACS), the Russian A-50E, may be delivered in 2002. These will be able to direct both offensive and defensive operations over the Taiwan Strait. The PLAAF is converting old H-6 (Tu-16) bombers to aerial tankers and is reported to

have purchased more capable Russian Ilyushin Il-78M aerial tankers. The PLAAF is also acquiring a small number of dedicated electronic reconnaissance aircraft and may be developing new drone aircraft for photo reconnaissance.

### **Airborne Forces**

Recent reports from Taiwan suggest that the 15th Airborne Army may be substantially expanded to a force that exceeds 50,000 men. This plus recent reports that the PLAAF will acquire thirty to forty more large Il-76 transport aircraft, and many other reports of the development of new light armor vehicles, point the potential for a more capable PLA Airborne force in the future. The danger is that such a force could prove instrumental in either scaring Taiwan into submission, or, if used correctly, could deliver the final blow needed to force Taiwan's surrender. However, the airborne forces are not at this stage just yet.

### **Air Defenses**

Often overlooked, the PLAAF is also investing heavily in new radar and anti-aircraft weapons. The PLA understands that to support modern offensive operations, bases and critical logistic nodes require far greater protection. The PLA's radar and electronic warfare capabilities are already quite respectable. The last decade has seen the PLA buy new Russian anti-aircraft missiles and possibly seek Russian help in developing new families of Chinese anti-aircraft missiles. The PLA has also place a high priority on defending against U.S. cruise missiles and precision-guided weapons. PLA systems like the "Bodyguard" combine laser dazzlers plus smoke and chaff to confuse U.S. laser-guided bombs. The PLA is also investing in a number of radar technologies to defeat the U.S. advantage in stealth aircraft.

So by 2005 or thereafter the PLAAF will pose a much more formidable threat to Taiwan and to U.S. forces in Asia. When coordinated with massive missile strikes, the PLAAF could help destroy Taiwan's defenses in a large pre-emptive strike. And should American be able to afford only to station one aircraft carrier with the Japan-based 7th Fleet, it is possible that large PLAAF strikes could overwhelm a single carrier's defenses, if that is all the United States could

send to aid Taiwan. It is therefore correct for the U.S. Department of Defense to call for an increased U.S. military presence the Western Pacific in its September 2001 Quadrennial Review. Ongoing PLAAF modernization makes necessary appropriate U.S. measures to ensure the deterrence of conflict on the Taiwan Strait.

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## **ON THE SUBJECT OF MISINFORMATION**

*Ying Ma's Question & Duzhe Mei's Answer*

### **Question**

I think that Mei Duzhe's "How China's Government Is Attempting to Control Chinese Media in America" in your November 21 issue overestimates the influence of the Chinese government and underestimates the willingness of Chinese to be skeptical about the virtues of the American political system.

Mei attributes the poor quality of reporting in the Chinese media to the influence of the Chinese government. To be quite blunt, mediocre journalism in the Chinese media is due more to the lack of professionalism, a relative lack of resources, funds and technology compared to the major English networks and the relative few alternatives available to their audiences.

If you look closely, poor reporting surfaces in all subject areas, not just those areas that have to do with the Chinese government. So many claims that the Chinese media makes about daily life, about working conditions, about public personalities, about everything under the sun are uncorroborated. Chinese audiences often are aware of this but they nevertheless continue to rely on the Chinese media for sources of news because they don't have much of a choice.

Also, this poor quality of journalism existed well before the Chinese government decided to become more aggressive in influencing the Chinese media in the U.S. during the 1990s. When San Francisco's

award-winning Cantonese News Hour launched on KTSF in the 1980s, the two co-anchors were so terrible that they could rarely finish a single newscast without stuttering, mis-speaking and misquoting. The whole thing was such an embarrassment that the audience used to cringe at the broadcast every night. That news hour has improved dramatically over the years, but I should say that similar embarrassments still regularly occur in the Chinese media throughout the United States.

Despite the poor quality, Chinese media sources do respond to their audiences complaints and concerns. As more and more mainlanders (particularly those who haven't suffered the evils of Communism and who grew up during the era of Deng's reform) immigrate to study and work in the United States, they often react negatively to negative portrayals of China in the press and press for more frequent representations of views that are more pro-China. This is not necessarily instigated by the Chinese government, but by nationalistic Chinese who are proud of the changes that have occurred in China in the last two decades and want those changes to be recognized. The reporting at numerous Chinese media sources have to a large extent reflected this change in Chinese demographics.

Also, the antipathy that many in the Chinese-American community feel toward the United States come in no small part as a result of the endless squabbles that have occurred in the Sino-American relationship during the 1990s. Many Chinese have perceived the anti-China rhetoric in Washington and controversies such as the Wen Ho Lee debacle as manifestations of American racism and unwillingness to accept Chinese-Americans into the mainstream. In fact, those who harbor the strongest antipathies toward the U.S. government and are most skeptical about the virtues of the U.S. system are Chinese-Americans who no longer speak or read Chinese and do not rely on Chinese media sources as their primary source of news. The affluent Chinese members of the Committee of 100 immediately come to mind as an example. The gripes of these well-to-do Chinese who are considered by the community to have "made it" in America are not instigated by the Chinese government or the Chinese media, but shaped by their own experiences

and perceptions (real or imaginary) with mainstream American society.

I should also point out that Mei was inaccurate in saying that the Chinese community was apathetic or unsympathetic to the tragedy of September 11. In urban centers like San Francisco and New York, numerous poor immigrants who normally are extremely penny pinching shelled out donations (big and small) to charitable organizations for the victims of terrorism. It is true that many of them may have felt that the U.S. government brought this upon this nation through unilateral and aggressive foreign policies, but let me remind you that these views, however misguided, are found amongst plenty of mainstream Americans, including all those long-haired, maggot-infested, hippie-want-to-be kids participating in anti-war protests in Berkeley to respected intellectuals like Edward Said in New York.

I believe that the opinions of Chinese-Americans about our political system and Sino-American relations are indeed important. It is disturbing when the Chinese government attempts to influence or coopt Chinese in America. However, I think that we do ourselves a disservice by blaming the Chinese government for some grave problems that exist in our own society. For instance, why do the well-fed, well-educated Chinese-Americans who do not labor in sweatshops like their parents once did feel so much hostility to American society? Why do they continue to feel that this society refuses to accept them? Why are so many Chinese-Americans politically inactive or apathetic? How do we help hardworking and patriotic Chinese immigrants in the inner cities air their grievances and concerns when prominent Asian leaders fail to represent their own communities adequately? These are all questions that we should think about regardless of the Chinese government's involvement. In the end, how the burgeoning Chinese population in America will view its political institutions, values and principles will depend more on Americans than the Chinese.

—Ying Ma

**Answer:**

I would like to thank Ms. Ying Ma for sharing her insights and perception of the situation.

I find myself in agreement with Ms. Ma's conclusion that, "in the end, how the burgeoning Chinese population in America will view its political institutions, values and principles will depend more on Americans than the Chinese." Indeed, one major purpose of the article was to generate awareness of certain factors that shape news and information, and, in turn, perceptions in the Chinese-American community. By calling attention to these factors it is hoped that positive developments might follow... perhaps even by way of Americans playing a more active role in helping to educate this community, for example.

However, I think that at present several questions are unavoidable when discussing Chinese media in the United States: What effect does the strong hand of the PRC (in U.S. Chinese media) have, tangibly speaking? Is the situation now one of more than just merely poor reporting or broadcasting, which has always been the case? (and that was not the article's claim, of course) I think the answer to the latter is yes.

The article on the PRC's efforts to influence intends to trace a pattern of development without claiming what this means; in the end are offered some possible interpretations of why this is significant. It was hoped that several questions would arise from reading the piece: what does this pattern mean? What is the PRC trying to do? If the PRC is not in fact carrying out any political agenda, why on earth would it be so aggressive in buying up US media and so on? And finally, what might be the unforeseen long-term effects of this pattern? I do not expect uniform answers to these questions, but do hope that these issues will be weighed with all do seriousness.

—Duzhe Mei

## Issue 12, December 20, 2001

### Jiang Zemin: "Settling His Score With History"

Beijing cadres call it "settling one's score with history." This high-sounding term, however, refers to something much more mundane: ways by which a senior official ensures that his own interests—and those of his protégés—are best taken care of after his retirement.

Since mid-year, the Chinese Communist Party (CCP) leadership has started reshuffling most of the party secretaries, governors and mayors of China's thirty-one provinces and directly administered cities. The process will be completed by early next year, well before the pivotal 16th Party Congress scheduled for October. The rationale behind the changing of the guard is rejuvenation and promotion of better, cleaner governance. For almost two years, Beijing has, in the name of administrative reform, experimented with the so-called open recruitment of officials—that is, that they will be selected through public examinations and "objective assessment." This reform is restricted to mid-ranking cadres, but there is expectation that the appointment of senior regional officials will gradually be based on Western-style civil-service standards rather than factional intrigue. The recently announced personnel changes in Shanghai, the Shenzhen special economic zone (SEZ) and the central province of Hebei, however, show that the most important criteria are still the division of the spoils and jockeying for position among rival party cliques.

For President Jiang Zemin, the ultimate arbiter of Chinese politics since the mid-1990s, there is the additional urgency that his legacy will be protected only if his underlings are named to senior posts before he retires in the coming year or two. Moreover, given that his heir-apparent, Vice President Hu Jintao, comes from a different faction, veteran members of his (the Shanghai) faction are putting additional pressure on him to place them in top slots sooner rather than later.

The dramatic developments in Shanghai perhaps best testify to the skullduggery and back-stabbing that still characterize factional dynamics. The popular mayor of Shanghai, Xu Kuangdi, was replaced by his deputy, Executive Vice-Mayor Chen Liangyu, early this month. Xu was transferred to a "pre-retirement job" as party chief of the Academy of Engineering in

Beijing. No reason was given for the apparent demotion of the cadre so widely praised for the earth-shattering transformation of Shanghai since the mid-1990s. In a terse dispatch, the official Xinhua news agency merely said the Shanghai People's Congress had accepted Xu's resignation. Shanghai officials have told foreign investors that it is normal that Xu, having reached 64, should be "retreating from the front line." It is true, of course, that Beijing has in recent years been stricter with retirement ages. Heads of ministries, provinces and major cities, for example, must step down by 65. Until this sudden denouement, the expectation in Chinese political circles had been that Xu would be promoted in a year or so to Beijing as state councilor or even vice premier and Politburo member. Because the retirement age for these senior positions is 70, Xu could well hang on to his position until the 16th party congress next October or the plenary session of the National People's Congress (NPC) in March 2003.

Analysts in Beijing and Shanghai suspect that the real reason is rivalry between President Jiang Zemin and Premier Zhu Rongji—and between Xu and Shanghai Party Secretary Huang Ju. It was Zhu who brought Xu, a former professor with good links with foreign businessmen, into the Shanghai government in 1989. "Top leaders such as Jiang and Zhu are engaged in an elaborate horse-trading in connection with the changing of the guard at the 16th party congress," said a Chinese source in Beijing. "Zhu is pushing for the promotion of several protégés such as People's Bank of China Governor Dai Xianglong, State Councillors Wu Yi and Wang Zhongyu, as well as Deputy Finance Minister Lou Jiwei. Xu's 'early retirement' may be Jiang's way of telling Zhu that he can't win them all."

Xu's replacement, Chen, 55, is close to party chief Huang Ju, who is in turn a crony of President Jiang's. Chen, who had studied in England for one year, is also a good friend of the president's son, Jiang Mianheng, a prominent Shanghai-based IT entrepreneur. Analysts said Huang, 63, a humdrum bureaucrat much less well regarded than Xu, would likely be made a vice chairman of the NPC soon after the 16th party congress. And Huang will most likely retain his Politburo status.

Jiang has already maneuvered to appoint another trusted associate to the Number 1 slot in the East China metropolis. Frontrunners for the position of Shanghai party boss include Education Minister Chen Zhili and the Party Secretary of Jiangxi, Meng Jianzhu. Both Chen and Meng are former vice party secretaries of Shanghai who owe their good political fortunes to Jiang.

The elevation of Huang Liman—who, like Chen, is one of the most powerful women in China—to the position of Shenzhen party chief also represents a big victory for Jiang. The friendship of Jiang and Huang dates from the early 1980s, when they both worked in the Ministry of Electronic Industry (MEI). Largely due to Jiang's influence, Huang was "parachuted" into the prosperous SEZ in the early 1990s as secretary-general of the municipal government. According to a Shenzhen cadre, Jiang has made no secret of his patronage of Huang. "On a visit to Shenzhen, Jiang surprised local officials by telling them he would have some homemade dumplings in Huang's house," the cadre said. "While Huang is considered a mediocre apparatchik, she was promoted to vice party secretary of Guangdong Province in 1998." He added that given Shenzhen's position as the pacesetter of reform—and that there is a good possibility of its being upgraded to a directly administered city in 2003—the zone needed a stronger and more competent leader than Huang. During her tenure in Guangdong, Huang, in her mid-1950s, was most famous for the zeal with which she pushed ideological campaigns surrounding Jiang Zemin Theory.

By contrast, the appointment of Yu, 56, as Hubei party chief is less controversial. And despite the fact that, like Jiang and Huang Liman, Yu also served in the MEI, his promotion is not seen as a result of cronyism. Yu, who first made his mark in major cities in Shandong province such as Yantai and Qingdao, has been regarded as an innovative administrator by leaders ranging from the ousted party chief Zhao Ziyang to Jiang. Since moving to the Ministry of Construction in 1997, Yu has been credited with reform in housing as well as the building industry. The elevation of Yu, however, has confirmed the rise of the so-called Gang of Princelings—a reference to cadres who are descendants of party elders. Huang's father, Huang Qiwei, is a first-generation cadre who also

happened to be a lover of Madame Jiang Qing, wife of Chairman Mao Zedong.

Apart from Huang, a host of high-born officials is expected to climb up the bureaucratic ladder at the 16th congress. They include the Governor of Liaoning Province Bo Xilai, Governor of Fujian Province Xi Jinping, Chairman of the China Securities Regulatory Commission Zhou Xiaochuan and the Director of the Office for Restructuring the Economy Wang Qishan. Diplomatic analysts said that, apart from his own Shanghai Faction, Jiang wanted the Gang of Princelings to act as a counterweight to the rapidly expanding Communist Youth League (CYL) clique headed by Vice President Hu. In the past two years, Hu, set to succeed Jiang as party general secretary at the 16th congress, has placed more than a dozen CYL alumni in important central and regional posts.

Dispensing goodies to the princelings, moreover, is another way that Jiang is “settling his score with history.” A number of party elders, including Bo Yibo, father of Bo Xilai, were instrumental in helping Jiang consolidate his power through the 1990s. And the party veterans have been aggressively lobbying the president to promote their sons when he is still in power.

## Shanghai Shakes, China Stumbles

By Gordon G. Chang

It may not have been “the shot heard ‘round the world,” but it shook China nonetheless. Especially the modern metropolis of Shanghai. There were many unfinished tasks for the leader of China’s most populous city, but when Xu Kuangdi returned from his recent trip to France and Monaco, the mayor had only one thing left to do: clear out his desk. Earlier this month he had been unceremoniously relieved of his job. And while he toured the brighter spots of Europe, Party cadres at home undermined his position. The Financial Times reports that Xu had no warning of the move. His term as mayor was not supposed to end until next year. He always said that he wanted to

return to an academic life, but he was probably thinking of a more graceful departure from his short, but distinguished public career.

Official media say that Xu gave up one of the most important jobs in China at his own “request,” but we know that he had been feuding with Huang Ju, the uninspiring Shanghai Communist Party secretary and real boss of that metropolis. The mayor may have won acclaim in his city’s neighborhoods and around the world, but that recognition counts for little in the politics of a Communist country. As one person noted on a Shanghai website after Xu’s resignation, “in China, talent cannot beat conspiracy.”

Xu was sent down to Beijing, where he became the Communist Party secretary of the Chinese Academy of Engineering, an obscure organization. The internationally respected mayor will be closer to the heart of Chinese power now that he’s in the capital, but only if we think in geographic terms. In the world of Communist politics, this man has been banished to a political backwater.

The hasty departure of Xu could be the first shot in China’s political transition, which formally begins next year. Beginning in the fall at the Sixteenth Party Congress and continuing into spring 2003 at the National People’s Congress, almost all the top posts in the Party and the central government are supposed to change hands. In Party lingo, the Third Generation leadership is slated to make way for the Fourth. Hu Jintao, we are assured, will become the next general Party secretary (next year) and then the new president of the central government (in 2003). Jiang Zemin will gracefully give up these posts, according to the experts.

Optimists tell us that the upcoming transfer of power will go according to plan, but that assessment is just wishful thinking. Neither of the two prior transitions in the history of the People’s Republic followed the script, and there is no indication that this one will be any smoother. We know that the Communist Party is already split at the top over various issues. More important, Jiang Zemin is trying to cling to power. He can make mischief for his successor for years, a decade even, if his health holds out. “No communist country has solved the problem of succession,” said

Henry Kissinger in 1979. That is true today, more than two decades later. Today, leaders do not lose their lives when they lose political struggles. This, of course, is a sign of progress and maybe even of hope. Moreover, cadres have developed internal rules that are supposed to govern the Party's day-to-day mechanics. The cadres now talk about "inner Party democracy," but that's mostly hot air when it comes to transition at the apex. The transfer of top posts in China is still a matter of personality.

The truth is that few outside leadership circles in Beijing know what is happening in China's corridors of power. We will surely discover more about Xu Kuangdi's fate in the days and months ahead. We may even learn more about Hu Jintao, the man that Deng Xiaoping picked to lead China after Jiang's tenure ends. We will eagerly follow events as they unfold. News will be reported, analyzed, dissected. After all, China watchers have to watch China. But does it really matter what they will tell us as careers of cadres shine or burn out in the coming months?

No, it will not, at least in the first few years of the political transition. China's leaders attempt to run their country through consensus. In a period of transition, senior cadres will seek to consolidate their power. That means years will pass before Hu Jintao, or perhaps someone else, emerges with enough authority to truly lead. We will not see dramatic changes in policy for some time to come.

That's the nature of the Maoist system, which has changed remarkably little since the early days of the People's Republic. The Communist Party still dictates, and society is supposed to follow. China may look more up-to-date with its super highways, skyscrapers and technology parks. But the essential structures of the old era remain. "Put politics in command," commanded China's most famous master of politics, Mao Zedong. Today's leaders still do. It is the nature of their system.

Because the essence of Party rule remains more or less the same, we should not be surprised when careers seem to rise or fall overnight. Respected journalist Craig S. Smith of The New York Times reports that Xu Kuangdi's transfer "stunned Shanghai residents and foreign business executives." No doubt it

did. Foreigners have been banking on a more modern China as they pour billions of dollars into the People's Republic. Yet this generation of investors, like most of the previous ones, will be disappointed if they think that China's political system is as modern as the appearance of Shanghai. China's cities may look 21st century; its leaders, however, are still back in the 19th.

The members of the Politburo often talk about the rule of law, but in their country the word of the Communist Party is the law. China's top legislator, Li Peng, said so at the 2000 meeting of the National People's Congress. In a few words he wiped away the country's constitution and decades' worth of effort to institutionalize legal norms. In a country where law does not bind the Party, how can we believe that senior cadres will ever transfer power smoothly?

We may not have heard the last of Comrade Kuangdi. Jiang Zemin himself used the mayoralty of Shanghai to reach China's top job, and Premier Zhu Rongji also held that Shanghai post. At least in today's makeup of Party leaders, the so-called Shanghai Faction still leads. We may see greater things from Xu Kuangdi, 64, in the years ahead. But the truth remains that, for the moment, the former mayor is, in the words of one foreign observer, "missing in action."

In the meantime, a drab Party functionary, Chen Liangyu, has been appointed as Shanghai's acting mayor. Chen will undoubtedly do a competent job and not offend the even more drab Huang Ju, who is destined for a more prominent job in Beijing himself. Color both of these cadres colorless as they seek to blend in.

The recent troubles of Shanghai's Xu Kuangdi point out the predicament of all the Chinese people. If the well-liked mayor was not safe in today's China, the modern China, is anyone? No. But then again, they never were in the People's Republic. We should know that by now.

No one should have been surprised that Mayor Xu lost his job. As long as the system does not change, China will never fail to disappoint.

*Gordon G. Chang is the author of The Coming Collapse of China, published by Random House.*

## Jiang Zemin Faces Disobedience From Within The Party

By Wen Yu

In China, the center of the Communist Party uses broad policy pronouncements to set the priorities it asks officials at lower levels to support and follow, priorities usually summarized in drab and banal political slogans. A new slogan signals a change in the party's priorities—toward either a more conservative stance or a relatively liberal stance—and is often a result of inner party struggles.

A month ago, from November 2 to November 6, Jiang Zemin, communist party general secretary and president of China, was on an inspection tour of Hebei, a northern province in which the capital city of Beijing lies. During the tour, Jiang coined the concept “unifying thinking in the course of emancipating the mind” and admonished leading provincial officials to conform in word and deed. A commentary published on November 22 in the People's Daily, the Communist Party newspaper, strongly echoed Jiang's remarks, further indicating that the slogan had become the party's new priority.

“Unifying thinking” and “emancipating the mind” are themselves old slogans long used by China's top leaders to advance their personal political goals. What Jiang did was to combine the two into one and put the emphasis on “unifying thinking” rather than “emancipating the mind.”

During his 1948-1976 rule, Mao Zedong used “unifying thinking” as a key tool to ensure that officials at all levels toed the party line. As the Maoist personality cult of those years had established him as the only person in China having the right thinking, the slogan thus required strict compliance with his beliefs.

Shortly after Deng Xiaoping was reinstated as one of

China's top leaders following Mao's death in 1976, he realized that Mao's ideological straitjacket had to be shed before China could move toward reform and opening itself to the outside world. During his 1978 power struggle to remove Mao's designated successor Hua Guofeng, who was then advocating “two whatevers” (whatever decision Chairman Mao made, we will resolutely support; whatever instructions Chairman Mao made, we will steadfastly abide by”), Deng announced the slogan “emancipating the mind.” With it he called the nation to break with what had been proven wrong with Mao's policies and to explore new ways and means to promote China's modernization.

At the 15th Party Congress in September 1997, Jiang Zemin, as Deng Xiaoping's anointed successor, touted Deng's 1978 battle with Hua and his 1992 south China trip to reinvigorate the reform as two periods of “emancipating the mind.” Indicating that he would continue the process, Jiang even called for an “emancipation of the mind in the new period.” Recent political developments, however, have prompted Jiang to take a conservative stance by emphasizing “unifying thinking.”

From September 24 to September 26 of this year, the 6th plenum of the Communist Party was held in Beijing. One item on the agenda was to reach consensus on the candidates to be elected to form the Politburo, the party's command headquarters, at the 16th Party Congress next fall. Jiang, who is expected to retire as party general secretary at the coming congress, had hoped that his protégés would be nominated with majority support.

On September 25, the Central Committee members attending the plenum were divided into eight groups to discuss and nominate the candidates. Six groups consisted of regional officials, one of officials of the departments directly under the Center and one of senior officers of the People's Liberation Army. The Center had expected a total of twenty-five nominees. It got fifty-two. Clearly, it has become increasingly difficult to reach consensus at a Central Committee meeting. More frustrating to Jiang was that all his protégés finished poorly. Zeng Qinghong (director of the Center's Organization Department), Wu

Bangguo (a vice premier), Wu Guanzhen (party secretary of Shandong province), Huang Ju (party secretary of Shanghai), Jia Qinglin (party secretary of Beijing) and Li Changchun (party secretary of Guangdong province), all of them Jiang's men, had support from no more than two to three of the eight groups. Worse still, each of the six had the endorsement of only one regional group.

What happened illustrates the ramifications of decentralization. In the last two decades, one of the most important aspects of political change in China has been the decentralization of decision-making. As the market-oriented reform requires shifting economic decision-making to the lower levels, governing bodies at the provincial level have gained the power to initiate policies and adopt strategies that are significantly different from those announced by the Center. The Center's power to command or to punish the regions has been considerably weakened, as has been its ability to use ideology as a tool to improve policy coordination. Regional officials no longer have to exhibit conformity to central directives on all issues, nor are they required to demonstrate uniformity with the Center in outlook and behavior.

Shortly after the conclusion of the plenum, the all-powerful Standing Committee of the Politburo held an enlarged session and decided to dispatch special work teams to "conduct investigations" in different provinces. In fact, this is a rectification effort targeting the disobedient provincial leaders. By mid-October, the first batch of teams had already gone to the more unruly Jilin, Heilongjiang, Zhejiang, Sichuan, Guizhou, Shandong and Anhui provinces.

Because the Center still controls the appointment and removal of key provincial officials, Jiang could purge those considered troublemakers and replace them with more obedient officials before the 16th Party Congress convenes next fall. However, given that he lacks the absolute authority that Mao Zedong and Deng Xiaoping enjoyed, he might pay the price. In his attempt to bring the provinces in line, Jiang, in a Chinese phrase, has "mounted a tiger" and will find it hard to get off. The great uncertainty is whether he will tame the "tiger" or the "tiger" will hurt him.

*Wen Yu is the pen name for a former Chinese government official.*

## Antiterror War Is Geopolitical Disaster For China

By John Tkacik

The Asia Pacific Economic Cooperation (APEC) summit, held in Shanghai on October 20-21, was a glittering press spectacle with Shanghai's broad skyline a blazing neon rainbow and twenty Asia-Pacific leaders bedecked in silk brocade tunics. It was sweetness and light for economics and trade, but seen objectively, it capped six weeks of geopolitical disasters for China.

Indeed, in the short span between the September 11 terror attacks on the United States and the conclusion of the APEC summit on October 21, China saw at least six treaty allies join the American war effort without consulting Beijing. It saw Japan in a more active international military role than ever before. Traditional U.S. allies in the region rallied to America's cause, while Beijing's peremptory treatment of the Taiwan delegation to APEC stirred Taiwan independence sentiments on the Island just weeks ahead of key elections there. And China's limp support for U.S. strikes against the Taliban and al-Qaida convinced many in Washington that Beijing is not yet a "partner" in the war, much less a "strategic partner" in Asia.

Perhaps China's biggest setback has been that two major allies, Pakistan and Russia, jumped to aid the United States without prior consultation with Beijing.

Pakistan President Pervez Musharraf's immediate reaction to the September 11 attacks was to open up his country unconditionally to U.S. military operations against Afghanistan. Of course, Pakistan had no choice. Its Interservice Intelligence directorate (ISI) both funded and supported the Afghan Taliban and their al-Qaida clients, and the full force of American financial, military and geostrategic wrath was poised to lash through Pakistan as it slammed the Taliban.

Pakistan was compelled to prove its innocence swiftly and without reservation. Not only did Beijing lose any leverage it had on Islamabad, at the APEC summit President Bush wrung a commitment from Chinese President Jiang Zemin for further “consultations” on Pakistan—doubtless with a keen U.S. eye on Beijing’s continued illegal sales of advanced missile and nuclear technology to Islamabad.

Russia’s incentive was the opposite of Pakistan’s. President Vladimir Putin very ably seized the opportunity to align Russia with the Americans by opening Russian airspace to U.S. aircraft and offering the cooperation of its military forces in war-torn Tajikistan to aid U.S. soldiers setting up bases there. Russia also provided green light to its Central Asian allies to go ahead and provide air corridors and bases to the U.S. military. Putin clearly went ahead without consulting his Chinese counterpart Jiang Zemin, despite having signed the “Shanghai Convention on Combating Terrorism, Separatism and Extremism.” That treaty was signed last June, supposedly to promote a “rational international political and economic new order” (that is, one without a single hegemonic superpower) and to lock the Central Asian states and Russia into an antiterror alliance with China.

The post-September 11 antiterror war was the first test of Chinese leadership within the treaty’s framework, and China failed. Instead of waiting for Beijing’s signal, the Central Asians—all treaty allies of the Chinese—immediately approached Moscow for permission to offer their territory as bases for the U.S. military—right in China’s back yard. Putin himself (no doubt with moistened finger in the breeze) moved quickly to the American side. Putin chose wisely. At the Shanghai APEC talks, President Bush indicated a new willingness to bargain on the abrogation of the obsolete 1972 ABM Treaty, surely a goodwill gesture for Putin’s cooperation.

China’s only good news in Central Asia is the fact that Osama bin Laden’s al-Qaida terrorists and their Taliban protectors won’t be arming or training the ethnic-Muslim separatist movement that has plagued China’s Xinjiang region for the past decade. U.S. strikes against Afghanistan will see to that.

Still, that must be little comfort to Beijing as it

watches the rest of its carefully crafted “anti-hegemonist” geopolitical structure crumble—while the main “hegemon” so quickly emerges as the dominant player in Eurasia. For five years China struggled to enlist its Central Asian neighbors in an anti-terrorist alliance, only to be left on the margins of the antiterror war at its western frontier.

Another setback for China came as Japan’s Prime Minister Junichiro Koizumi offered military support for the mounting American overseas combat campaign. Koizumi is now moving toward a “reinterpretation” of Article Nine of Japan’s pacifist constitution, undoing years of Chinese hectoring of the Japanese on the dangers of remilitarization. South Korean President Kim Dae Jung also swiftly joined ranks “as a close ally of the United States,” and Philippine President Gloria Macapagal Arroyo did the same. Australian Prime Minister John Howard invoked the ANZUS defense treaty—for the first time in history—to offer Australian troops and assistance to the U.S. war effort. Ditto for Thailand and Singapore, and even Taiwan wanted to help. Clearly, America’s traditional allies in East Asia flew immediately to her side as war approached.

Some of China’s setbacks were brought on itself. In one memorable demonstration of autopodiatric target practice during the APEC meetings, China’s foreign minister, sitting as a session chairman, refused to recognize the Taiwan economic minister, telling him it was “unnecessary to waste time” on the subject of Taiwan’s representation. China’s pointedly rude and gratuitous refusal to permit Taiwan’s representative to attend the APEC leaders summit has so alienated Taiwan that support now grows for Taiwan’s pro-independence party in the Island’s December 1 legislative elections.

Finally, China’s unenthusiastic and heavily conditioned support for U.S. action against the Taliban, and its failure to offer substantive assistance to the war on international terror, soured senior U.S. policymakers. The subtext of the Bush-Jiang meetings at APEC were their public remarks which signaled deep splits between Washington and Beijing.

President Bush said he sought an (ahem) “candid and constructive” relationship with China, while President Jiang declined to endorse U.S. military action in Afghanistan and lectured that antiterrorist strikes must have “clearly defined targets,” “hit accurately,” and “avoid innocent casualties.” President Bush, in a pointed reference to Chinese repression in Xinjiang, warned “the war on terrorism must never be an excuse to persecute minorities.” When Jiang raised the Taiwan issue, Bush deigned only to mumble something about “one China” in a pre-departure Washington press conference, but not in his public remarks in China.

And no doubt the Bush administration was not amused by recent reports that that Chinese intelligence purchased dozens of unexploded U.S. Tomahawk missiles from bin Laden after the U.S. attacks in 1999.

Six months ago, China appeared ready to assume leadership of a league of loosely allied Eurasian states from Russia to Burma, from Pakistan into Central Asia. But the war on terrorism has forced the United States back into the middle of the Eurasian matrix, and the Americans look like they’ll be staying for some time. Since China can’t—or won’t—join in the war on terror, it must now content itself with remaining a second-rung power in the region. Surely, this must count as a geopolitical disaster for Beijing.

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China Brief is a bi-weekly journal of information and analysis covering Greater China in Eurasia.

China Brief is a publication of The Jamestown Foundation, a private non-profit organization based in Washington D.C. and is edited by Peter Wood.

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