

**PRESENTATION BY**

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**PEOPLE'S REPUBLIC OF CHINA**

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**THE ANTAENAEUM SOCIETY**

**HOPKINSVILLE, KENTUCKY**

## PEOPLE'S REPUBLIC OF CHINA

Government:	Communist state
Gross Domestic Product:	\$616 billion (in 1996)
Defense budget:	\$9.7 billion (in 1997)
Population:	1,221,621,000
Total active armed forces:	2,840,000 (1,275,000 conscripts)
Army:	2,090,000 (1,075,000 conscripts)
Navy:	280,000 (40,000 conscripts)
Air Force:	470,000 (160,000 conscripts)
Reserves:	1,200,000+
Paramilitary:	800,000

Source: The International Institute for Strategic Studies, *The Military Balance 1997/98* (London: Oxford University Press, 1997)

### The Country

The People's Republic of China (PRC) occupies about 3.7 million square miles; it is the largest country in Asia, slightly larger than the United States, and the third largest country in the world (after Russia and Canada). The terrain is mostly mountains, high plateaus and, in the west, deserts that slowly change to plains, deltas and hills in the east. The climate varies from tropical in the south to subarctic in the north, with typhoons and damaging floods occurring every year. The population numbers about 1.2 billion, with a growth rate estimated at 1.4 percent or, as has been said, "a new citizen born every two seconds." Official literacy rates are claimed to be 73 percent.<sup>1</sup> The capital is Beijing, formerly known as Peking.

### Historical Background

China is the second oldest world civilization (after Egypt), with records dating back 3,500 years.<sup>2</sup>

The country was unified under the Qin (Ch'in) dynasty (hence the name China) in 221 BC. The last dynasty was established in AD 1644 when nomadic Manchus overthrew the native Ming dynasty and established the Qing (Ch'ing) dynasty. During the 19th century, China suffered massive social strife, economic stagnation, explosive population growth and Western influence. This, coupled with defeat by Japan in 1895, shocked and humiliated the Chinese people. The period even now scars the Chinese psyche and is often characterized as the "century of humiliation."<sup>3</sup>



A revolutionary military uprising led by Sun Yat Sen on 10 October 1911 forced the abdication of the last Qing monarch. General Yuan Shikai was chosen as the first republican president; his death in 1916 left the nascent republican government all but shattered and ushered in the era of the “warlords.”

In the 1920s, Sun Yat Sen established a revolutionary base in south China and set out to reunify the country. With Soviet assistance he established the Kuomintang (KMT, the Chinese Nationalist People’s Party). When Sun died in 1925, his protégé, Chiang Kai-Shek, seized control of the KMT.

In 1934, the KMT’s opposition, the Chinese Communist Party (CCP), was forced from its mountain bases and embarked on the “Long March” across the desolate terrain to the northwest, where the group established guerrilla bases at Yan’an in Shaanxi Province. It was here that Mao Zedong envisioned the postrevolutionary Chinese society based on his interpretation of Marxism-Leninism that still survives today in some form.

The bitter struggle between the KMT and CCP continued through the Japanese occupation (1931-45) and resumed after World War II.

By 1949, the reinvigorated CCP and its People’s Liberation Army (PLA) defeated the KMT and occupied most of its territory; the KMT fled to Formosa (now Taiwan) and established a “provisional capital,” vowing to reconquer the mainland.

Mao Zedong proclaimed the People’s Republic of China (PRC) on 1 October 1949 and in the early 1950s, with Soviet assistance, undertook massive economic and social reconstruction.<sup>4</sup> The country’s new leaders gained popular support by curbing inflation, restoring the economy and rebuilding many war-damaged industrial plants.

In 1958, Mao broke with the Soviet model and announced a new economic program, the “Great Leap Forward,” aimed at rapidly raising industrial and agricultural production above impressive gains previously attained. Communes were formed, normal market mechanisms were disrupted, and China’s people exhausted themselves producing what turned out to be shoddy, unsalable goods. Within a year starvation appeared even in fertile agricultural areas. Party and government leadership blamed poor planning, weather and even Soviet economic sabotage.

In light of deep ideological differences, China requested in August 1960 that the Soviet Union withdraw all their personnel from China. Shortly thereafter Mao’s personal loathing of the Soviets became state policy and the PRC began openly disputing them in international forums.

In the next major postrevolution event, the “Great Proletarian Cultural Revolution” (1966-76), one faction of the CCP leadership sought to rally popular opposition (and the military) against another faction. This rift established a course of political, military and social anarchy which lasted the better part of a decade. Finally, in 1969, Premier Chou Enlai, the only official to remain in office throughout the Cultural Revolution, was able to begin salvaging China’s society.

After Party Vice Chairman and Defense Minister Lin Bao rebelled against Mao and was mysteriously killed, many officials criticized and dismissed during 1966-69 were reinstated. Among them was Deng Ziaoping, who reemerged in 1973 and was confirmed concurrently in the posts of Politburo Standing Committee member, People’s Liberation Army (PLA) chief of staff and vice premier in 1975.

As Premier Chou Enlai’s health deteriorated in the mid-1970s, Deng acted as his alter ego, to his future disadvantage. In 1975, Chou died and Mao installed Hua Guofeng as Premier and not Deng as

Chou had directed. Deng was blamed for the resulting demonstrations and disorder and was stripped of all official positions (although he retained his party membership).

Mao died in September 1976. One month later, Hua Guofeng and the PLA arrested Mao's widow, Jian Qing, and three close Cultural Revolutionary associates, the infamous "Gang of Four." Deng was reinstated to all previous posts in August 1977. Deng, Hua Guafeng and Ye Jianying dominated the party. Deng emerged as the patriarch.

After 1979, the Chinese Communist Party (CCP) encouraged artists, writers and journalists to adopt more critical approaches, although open attacks on party authority were not permitted. Finally, in late 1980, the Cultural Revolution was officially proclaimed a catastrophe.

Major shake-ups in the cabinet occurred in 1982 and 1985 as Deng introduced his protégés into power to perpetuate his policies. Also in 1985 there were renewed border clashes with Vietnam.

Student protests against the government began in April 1989 with the death of Hu Yaobang, former CCP General Secretary and a strong advocate of reforms. Tens of thousands of protesters marched on Tiananmen Square in Beijing to mourn his death and demand democratic reforms. CCP leaders could not agree upon a plan of action. After an embarrassing visit by Soviet leader Mikhail Gorbachev in May, Deng ordered the PLA to invade the square on 4 June. Thousands were reported killed and more were arrested.

As an result, the U.S. Congress passed sanctions and stopped military sales. The United States has since lifted many of the sanctions.

Deng Ziaoping gave up his official posts in 1990. Though Jiang Zemin succeeded him as CCP chief and president, Deng's prestige overshadowed that of his successor until Deng's death on 19 February 1997.

## **Politics and Government**

The People's Republic of China was established by Mao Zedong on 1 October 1949 as a Communist Party-run state.<sup>5</sup>

The Chinese Communist Party (CCP), started in 1921 by a handful of university intellectuals, currently has around 50 million members. CCP committees work to see that party and state policy guidance is followed and that nonparty members do not create autonomous organizations that could challenge party rule.

The highest decisionmaking body is the Politburo, which directs the Central Committee, the President of the Republic and the State Council.

The primary organs of power in the CCP include the seven-member Politburo Standing Committee; the full 20-member Politburo; the secretariat (the principal administrative mechanism of the CCP); the Military Commission; a central advisory commission; and a discipline inspection commission charged with rooting out corruption and malfeasance among party members.

Though CCP authority attempts to reach into almost every phase of Chinese life, China's population, geographical vastness and social diversity frustrate attempts to rule by fiat from Beijing. Party control is tightest in government offices and in urban economic, industrial and cultural settings, but looser in the rural areas, where 80 percent of the people live.<sup>6</sup>

As a Communist Party-led state, the government is always subordinate to the CCP; its main role is to implement the party's policies.<sup>7</sup>

Under the constitution adopted in December 1982 (the fourth since 1949), the unicameral National People's Congress (NPC) is theoretically the state's leading government body. But real authority lies in the Politburo, with the NPC usually ratifying party programs and the State Council actually directing the government. Although the NPC generally approves State Council policy and personnel recommendations, various NPC committees do hold active debate in closed sessions and changes may be made to accommodate alternate views.

Though the government has acknowledged in principle the importance of human rights, practices remain repressive, falling far short of internationally accepted norms. PRC security forces still harass dissidents both within the country and overseas.<sup>8</sup>

Communist China does not have a U.S.-style legal tradition; its judicial system is a complex amalgam of custom and statute with very rudimentary civil laws. Consider the Sino-U.S. conflict over intellectual piracy: In China it is commonplace for recordings, videos and computer software to be copied in spite of international copyright laws. Going to court is useless, and this affects current and potential foreign investment and economic reform. (Change could be in the wind. In early 1995 both countries signed an agreement to defuse a trade dispute. Beijing has begun to crack down on the making and distribution of pirated films and music.<sup>9</sup>

At the time of his death in February 1997, Deng Ziaoping held no official appointment. Still, he was regarded as the *de facto* head of state and government.<sup>10</sup> This produced great difficulty for the succession of the PRC political leadership.

There was no ready-made strong successor; many observers predict a power struggle. For now, 70-year old Jiang Zemin, CCP general secretary and president, is Deng's successor. Should a power struggle erupt, the two top leaders of the military land and maritime forces, Generals Zhang Wannian and Zhang Lian-Zhant, respectively, are among the key brokers.

## Economy

In 1949 the Chinese economy was suffering from severe dislocations caused by decades of war and inflation. In an attempt to reemphasize a traditional and long-favored policy of "self-reliance," the communist government began to invest in its agricultural sector, to restrict and diversify imports, and to widen foreign credit sources to avoid dependency on any one foreign country.<sup>11</sup>

Following the Soviet experience, Mao had created a centrally planned economy which emphasized defense needs and the rapid buildup of heavy industry. This emphasis on defense concerns forced the spending of 40-50 percent of the national investment resources under the "Third-Line" policy — Mao's apocalyptic vision, which required relocating hundreds of key industries in the 1960s and 1970s to remote canyons and caves in northwest and southwest China.

Planners ordered steel mills and nuclear assembly lines disassembled and transported over mountains to what Mao thought would be an impregnable "third line of defense" to sustain Chinese war efforts. (The first line was coastal defenses, the second was fallback positions on the central Chinese plain.) Construction took so long — 15 years in some cases — that China was left with an uneconomical and inefficient industrial architecture.<sup>12</sup>



Though the economy averaged a growth rate of almost six percent per year from 1957 to 1981, the Great Leap Forward (1958-60) plunged China into depression in the early 1960s, resulting in famine and the death of millions. The Cultural Revolution (1966-76) reintroduced ideology into economic planning, damaging educational and training systems and disrupting foreign trade.

In 1975 then-Premier Zhou Enlai outlined “four modernizations”: agriculture, industry, science and technology, and national defense.<sup>13</sup> Poor economic performance in 1978 forced planning for 1979-81 to focus on moderate short-term goals and to move from the sluggish, Soviet-style, centrally planned approach to a more productive and flexible economy. Resources were shifted away from heavy industry to light industry and agriculture, and economic development was fostered by improving energy production and transportation. The new approach also forced the delegation of more economic decisionmaking power to local governments and state enterprises.

Budget deficits and inflation in 1981 led to even more stringent austerity programs and the reintroduction of tighter central control over some aspects of economic planning, reversing the delegation of authority introduced in the late 1970s.<sup>14</sup>

Five-year plans for 1981-85 and 1986-90 reduced the overall role of central management in favor of a mixed “planned commodity” economy. Central planning was combined with market-oriented reforms in an attempt to increase productivity, living standards and technological quality.

During the 1980s these reforms led to average annual growth rates of 10 percent in agricultural and industrial output; rural per capita real income doubled; and China became self-sufficient in grain production.

But by the late 1980s the economy had become overheated with increasing rates of inflation, and the end of 1988 saw the reintroduction of severe austerity programs. And though during the 1980s exports averaged an annual growth rate of 13 percent, the official trade deficit had reached \$6.7 billion by the end of 1989.

The five-year plan for 1991-95 emphasized development of agriculture, basic industries, transportation and telecommunications, and appeared to be rejecting radical changes in the economic systems.<sup>15</sup>

The economy regained momentum and shifted its focus from austerity to the restructuring of state-owned enterprises and restriction of imports to stimulate economic recovery. Reforms were so successful that the GDP increased 16 percent to \$434 billion in 1992 (by comparison, the Russian Federation’s GNP was \$400 billion). China’s economy has continued to grow at about 12 percent annually, in 1996 the GDP was \$616 billion. The PRC unseated the United States as the leading buyer of gold in 1994.

## **Military Capabilities**

In the post-Cold War era, threats to China’s economic vitality are considered to be of greater concern than military invasions. Nevertheless, China has underway a fundamental restructuring and modernization of the People’s Liberation Army (PLA) with a strong emphasis on training, organization and a new combined arms doctrine aimed at professionalizing and modernizing the Chinese military. By some estimates China’s armed forces are 20 years behind other major world military forces.<sup>16</sup>

All armed forces are integrated into the PLA. The party controls the PLA through the Military Committee of the CCP Central Committee, while the government tries to exercise control through the

Central Military Committee of the National People's Congress. The Central Military Committee of the NPC was introduced by Deng in the 1980s to replace the CCP Central Committee, but has yet to do so.<sup>17</sup>

In 1985, Deng declared the threat of major war extinct and directed the Central Military Committee to develop a strategy to create a more modern, better equipped force "designed for a broader array of contingencies than simply the threat of invasion by the Soviet Union or its successor states" (i.e., regional wars or low-intensity conflicts).<sup>18</sup>

The military has fundamentally changed its doctrine from a Maoist "defense against a land war . . . to the prosecution of local wars." In the past, China had an official defense strategy of "people's war," luring the invading army deep into the interior of the country and then destroying it. In actuality, in place was a frontier defense policy that has formed the basis of the conventional strategy and doctrine for the past 40 years.<sup>19</sup>

The PLA has moved to acquire advanced air and sea capabilities to extend military power beyond China's shores. Major military exercises have prompted concern among China's neighbors because of the advanced weaponry and sophisticated command and control systems involved. Taiwan in particular has felt the pressure of PLA exercises held on off-shore islands only 130 miles away and missile test-firings in adjacent waters.

These exercises have been characterized as the "most expansive . . . conducted in 40-50 years." In fact, there have been more than a dozen PLA exercises since January 1994, including amphibious assault exercises in the Paracel Islands, ground exercises in the vicinity of Hong Kong, naval exercises with destroyers, guided missile patrol boats and submarines, and airborne exercises.<sup>20</sup> Similar exercises continued in 1996 and are likely to take place in the future.

Colonel Xu Xiaojun, of the Department of Strategy at the PLA Academy of Military Science, declared "Our armed forces have no offensive character. . . . What China is doing is in most cases perfectly natural and even its territorial and military aspirations are reasonable."<sup>21</sup> Some China observers agree with this assessment.

Parallel with the change in strategy and doctrine, there have been equally significant changes in the political-military relationship of the PLA with the PRC national government and CCP.<sup>22</sup> The role of the military in civilian affairs has increased since the late 1960s and there has been especially increased politicization since the Tiananmen Square crisis in 1989.

Civil control of the military, familiar to the West, is absent in China. As was the case in the former Soviet Union, there is an interlocking of the party and the army. "The PLA is not a national Army. It is a party Army and the ultimate guarantor of Communist Party rule in China." During the Cultural Revolution the "PLA was forced to rescue the party from itself," and military support was essential to the arrest of the "Gang of Four." At Tiananmen in 1989, it saved the party "from dismemberment by the Chinese people."<sup>23</sup>

Because senior military leaders showed extraordinary reluctance to follow orders to suppress the Tiananmen Square demonstrations, a key element of Deng's reforms was to reform civil-military affairs by restoring central control, retiring senior officers, decreasing the number of military regions (to decrease the number of generals), reshuffling regional commanders, and trimming military representation on the Politburo and Central Committee. His goal of increasing centralization would decrease the influence of upper-level leaders over lower-level appointments and make the party apparatus a less vital and effective instrument for political control.



Deng secured his goal with a purge in the fall of 1992 when he relieved then-President Yang Shangkun and his half-brother (PLA General Yang Baibing) and removed those generals (more than half of the 300 in the PLA) with “misguided” loyalties to prevent an increase in their power base in the PLA. Another purge in 1993 was a final bid to ensure Deng’s legacy of a “modernized armed forces capable of advancing China’s interests.”<sup>24</sup>

Official PRC defense budget figures are deceptive because income and costs are spread out among various ministries. For example, frigates and warships are controlled by the Ministry of Transportation; research and development and personnel costs are not counted against the defense budget; and the state also provides unaccounted subsidies. Estimates of actual Chinese military spending over the recent past vary from a 116 percent increase in the past decade to a 300 percent increase since 1988. The official defense budget, though it vastly understates actual spending, increased 98 percent — to \$7.5 billion — between 1988 and 1993. Recent figures estimate 1997 defense spending at \$9.7 billion.<sup>25</sup> The most recent estimate of actual expenditures (1995) is \$32 billion.

It is probably accurate to conclude that “China is the fastest growing economy in the world, with what may be the fastest growing military budget.”<sup>26</sup>

The PLA seeks the establishment of a professional military force equipped with modern weapons and doctrine to provide internal strength through ground forces and external influence through power projection. “Modernization is a prerequisite to gaining the power necessary to fulfill the mandate [to regain pride and honor lost in the ‘century of humiliation’].”<sup>27</sup>

Seeking to acquire the capabilities to meet the challenges of local and regional wars, the PLA’s focus is on high-technology weaponry. As a result they have gone on an acquisition spree around the world to gain advanced-technology weapons and systems, particularly from Russia.

The PLA, with nearly three million personnel, is viewed as bloated, unwieldy and ill-equipped for modern warfare. For years, the PLA had the dubious distinction of having both nuclear weapons and horse cavalry! In line with their modernization plans, they are seeking to construct smaller, more capable rapid deployment forces to both ensure domestic order and maintain rapid-reaction, power projection warfare capabilities.

Currently PLA modernization causes concern but not alarm. The modernization is understandable, but China’s acquisition of power projection capabilities is worrisome to neighbors, who are in turn hesitant to characterize the PLA as a threat for fear of alienating the PRC. Even then-U.S. Secretary of Defense William Perry declared, in 1994, that “China’s military program does not pose a threat.”<sup>28</sup> Nonetheless, “all Southeast Asian countries see China as a potential threat.” There are concerns that a PLA buildup could encourage Japan and add to Pacific instability.<sup>29</sup>

Though the much-vaunted modernization is sporadic and disorganized, it is important to recognize that China is likely to emerge as a formidable regional — if not global — power in the next two to three decades.

## **Landpower**

PLA ground forces are a force of about 2.1 million personnel organized into about 90 infantry divisions. Major equipment includes around 8,500 main battle tanks and 5,500 other armored vehicles, 14,500 towed artillery pieces and various other artillery and air defense systems.<sup>30</sup>

In 1986-87 the PLA formed 24 integrated group armies to replace the 36 old-style infantry field armies of two to three divisions each. These new organizations are to be "suited to the requirements of battle under field conditions" (i.e., modern-style maneuver warfare). The actual composition of each army varies for each Military Region.<sup>31</sup>

Included in army forces are 125,000 personnel in the strategic missile forces. Organized around six bases, the force mans the 17-plus intercontinental ballistic missiles and 46-plus intermediate range ballistic missiles.<sup>32</sup>

A recent innovation is the creation of Rapid Reaction Units (RRU). They will be developed for low-intensity conflicts and domestic contingencies.

## **Maritime Capabilities**

"China's interest in maritime operations in distant seas stretches back to the 15th Century when the eunuch Admiral Cheng Ho led the fleet of the Ming dynasty as far west as Madagascar." In modern times, however, it has not yet emerged from the role of coastal defense.<sup>33</sup>

With 3,000 miles of coastline and territorial sea claimed out to 12 nautical miles, the PLA navy (PLAN) claims a need to patrol 320,000 square miles of water (most in the South China Sea). Since the U.S. Navy is no longer at forward bases in the Philippines and the post-Soviet naval presence has decreased to a mere shell, PLAN is filling a perceived vacuum.

Currently, PLAN consists of 280,000 personnel, 61 submarines, 54 principal surface vessels and 535 shore-based aircraft. PLAN does not now have the infrastructure for an aircraft carrier.<sup>34</sup>

Currently, PLAN's capabilities are less than those of the Japanese navy; its main weakness is a lack of airpower to provide cover for surface vessels. It employed helicopters 30 years after the West, and until the 1970s its 30,000 naval aviators were exclusively land-based.<sup>35</sup>

"The Chinese Navy is not now equipped to project naval power to other areas of Southeast Asia" or to engage in modern naval warfare.<sup>36</sup>

## **Airpower**

Chinese aircraft tend to mirror those of Russian origin, but with less sophisticated flight systems and engines. They are based on 1950s technology and lack effective command and control. Further, the PLA air force is far too large and disorganized to be effectively managed. Currently, it consists of 470,000 personnel, 3,740 combat aircraft (dominated by MiG-19s and MiG-21s, about three to four generations behind state-of-the-art technology), and a variety of surface-to-air missiles (SAMs) and air defense artillery.<sup>37</sup>

The PLA air force is capable of flying only in good weather and in daylight, but has enough Russian-built fighters to knock out Taiwan's air defenses.

The PLA air force has modernization plans aimed at converting the current obsolete force to a modern warfighting organization. It has planned procurement of 48 Su-27 aircraft and licensed production of 200 MiG-31 Foxhounds. Significantly, it has bought three air-to-air refueling aircraft, a major capability improvement for power projection. "Neighboring countries' intelligence services doubt that China will be able to exercise a full refueling capability before the end of the decade."<sup>38</sup>

The PLA air force has acquired aviation technology in unusual ways. In January 1993, Iran transferred to China several Iraqi aircraft impounded when some pilots fled during Desert Storm.

## **Weapons of Mass Destruction**

The PRC officially denies any chemical warfare capability, but actually possesses both chemical agents and delivery systems.<sup>39</sup>

Since its first nuclear test in October 1964, the PRC has fielded a potent but small nuclear force of 66 ICBMs and eight ballistic missile submarines.<sup>40</sup> China prides itself on being the first state to pledge “no first use.” The PRC acceded to the Non-Proliferation Treaty (NPT) in March 1992 and has claimed adherence to international biological and chemical weapons treaties since 1984.

China has embarked on an ambitious program for modernizing the ICBM force, moving in the direction of mobile, solid-propellant rockets to reduce preparation time to less than 36 hours. Nuclear testing has also continued.

A final note on the PRC’s nuclear capability: “China is now the only country in the world that targets the United States with nuclear weapons.”<sup>41</sup>

## **International Affairs**

Over the past 45 years, China has fought border wars with Russia, India, Vietnam and North Korea. To avoid becoming distracted from economic development (and to head off an unaffordable arms race), the PRC has signed peaceful cooperation accords with all its former adversaries.<sup>42</sup>

Presently 135 other countries maintain diplomatic relations with the PRC, while 29 consider Taipei the proper seat of China’s government.

China is now a creditor to the Russian Federation and, in light of this relationship, “no longer focuses its foreign policy on counterbalancing the [former] Soviet threat. China’s greatest fear is a unipolar world of American hegemony.” China ultimately wants military power for coercive diplomacy.<sup>43</sup>

China has an ongoing dispute over the issue of the Spratly Islands, a poorly delineated collection of uninhabited, largely barren islets, rocks and coral reefs. The Spratlys are strategically important because they sit astride major sea lanes of communication between East Asia, Europe and the Middle East. The 1951 Treaty of San Francisco took the Spratlys from Japan but gave no other sovereignty. In February 1994, the PRC asserted sovereignty, conflicting with five other claimants: Vietnam, Taiwan, Malaysia, the Philippines and Brunei. The PRC and Vietnam clashed militarily in the Spratlys in 1973 and again in 1988.<sup>44</sup>

The PRC also has ongoing disputes with Vietnam over boundaries in the Gulf of Tonkin; with the Japanese over the Senkaku-shoto Islands; and with Vietnam and Taiwan over the Paracel Islands, where the PRC built up an airstrip for SU-27 aircraft and ports for frigates. There is also a border dispute with Tajikistan.

U.S.-China relations have been normalized since 1979. However, issues of technology transfer, weapons proliferation, human rights abuses, and intellectual property rights violations are serious problems which degrade U.S. engagement with China.



## **Industries/Arms Sales**

Another aspect of the modernization of China concerns its arms industry. The decade-long transformation of China's defense industry was begun by Deng in 1984; he established NORINCO (China North Industries Corporation) to sell arms to the Third World to obtain capital to support PLA modernization.

In the 1980s, the PRC emerged as the leading arms supplier to Third World countries; they regularly show at international arms expositions.

Examples of arms sales include fast attack missile boats to Iran, Pakistan, Bangladesh and Egypt; ballistic missiles to Syria and Iran; and T-69 main battle tanks to Thailand. The United States estimates annual arms sales of \$3-4 billion.

"Chinese defense trading companies are the most serious proliferators of weapons of mass destruction in the world." The Defense Intelligence Agency has identified 23 PRC government-owned and -controlled firms selling weapons and technology. Though the PRC has indicated adherence to the international Military Technology Control Regime, China is not a member.<sup>45</sup>

The PLA has other revenue sources. PLA industries manufacture over 2,500 civilian products, including agricultural goods. There are even military investments in hotels and travel agencies. In fact, civil production accounts for more than 65 percent of defense industry output. In Shenzhen, the economic zone, more than 500 PLA businesses produce 10 percent of the zone's output.<sup>46</sup>

## **The Future**

China's economic reforms and military modernization effort make it a significant player in the Pacific region in the near term, and a potential global power in the long term. Continuing politico-military engagement is essential to properly gauge the nature and scope of future U.S. relations. Trade imbalances, copyright infringements and adherence to international norms of human rights remain as ongoing issues which impact U.S.-PRC relations. These issues, and particularly issues of arms transfers to rogue regimes in other countries, will continue to be obstacles to fuller useful and mutually beneficial relations.

China watchers will be gauging China's possible actions regarding Taiwan. In light of the PRC's oft-stated goal of reunification of Taiwan with the mainland, PRC military exercises on Dongshan Island (just over 100 miles from Taiwan) are of concern. Outcomes of the transfer of Hong Kong to PRC rule in June 1997 will be watched closely as the nature of that rule emerges over time.

PRC transfer of weapons and military technology to other countries will be subject to ever-closer scrutiny as ways are sought to reduce or eliminate those made to rogue states. Complementing this situation are PRC efforts "to obtain information through limited purchases of foreign equipment and subsequently apply the technology to their own manufacturing."<sup>47</sup> The long-term consequences of this two-edged approach to military power for both Pacific and global security will be of continuing concern to policymakers responsible for U.S. military defense strategy, structure and distribution of limited resources.

The passing of China's patriarch, Deng Ziaoping (in February 1997) has, for the moment, answered the question regarding his successor. The incumbent president, Jiang Zemin, has inherited the role of China's leader but does not enjoy the reverence bestowed on Deng. Issues of Communist

Party, PLA and governmental control, economic and politic reforms, and China's international conduct will continue to be studied against the background of Jiang Zemin's longevity.

Sino-American relationships hinge on the state of human rights in China, the behavior of China toward Taiwan, mutual concerns of meddling in one another's internal political affairs, the realities of China as a lucrative market for U.S. business, and the activities of China in foreign arms sales, particularly those associated with weapons of mass destruction. U.S. engagement with China at any point in time is that of a competitor or a threat, depending on the state of play of any one or a combination of the "hinge" factors. For the foreseeable future, moral and strategic considerations will continue to be at odds as U.S. policies of engagement are effected by the current administration. The recent U.S.-PRC presidential summit illuminated the many differences between the two countries while holding out hope for global security as the PRC renounced further sales or transfer of sensitive nuclear equipment and technology.

Finally, as pointed out in a compendium of recent Chinese military literature, China's "strategic thinking has advanced beyond the fundamental concepts of Sun Tzu and Chairman Mao."<sup>48</sup> In fact, the PLA are quite familiar with the U.S. military's ongoing revolution in military affairs and are taking measures to counter its longer-term effects.



## Chronological Overview

- 1949 Mao Zedong proclaims the People's Republic of China
- 1958 Mao breaks with the Soviets, begins the "Great Leap Forward."
- 1960 The Great Leap Forward ends after plunging the economy into depression and causing famine and the deaths of millions.
- 1964 PRC's first nuclear weapon test takes place.
- 1966 The "Cultural Revolution" begins.  
Deng Ziaoping is dismissed from official positions for the first time.
- 1975 Deng Ziaoping is confirmed as Politburo Standing Committee member, PLA chief of staff and vice premier (concurrently).  
Chou Enlai outlines "Four Modernizations" to elevate the PRC to a "front rank" economic power by the year 2000.
- 1976 Deng is blamed for popular dissent after death of Chou Enlai and is stripped of all official positions for a second time.  
Mao dies.  
The "Gang of Four" are arrested.
- 1977 Deng is reinstated.
- 1980 Cultural Revolution is officially declared a failure.
- 1982 The fourth constitution since the founding of the PRC is adopted.
- 1989 Tiananmen Square demonstration is suppressed by the military.
- 1992 Deng renews push for market-oriented economic reform and receives official sanction at 14th Party Congress.  
Deng conducts first purge of military, dismissing two brothers who established a power base within the PLA.
- 1993 Deng conducts second purge of military.
- 1994 PLA conducts 14 large exercises testing new weapon systems, strategy and sophisticated command and control, alarming some of its neighbors.
- 1995 The United States and PRC sign agreement on intellectual property rights.
- 1996 China conducts missile exercises in Taiwan Straits; United States deploys naval forces to region.  
China conducts nuclear test (May).  
China is signatory to Comprehensive Nuclear Test Ban Treaty (September).  
Yao Wen yuan, one of the Gang of Four purged in 1976, is released from prison.
- 1997 Deng Ziaoping dies on 19 February. Russia and China sign declaration of bilateral cooperation and friendship.  
Hong Kong reverts to Chinese control (June).  
President Clinton and President Jiang Zemin hold summit in Washington, DC.  
China's leading dissident, Wei Jingsheng, is released from prison and exiled to United States.  
China ratifies Chemical Weapons Convention.

## ENDNOTES

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