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**THE EFFECT OF LEADERSHIP CHANGES IN TAIPEI AND
BEIJING ON THE CROSS STRAITS RELATIONSHIP**

by

Joseph R. Donovan Jr.

September 1993

Thesis Advisor:

Claude A. Buss

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**The Effect of Leadership Changes in Taipei and Beijing on
the Cross Straits Relationship (U)**

by

Joseph R. Donovan Jr.
U.S. Department of State
B.S.F.S Georgetown University 1973

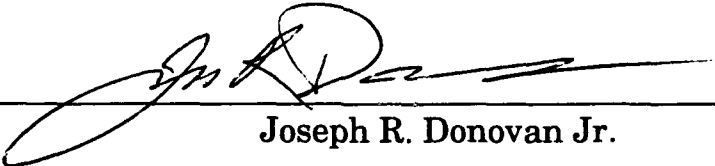
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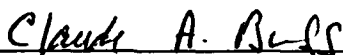
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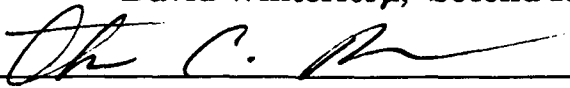
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ABSTRACT

It is unlikely that the fast growing relationship between Taiwan and the China mainland will lead to political re-unification. The operational codes of new leaders in Taipei and Beijing will be shaped by the distinct forces at work on both sides of the straits and by the dynamic of the contacts themselves. Taiwan leaders will be selected by an increasingly pluralistic system but one which remains biased heavily in favor of the ruling KMT. A new generation of Taiwanese KMT leaders will pursue policies that contribute first to the island's security and prosperity and only secondly benefit any notion of a greater China. Power in Beijing is shifting to a generation that is the product of the Chinese Communist system. Beijing leadership contenders' pressing need to: consolidate factional networks in the absence of an institutionalized succession process; strengthen the legitimacy of the Communist Party; and re-integrate Hong Kong into China suggest that they may place low priority on re-unification with Taiwan.

Despite the absence of a compelling interest in political re-unification, the increasing scope and complexity of cross straits ties constitutes a dynamic that will stimulate greater cooperation between Taiwan and the mainland. This combination of the powerful forces expanding cross straits ties and the absence of incentives for new leaders to pursue overall political integration may lead to the evolution of an entity that is less than a modern nation-state but more than a trading bloc.

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My early research was influenced by an article written by Dr. David Bachman, in Asian Survey (November 1992) entitled "The Limits on Leadership in China." This excellent analysis stimulated my interest in leadership change on the China mainland. Prior to completion of this thesis, I discovered that I had independently reached many of the same conclusions contained in Dr. Andrew J. Nathan's China's Crisis: Dilemmas of Reform and Prospects for Democracy. This thesis has benefited from Dr. Nathan's detailed justification of these conclusions.

Finally, I am deeply grateful to my wife and two young sons who have tolerated my long absences from home and suffered my preoccupation with Chinese politics. Without their understanding and support, this thesis would not have been written.

EXECUTIVE SUMMARY

It is unlikely that the fast growing relationship between Taiwan and the China mainland will lead to political unification. However, short of a declaration of Taiwan independence or the collapse of central authority in Beijing, both improbable, cross straits interaction will expand and propel both sides to increase bilateral cooperation.

Decisions taken by leaders in the post-Lee Teng-hui and post-Deng Xiaoping eras will determine the extent and direction of cross straits interaction. The parameters for leadership decisions will be set by the operational codes of leaders in Taipei and Beijing. These operational codes will be shaped by their common traditions and by the separate political, economic and social changes occurring on both sides of the straits. A third factor shaping these operational codes will be the dynamic of the contacts themselves.

The next generation of leaders in the Republic of China (ROC) will be selected by an increasingly pluralistic system but one which remains biased heavily in favor of the ruling Nationalist Party (KMT). The KMT has perpetuated its rule in Taiwan by admitting native Taiwanese into leadership positions, co-opting moderate opposition policies, and relaxing political controls. These steps have shifted the underlying rationale for KMT rule away from the premise that the ROC will someday re-capture the China mainland. The KMT's new legitimacy rests on its ability to provide effective government that reflects the aspirations of the residents of Taiwan. This new generation of Taiwanese KMT leaders will be Taiwan-centered. They will pursue policies that contribute first to the island's security and prosperity and only secondly benefit any notion of a greater China. Whereas their Mainlander predecessors were Chinese first and residents of Taiwan second, these new leaders will be Taiwanese first and Chinese second.

The development of law and political institutions in Taiwan, represented by the emergence of a free press and political opposition, precludes any meaningful re-unification talks between the KMT and the CCP. In an increasingly pluralistic Taiwan, any negotiations aimed at re-unification with the PRC must command the overwhelming support of the Taiwan populace. Strong popular support for re-unification in a prosperous and pluralistic Taiwan is doubtful.

Reflecting popular sentiment, new ROC leaders will be less inclined to undertake potentially risky steps toward political re-unification and equally unwilling to proclaim Taiwan independence. Closely affiliated with the Taiwanese business community, these Taiwanese KMT leaders will perceive tangible benefits in expanding cross straits trade, investment and social interaction. However, they will view economic and social ties as an end in themselves, not as the beginning of a process leading to political re-unification. The ROC leadership's attitude is perhaps best summed up in a popular saying: "Unification is what you can say but don't do; independence is what you do but can't say."

Despite challenges posed by the Tiananmen protests in 1989 and the Democracy Wall movement in 1978-79, the CCP remains entrenched atop the People's Republic of China's (PRC) political system--at least in the short run. The next generation of Chinese leaders will be self-selected by senior members of the ruling elite. Power in Beijing is gradually shifting from the generation that participated in the Chinese Communist Revolution to a generation that is the product of the Chinese Communist system.

Since there is no institutionalized succession process, the succession struggle will be characterized by intense factional maneuvering. Lacking the broad-based personal experience and ties that Deng and Mao built up through the years to consolidate their power, leadership contenders will need to generate continuing payoffs to retain members in fluid networks that span the Chinese Communist Party (CCP), the People's Liberation

Army (PLA), and the State bureaucracy. Economic benefits from cross straits ties will enhance the ability of faction patrons to reward their clients.

A crucial problem confronting future PRC leaders will be strengthening the legitimacy of the Chinese Communist Party. After the Cultural Revolution, Deng successfully made his vision of modernization through economic reform the underlying rationale for CCP rule. New leaders will have to add a political component to Deng's vision. Unless the CCP undertakes political reforms better to reflect popular opinion, external challenges to the CCP's preeminent position will intensify.

The pressing need to consolidate factional networks, and strengthen the legitimacy of the CCP, combined with a daunting list of additional problems that include an increase in regional autonomy and the return of Hong Kong, suggests the PRC's next leadership may place *low* priority on re-unification with Taiwan. Preoccupied with more pressing issues, PRC leaders will be reluctant to develop new policy initiatives or make major concessions aimed at opening re-unification talks. They will also be unwilling to risk straining weak factional links to the PLA by launching risky military operations designed to pressure Taiwan. Instead, Chinese leaders may engage in a form of incremental problem-solving that broadens and facilitates existing ties but obscures the PRC's ultimate political objective.

Despite the absence of a *compelling* interest in political re-unification, the increasing scope and complexity of cross straits contacts constitutes a dynamic that will stimulate greater cooperation between Taipei and Beijing. Coping with the myriad details involving the large-scale movements of people and goods between Taiwan and the mainland will demand extensive institutional arrangements. This combination of the powerful forces expanding cross straits ties and the absence of incentives for new leaders to pursue overall political integration may lead to the evolution of an entity that is less than a modern-nation

state but more than a trading bloc. What may emerge is a distinctly Chinese entity that is integrated by a web of economic and social ties but which lacks a common political framework.

I. INTRODUCTION

Relations between Taiwan and the China mainland¹ have undergone a remarkable transformation since the lifting of martial law on Taiwan in July 1987. An increasingly intricate web of economic and cultural interaction has eclipsed the uneasy military confrontation that characterized relations between the two sides of the Taiwan Straits from 1949 until 1986. Although the impetus behind this interaction has come from the private sector on Taiwan and at the local and regional level on the mainland, political decisions in Beijing and Taipei created a climate in which these contacts have flourished. Decisions made by the next generation of leaders will help determine whether cross straits interaction leads to re-unification, Taiwan independence or something altogether different. At a minimum, future Chinese leaders will be confronted with the difficult task of managing these ties in the absence of an overall political framework.

This thesis examines the effects of generational change in Taipei and Beijing on the future of the cross straits relationship. Leadership elites in Taiwan and the China mainland are undergoing separate but equally dramatic changes. In Taiwan, the transfer of political power from the aging, mainland-born Chinese leaders who accompanied Chiang Kai-shek to the island in 1949 to younger, "Taiwanese" Chinese whose ancestors first came to the island from Fujian and Guangdong Provinces three hundred years ago is nearing

¹The island of Taiwan is under the de facto control of authorities in Taipei. These authorities refer to themselves as the Republic of China (ROC). The China mainland is de facto controlled by authorities in Beijing. These authorities refer to themselves as the People's Republic of China (PRC). Both sets of authorities claim sovereignty over Taiwan and the China mainland. References in this paper to Taiwan, Taipei, Republic of China (ROC) or the Taiwan government relate to the de facto control of Taiwan only. References to the China mainland, Beijing, the People's Republic of China (PRC) and the mainland government relate to the de facto control of the China mainland only.

completion. On the China mainland, the last veterans of the Communist Revolution are gradually being replaced by a generation of leaders that are the products rather than the creators of the Chinese Communist system.² The perspectives of both sets of new elites will likely differ markedly from their predecessors'.

The focus then shifts to the ongoing processes in Taiwan and the mainland that will effect the selection of these new elites and elite perceptions of the cross straits relationship. A key assumption of this paper is that domestic factors are the primary determinant in shaping leadership selection and perspectives. As a result, this thesis concentrates primarily on the internal processes at work in Taiwan and the mainland. External factors are considered only when it appears that they might exert primary influence over domestic considerations.

A second assumption is that individuals and their decisions matter--man is not subject to identifiable, objective rules but instead is limited only by individual and group perceptions of reality. An individual's unique spiritual and physical make-up ultimately affects the outcome of specific decisions. Over time, patterns of behavior arising from these decisions become incorporated into an individual's "operational code", defined as a, "...set of beliefs about basic issues concerning the nature of politics and political action...."³ This operational code is a key factor shaping choices of "strategy and tactics" and the "...structuring and weighing of alternative courses of action."⁴

²David Bachman, "The Limits on Leadership in China," Asian Survey, Vol. XXXII, No. 11, November 1992, 1050.

³Alexander L. George, "The 'Operational Code': A Neglected Approach to the Study of Political Leaders and Decision Making," American Foreign Policy, ed. G. John Ikenberry, (Harper Collins Publishers, 1989), 502.

⁴Ibid., 484

The operational codes of leaders in the post-Lee Teng-hui and post-Deng Xiaoping eras will be shaped by their traditions and by the separate political, economic and social changes occurring on both sides of the straits as well as the dynamic of the contacts themselves. These traditions and changes are reflected in Taiwan and the mainland's political cultures and in their dominant political institutions. External factors, particularly the international trade environment will also influence the perspectives of these new leaders. Understanding these forces provides insight into the perception of a new generation of elites as to the costs and benefits of ties across the straits.

The political cultures of the ROC and PRC share a common tradition. In imperial China, government was highly personal: The ruler functioned as a paternal figure in a hierarchical structure. He was responsible for the maintenance of stability and order in society.⁵ For the Chinese people, stability and order provided the key to their prosperity and security. The people held their ruler accountable for providing effective government that avoided natural and man-made threats to their prosperity and security.

To maintain stability, a ruler needed to dominate the Confucian-scholar administrative structure. This administrative structure provided a ruler with the means to legitimize his rule. Through the correct performance of rituals and adherence to customs, administered by the Confucian-scholars, a ruler demonstrated his virtue and morality by placating the forces of Heaven (in Chinese: "tian"). A central myth of the Chinese culture was that a "...ruler's exemplary and benevolent conduct manifesting his personal virtue (in Chinese: "de") drew the people to him and gave him the Mandate (of Heaven)."⁶

⁵John K. Fairbank, *The Cambridge History of China: Volume 10: Late Ch'ing, 1800-1911, Part 1*, ed. Dennis Twitchett and John K. Fairbank, (Cambridge, London, New York and Melbourne: Cambridge University Press, 1978), 22.

⁶John King Fairbank, *China: A New History*, Cambridge, Massachusetts and London, England: Belknap Press, 1992), 110-111.

The Mandate of Heaven also required that a ruler provide order by suppressing domestic strife and repelling invaders. To accomplish this task, a leader needed to firmly control the military apparatus. Throughout Chinese history, control or at least placation of military authorities has been a precondition for the survival of civilian rulers. The Neo-Confucian scholar-officials who staffed the government bureaucracy might disdain the military, but they did not dispute the emperor's need to monopolize military force in order to preserve the dynasty. Imperial autocracy, embodied in the emperor's command of the military, provided a Chinese ruler with an "...autonomous source of innovation or sudden intervention" that served as a useful counterweight to overcome the inertia and excesses inherent in the bureaucratic system.⁷

Reflecting traditional Chinese society, civil control of the military was personalized in the relationship of the ruler to military leaders. A weakening of these ties could have disastrous consequences. For example, the ultimate demise of the Qing Dynasty in 1911 was precipitated by an alliance of military officers and local gentry.⁸ The chaos of the ensuing "Warlord" period occurred when no effective civil-military leadership relationship coalesced at the center that could withstand the twin pressures of foreign incursions and domestic unrest.

Although dynastic change in Imperial China was accomplished by military force, the establishment of a new dynasty required a degree of legitimacy. The Chinese philosopher Mencius is credited with providing a rationale to legitimize a new dynasty. Mencius

⁷Ibid., 111.

⁸Michael D. Swaine, The Military & Political Succession in China: Leadership Institution Beliefs, (Rand, 1992), 3.

reasoned that an immoral Chinese ruler forfeited the right to rule.⁹ The Mandate of Heaven would be rewarded to a successor who first overthrew the immoral ruler and subsequently acquired virtue (legitimacy) by restoring order and stability.

These twin concepts of legitimacy and authority through force form the basis of the contemporary political cultures in the ROC and PRC. Political power resides in the hands of a paternal figure who rules by manipulating the bureaucratic and military institutions. The failure of a ruler either to legitimize his rule through bureaucracy or maintain his authority through force, jeopardizes his rule and encourages new claimants to the Mandate of Heaven.

In 1949 in both Taipei and Beijing, political power was held by individuals not institutions. Mao Zedong and Chiang Kai-shek operated above law and institutions. Both leaders created political institutions to perpetuate their rule. These institutions have survived their creators. For nearly a half century, Taiwan's Nationalist Party (KMT) and the mainland's Chinese Communist Party (CCP) have been the supreme political institutions in their respective societies. Despite their long-standing rivalry, both political institutions share similar Leninist roots. Influenced heavily by Soviet Communism, both organizations "emphasized tight organization, unquestioning discipline and the use of propaganda to manipulate the masses."¹⁰ Party units, mirroring and dominating government structure, extended from the center to the local level. In most instances party, government and military organizations were indistinguishable. Despite these common roots, since 1949, the KMT and the CCP have formulated sharply different responses to

⁹Hugh B. O'Neill, Companion to Chinese History, (New York and Oxford: Facts On File Publications, 1987), 187.

¹⁰Frank Ching, "KMT Must End Leninist Style and Become a Modern Party" Far Eastern Economic Review, 15 April 1993, 30.

the dilemma posed by the increased political aspirations that accompany economic modernization.

The next chapter of this thesis examines the unique factors that affect leadership selection and perspectives in the Republic of China (ROC). Chapter III focuses on the effect of the distinct forces at work in the People's Republic of China (PRC). Chapter IV describes the evolution and present scope of cross straits ties. The final section contains a summary and conclusions.

II. GENERATIONAL CHANGE ON TAIWAN

Taiwan's history and its recent political and economic development ensure that the perspectives of the island's future ruling elites will be increasingly Taiwan-centered. Prior to 1988, members of the ROC's leadership had been born and educated on the China mainland. Their collective outlook was shaped by resistance to the Japanese during World War II and by their bitter defeat at the hands of Mao Zedong and the Chinese Communist Party on the mainland. Members of this group shared a common perception of Taiwan as a temporary refuge from which they would one day return to the mainland in triumph. While they were the architects of Taiwan's current economic prosperity and growing political pluralism, for them, Taiwan existed in a universe dominated by the rest of China. All of their considerable achievements in Taiwan were measured in relation to political and economic developments on the mainland. In a real sense they were Chinese first and residents of Taiwan second.

Time and demography have taken their toll on this group. Taiwan's future leaders will be less the offspring of the KMT forces which fled to Taiwan in 1949 and more the descendants of the Han Chinese whose ancestors first came to Taiwan over three hundred years ago and who comprise the overwhelming majority of the island's population. The shared experiences of these "Taiwanese" Chinese include fifty years of Japanese colonial rule that injected Japanese cultural and social patterns of behavior into a traditional southern Chinese culture. Most importantly, Taiwan is home to this group. This new elite is Taiwanese first and Chinese second. They will perceive policies and institutions primarily in terms of their relevance to Taiwan's security and economic prosperity.

The operational code of this new elite is best understood in terms of Taiwan's historical context and recent political and social developments on the island.

A. TRADITIONAL INTERACTION

Taiwan has traditionally played a peripheral role in Chinese history. Located 100 miles off the mainland coast, large scale Han Chinese settlement of Taiwan did not begin until the early 17th Century.¹¹ When the Dutch established their settlement in Taiwan in 1624, Taiwan's Chinese population¹² numbered approximately 25,000.¹³ Immigration intensified first under the Dutch and later during the rule of the Ming loyalist General Cheng Cheng-kung (Koxinga). In 1683, the Ming forces were defeated and Taiwan was brought under the rule of the Qing Dynasty. During most of the Qing period (1683-1895), Taiwan was regarded as a frontier region of Fujian Province; immigration from the mainland was officially restricted. The Qing dynasty provided Taiwan with, "...only a semblance of law and order and made minimal effort to develop the island."¹⁴ Despite official restrictions, migration continued and by 1780 the Chinese in Taiwan numbered 700,000-800,000.¹⁵

¹¹Leonard H.D. Gordon, Taiwan: Studies in Chinese Local History, (New York: Columbia University Press, 1970), 1.

¹²The Chinese were not the original settlers of Taiwan. The origin of the aboriginal people's who first came to the island about five thousand years ago is unclear but it is generally believed that they came from the South Pacific via New Guinea and the Philippines. According to a 1990 ROC census, Taiwan's nine major aboriginal tribes have a total population of 330,000 or 1.7 percent of the island's population.

¹³Shaw Yu-ming, "Modern History of Taiwan: An Interpretive Account," China and the Taiwan Issue, ed. Chiu Hungdah, (New York: Praeger, 1979), 9.

¹⁴*Ibid.*, 12

¹⁵Yin Ping, "New Enthusiasm for Local History," trans. Fred Steiner, Free China Review, Vol 42 No.3 March 1992, 34.

The Qing Court's attitude toward the island did not change until the 1880's. In response to Japanese and French incursions on Taiwan, Beijing granted the island provincial status, belatedly instituted a series of reforms and encouraged new settlements. By 1887 the island's population had reached 3.2 million.¹⁶ When Beijing ceded Taiwan to Japan in 1895 under the Treaty of Shimonoseki, the island's focus of attention shifted away from the Chinese mainland and toward Japan.

Fifty years of Japanese rule ended in 1945 but the high hopes with which the Chinese on Taiwan greeted their liberation were soon dashed by the corruption of KMT-appointed Provincial Governor Chen Yi.¹⁷ Conditions worsened steadily under Chen's administration culminating in the February 28, 1947 Taiwan Incident, a spontaneous Taiwanese uprising against KMT rule. Chen's behavior and the brutal repression which followed the February 28 uprising led to tensions between Taiwanese and Mainlanders which persist today.

B. TAIWANESE AND MAINLANDERS

The dominant paradigm in post 1945 Taiwan has been this tension between 'Taiwanese' and 'Mainlanders'. 'Taiwanese' are descendants of Han Chinese, primarily from southern China, who settled in Taiwan prior to the Japanese colonial period. Within Taiwan this group is further subdivided into the majority whose ancestors came from Fujian Province and a smaller group of Hakka Chinese from Guangdong Province. "Mainlanders" are Han Chinese and their offspring who fled the China mainland at the

¹⁶Michael H. Hunt, "Chinese Foreign Relations in Historical Perspective," China's Foreign Relations in the 1980's, ed. Harry Harding (New Haven and London: Yale University Press, 1984), 13.

¹⁷Gordon, 45.

time of the Chinese Communist Revolution. By 1989, only 2.8 (14.3%) million of Taiwan's 20 million people were Mainlanders; the rest were overwhelmingly Taiwanese.¹⁸

1. Evolution to Pluralism

When Chiang Kai-shek led the 1.5 million remnants¹⁹ of the Nationalist forces to Taiwan in 1949, he brought with him political and military organizations and a national government which he imposed over the existing provincial and local governments in Taiwan. The result was a confusing and overlapping bureaucracy in which all meaningful political power was concentrated in Chiang as President.

Under this system the ROC government prohibited the formation of new political parties and suppressed those already in existence.²⁰ All local government and political activities were controlled and supervised by the KMT. KMT membership, particularly at senior levels, was reserved almost exclusively for Mainlanders. Taiwanese alienation from politics was so extensive in the 1950's that even the political opposition was composed primarily of Mainlanders or those who had studied and lived on the China mainland immediately prior to 1949.²¹

Excluded from political and military power by the appointment of Chiang's Mainlander supporters to virtually all key positions,²² the Taiwanese majority "...pursued

¹⁸Tien Hung-mao, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," Political Change in Taiwan, ed. Chung Tun-jen and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 36.

¹⁹Cheng Tun-jen and Stephan Haggard, "Regime Transformation in Taiwan: Theoretical and Comparative Perspectives," Political Change in Taiwan, 4.

²⁰Yung-mau Chao and Michael Y.M Kau, "Local Government and Political Development in Taiwan, In Depth, Winter 1993, 221.

²¹*Ibid.*, 228.

²²Tien, "Social Change and Political Development in Taiwan," Taiwan in a Time of Transition, ed. Harvey Feldman et al. (New York: Paragon House, 1988), 12.

economic advancement and social mobility. Not only were economic resources diffused in a relatively fragmented private sector, they were largely in the hands of Taiwanese."²³

Chiang institutionalized this monopoly on political power in Mainlander hands through the "Provisional Amendment for the Period of Mobilization Against the Communist Rebellion" and later the "Act of Election and Recall of Public Officers During the Period of Mobilization Against the Communist Rebellion." Ostensibly to maintain the ROC's claim to sovereignty over all of China, those decrees froze membership in the ROC's Legislative Yuan; National Assembly; and Control Yuan.²⁴ Membership in those bodies was restricted to representatives chosen in the Nationalist's last mainland elections in 1947-8.²⁵ Supplemental elections for a limited number of new Taiwan members were not held until 1969. Even after that date, the Legislative Yuan, National Assembly and the Control Yuan were dominated by elderly Mainlander members.

C. EXPANSION OF REGIME LEGITIMACY

1. KMT Reform

In the early 1970's the KMT began to co-opt native Taiwanese into upper-middle leadership positions in the party and the government. The KMT's decision to gradually admit Taiwanese into the party began a process that allowed the Taiwanese to assume gradually the dominant position in party and government institutions. Several factors may have convinced the Mainlander KMT elders that they needed to broaden the legitimacy of

²³Haggard and Cheng, 10.

²⁴The National Assembly can amend the ROC constitution and elect the President. The Control Yuan exercises power of audit and investigation.

²⁵When elderly members began to die, membership in these bodies was expanded to include anyone who had participated in the 1947 elections. This resulted in embarrassing situations where legislators who had received a handful of votes in the 1947 elections assumed leading roles in the Legislative Yuan and the National Assembly and the Control Yuan.

their rule. Since 1949, KMT rule of Taiwan had rested on the notion that the ROC central government apparatus would eventually resume control over China proper. By 1971 this claim had been eroded by more than twenty years of Communist rule on the mainland.²⁶ Domestically, the party had been shaken by the unexpectedly strong showing of the predominantly Taiwanese opposition forces in the 1969 supplementary Legislative Yuan elections. In that election, non-KMT candidates won 27.3% of the contested seats and 24% of the total vote.²⁷

International support for the regime was also waning: Taiwan was expelled from the United Nations in 1971 in favor of the PRC; the Japanese government withdrew its recognition of the ROC and established diplomatic relations with Beijing in 1972; and in May 1973 the U.S. established a Liaison Office in Beijing.

2. Economic and Social Change

The decision to recruit Taiwanese into the KMT was also influenced heavily by the island's rapid economic progress. During the 1960's and 1970's Taiwan's economy grew at an average rate of approximately 10 percent annually while maintaining an equitable distribution of income and a relatively low level of inflation. Per capita income increased from US\$387 in 1970 to US\$7,510 in 1989. By 1996 it is expected to reach US\$14,000.²⁸

In addition, Taiwan's social structure was undergoing a period of rapid change. Partly as a result of economic change, the island was becoming rapidly urbanized and

²⁶Tien Hung-mao, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," 40.

²⁷Lui Fei-lung, "The Electoral System and Voting Behavior in Taiwan," Political Change in Taiwan, 170.

²⁸Harry Harding, A Fragile Relationship: The United States and China Since 1972. (Washington, D.C.: The Brookings Institution, 1992), 346.

industrialized. These changes were accompanied by a weakening of social order, and a rise in environmental and infrastructure problems that affected the daily lives of all Taiwan residents. All of these factors contributed to an environment that encouraged middle class Taiwanese and Mainlanders to "engage in political reflection and criticism."²⁹

The KMT's successful recruitment efforts focused on Taiwan's emerging upper middle class. This group was composed of affluent Taiwanese who had prospered as members of the island's fragmented and relatively unrestrained business community. Wealthy business families regarded political power as the most effective method of ensuring that government would not intrude on their business activities.

3. Elderly Mainlanders Step Down

By the late 1980's the elderly and increasingly enfeebled Mainlander legislators were a major embarrassment to the ROC government. Fewer controls on the media allowed the opposition Democratic Progressive Party (DPP) to focus public attention on *the lack of representativeness* in ROC government institutions. Despite public relations and financial enticements, the elderly Mainlanders clung to power. In 1990 the ROC's highest judicial institution, the Council of Grand Justices, with the "...apparent backing of the KMT authorities exercised its judicial review by setting the end of 1991 as the deadline for involuntary retirement of these members, thus clearing the legal ground for democratic transformation of the parliamentary bodies...."³⁰

The retirement of 469 National Assembly, 81 Legislative Yuan and 15 Control Yuan elderly Mainlander members in December 1991³¹ heralded a new era in which

²⁹Chao and Kau, 228.

³⁰Tien, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," 33.

³¹China News Agency, 17 December 1991. Trans. FBI, 17 December 17 1991.

central government institutions more closely reflected the Taiwan polity. The results of the December 1992 Legislative Yuan election illustrate the extent of generational and subethnic change in ROC government institutions. One hundred and four members of the 161 member body were newly elected³²; only 35 members were Mainlanders.³³ The average of the Legislative Yuan members was 45; eighty percent had college or advanced degrees.³⁴

4. Growth of the Opposition

Regime legitimacy has also been bolstered by the legalization of opposition forces. In the post-1949 period, serious opposition to KMT rule of the ROC was repressed. Under Martial Law, in effect since 1949, opposition parties were outlawed. Limited political opposition was tolerated at the local level and under the auspices of a weak organization known as the Dangwai (outside the party). Potentially serious challenges to KMT rule, such as occurred in Chungli in 1977 and Kaohsiung in 1979 were suppressed violently and the organizers were imprisoned.

In 1982 a group of moderate opposition politicians, including Kang Ning-hsiang, established the "Dangwai Campaign Assistance Association" to plan opposition campaign tactics. The group published a document, "A Common Political View," that would provide the intellectual underpinnings of the opposition movement. The document advocated that:

³²China News Agency, 1 February 1993, Trans. FBIS 1 February 1993, 64.

³³Ibid.

³⁴Ibid.

(1) the future of Taiwan should be determined jointly by the 18 million inhabitants of Taiwan and (2) the government on Taiwan should formulate the Basic Law in accordance with the spirit of the constitution and the political realities of Taiwan, nullify the Temporary Provisions suspending parts of the constitution and giving the president extraordinary powers, lift martial law, reorganize the national legislature, and lift the bans on new political parties and new newspapers.³⁵

In September of 1986, amidst signs of growing social unrest and economic uncertainty, Dangwai politicians organized a formal political party--the Democratic Progressive Party (DPP). Bowing to domestic and international pressure and perhaps motivated by his own vision for a democratic Taiwan, President and KMT Party Chairman Chiang Ching-kuo announced a series of reforms which had far-reaching effects on Taiwan's political culture. The reforms broadened the regime's base of legitimacy, lessened social conflict and bolstered Taiwan's international image, thus increasing the confidence of the island's international investors and trade partners.³⁶

In late 1986, Chiang announced steps to legalize opposition political parties and relax press restrictions. The legitimization of the DPP, composed predominantly of native Taiwanese, created new pressures for more political reform within the ROC government and within the KMT. Credible performances by DPP candidates in the 1989, 1991 and 1992 elections increased the likelihood of Taiwan's transition into a true, two party democratic system, albeit one dominated by the ruling KMT. DPP candidates performed particularly well in the 1992 Legislative Yuan elections, capturing fifty seats in the 161 member body.³⁷

³⁵Chao and Kau, 229.

³⁶Feldman, Tien, 2.

³⁷Julian Baum, "The Hollow Centre," Far Eastern Economic Review, 7 January 1993, 14.

The two unifying themes for the DPP have been opposition to the KMT and Taiwan independence. Despite widespread sentiment favoring separate status from the mainland, the salience of the independence issue in a prosperous and pluralistic Taiwan is questionable. Put simply, most residents of Taiwan are unwilling to risk the uncertain economic, political and military consequences of an overt declaration of independence. One lesson from the DPP's relatively poor showing in the 1991 National Assembly elections and a key to its stronger performance in the 1992 Legislative Yuan elections was an effort to mute independence rhetoric. In 1991, DPP candidates campaigned heavily on the independence theme and captured only 24 percent of the total vote. Following the National Assembly elections, DPP Chairman Hsu Hsin-liang, an ardent independence supporter, called on his party to temporarily scale down its calls for Taiwan independence.³⁸ In the 1992 Legislative Yuan election campaign the DPP vote total rose to 31 percent of the vote after DPP candidates diversified their rhetoric to include greater emphasis on opposition to big money politics and the influence of "wealth and corporate interests."³⁹

5. Limits to DPP Leadership

However the appeal of the DPP should not be overestimated. Historically, non-KMT candidates have been able to win 20-30 percent of the contested seats and 25-35 of the total election vote. However the non-KMT vote has never exceeded 35 percent.⁴⁰

Despite its key role as a catalyst for political reform, three factors likely will prevent the DPP from becoming the ruling power in Taiwan in the near future: 1)

³⁸South China Morning Post, 23 December 1991, in FBIS, 23 December 1991, 65.

³⁹Baum, "The Hollow Centre," 14-15.

⁴⁰Chao and Kau, 230.

asymmetrical resources; 2) Taiwan's electoral structure; and 3) KMT co-option of moderate opposition positions.

a. Asymmetrical Resources

The keys to winning elections in Taiwan are financial resources, factional and party support and the mobilization of the candidate's substantial resources.⁴¹ KMT candidates are likely to maintain advantages in *all of these areas in the near future*. The KMT has far greater access to capital and other resources vital to maintaining its power. The ruling party's overwhelming financial resources gives it significant advantages over the DPP in "nomination and assistance to candidates in the election system, political tradeoffs, and political payoffs."⁴²

An additional benefit of the recruitment of Taiwanese into the Party leadership was to augment the KMT's traditional sources of funds with those of Taiwanese entrepreneurs. Seen from another perspective, by admitting Taiwanese businessmen into the Party hierarchy, the KMT limited the DPP's access to this important source of funds.

The KMT's more than forty years of uninterrupted rule has created an entrenched core of KMT members within the ROC bureaucracy that permeates local government down to the section/department chief, school administrator and police precinct level. DPP country magistrates and mayors have discovered after their election that their effectiveness was constrained by a hostile or at best an aloof bureaucracy. The KMT uses this bureaucratic core to provide the local population with various services:

⁴¹Ibid., 232.

⁴²Chao and Kau, 224.

"offering jobs, mediating disputes, sponsoring social events, promoting local construction."⁴³

Due to its intimate relationship with the government, the KMT has better access to other resources. For example, DPP officials frequently charge that television news reports are biased in favor of KMT positions and candidates.

b. Electoral System

Of even more importance, the DPP is unlikely to become the ruling party in Taiwan without an extensive reform of Taiwan's electoral system. Under the current system, similar to Japan's, Legislative Yuan (LY) and National Assembly members are elected in multiple seat districts with voters casting a single vote for one candidate. Candidates compete not only with opponents from other parties but also with candidates from their own party. Voters are confronted with the dilemma of casting their vote for a favorite candidate who may win easily or voting for a second or third preference who may be engaged in a tight race.

The second lesson that the DPP learned in the 1991 National Assembly election was that it should not nominate too many candidates. In that election, DPP nominated candidates were soundly defeated because they split the vote available to the opposition. In the 1992 LY elections the DPP fared better when it overcame factional differences and nominated fewer candidates.⁴⁴ Of course by nominating fewer candidates the DPP can never hope to obtain a majority in the Legislative Yuan or the National Assembly.

⁴³Ibid.

⁴⁴Baum, "The Hollow Centre," 14-15

Like Japan, this system encourages the development of political factions. Factionalism is widespread in Taiwan. An important function of county and city KMT chairmen is to ensure that no local faction becomes disaffected to the extent that it breaks with the ruling party and cooperates with the opposition.

This system has two effects: opposition parties will always elect a few candidates; the opposition will remain in the minority. Taking a hypothetical example: the KMT nominates five candidates for the six Legislative Yuan seats in Kaohsiung City's northern election district. The KMT is conceding one seat to a DPP or independent candidate. If the DPP nominates five candidates, these candidates may split the vote and only one DPP candidate will be elected. If the DPP nominates two candidates both may be elected. Either way, the DPP remains in the minority. Ironically the DPP opposes changing this system claiming that its candidates would be seriously disadvantaged by having to compete directly against KMT candidates in single seat election districts.

Under the ROC constitution, the President is elected *indirectly* by the members of the National Assembly. Since National Assembly members are selected under the system outlined above, the DPP has little chance of capturing the presidency. In 1992 the National Assembly seriously considered but postponed plans to amend the constitution to allow direct election of the president. Opposition to this proposal originated in the Mainlander wing of the KMT during the March 1992 Third Plenary of the KMT Central Committee. This issue is likely to be considered again before the 1996 presidential election. However, even if the constitution was amended and a DPP candidate was elected president he would be confronted by a National Assembly and Legislative Yuan firmly in KMT hands. A split government, would sharply constrain a DPP president's ability to significantly change the ROC's policy toward the mainland or to declare independence.

c. KMT Co-option of Opposition Policies

The KMT's organizational flexibility has been accompanied by similar policy flexibility. The KMT has successfully co-opted many of the issues first raised by Taiwan's political opposition. The opposition agenda incorporated in the 1982, "A Common Political View," has been largely implemented under KMT leadership. The Temporary Provisions to the Constitution and Martial Law have been lifted as have press censorship and the ban on new political parties. On one hand, the KMT's gradual implementation of these policies is a victory for the opposition. On the other hand, co-option has stripped the DPP of many of its most potent issues with which to attack KMT rule.

D. TAIWANESE LEADERS

The recruitment of Taiwanese into leadership positions has transformed the KMT's ruling elite from a narrow group of mainlanders into a body which more accurately reflects the background and views of the residents of Taiwan. In 1973 only three Taiwanese were members of the KMT's Central Standing Committee, by 1988 this number had risen to 16 or 52% of total members.⁴⁵ The culmination of this process may have been Lee Teng-hui's January 1993 use of his combined authority as ROC president and KMT chairman to force the resignation of Mainlander Premier Hau Pei-tsun. Lee also successfully installed his own candidate, Lien Chan, a Taiwanese, and blocked Hau's choice of a replacement.⁴⁶ The transformation of the KMT was completed in August 1993 when Lee was re-elected KMT chairman by the KMT's Fourteenth Party Congress despite opposition from some influential Mainlanders.

⁴⁵Tien, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," 40-41.

⁴⁶Julian Baum, "Mainlanders Adrift," The Far Eastern Economic Review, 11 February 1992, 17.

The significance of this shift is twofold: by increasing the power of Taiwanese in the party and government, the majority group on Taiwan now has an interest in preserving the status quo on Taiwan. Currently, over seventy per cent of the KMT members are Taiwanese.⁴⁷ Secondly, "...legitimacy of the regime..(has been)... modified to depend increasingly on its effective governance of Taiwan rather than a fictitious claim of sovereignty over the China mainland."⁴⁸

1. A New Political Context

The political culture on Taiwan will continue to be heavily influenced by many of the traditional aspects of Chinese culture. Relationships are hierarchical and personal. Social order is derived less from the rule of law and more from family values and moral authority.⁴⁹ Factions, composed of individuals from the same clan or same part of Taiwan remain the nucleus of the island's political culture.

At the same time, rapid economic development, urbanization and political change are exerting pressures on traditional norms and patterns of behavior. A weakening of family authority, perhaps an inevitable consequence of urbanization, leads many Taiwan residents to perceive a continuing decline in social order. Political corruption, vote buying, improper use of government office to further personal business interests spurs public demands for greater rule by law.

Amidst this collision between tradition and modernity, two factors are likely to play a significant role in Taiwan's political culture: the rise of a Taiwanese identity and the continuing influence of the Mainlander minority.

⁴⁷ Chao and Kau, 224.

⁴⁸Tien, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," 40.

⁴⁹Chao and Kau, 233.

Although Taiwan's economic progress has created a popular sense of pride in the achievements of modern Taiwan, it has also led to simultaneous frustration that Taiwan's international status is not commensurate with its new economic strength. This perception, combined with the widespread belief that social change has failed to keep pace with economic development, has led many Taiwanese to look to their roots for solutions to their current problems. Historical consciousness is a key component in China's view of itself and its place in the world.⁵⁰ The idea that an ideal past offers a model for the future is a reoccurring theme in Chinese history. In Taiwan, this has led to a growing fascination with Taiwanese history and particularly Taiwanese culture--the notion that Taiwan has developed a culture distinct from the culture of the China mainland. For example, an editorial in a prominent southern Taiwan newspaper has called for a revival of Taiwanese culture in order to "restore ethics and morality" in Taiwan.⁵¹ The boom in travel to the mainland has contributed to the belief that the outlook and experiences of the people on *Taiwan differ from those of their contemporaries on the China mainland.*

Free from the linguistic and academic controls imposed by the ROC government until the late 1980's, Taiwanese intellectuals, artists and academics are exploring their roots on the island. The Taiwanese dialect of Chinese is heard more frequently on television, and there has been an increase in Taiwanese studies, Taiwanese pop songs, Taiwanese art exhibitions and public discussions of Taiwan's "Native Soil" literature.⁵² Local governments, including those in Kaohsiung and Pingtung Counties, have introduced supplementary texts into schools to correct perceived slights to Taiwanese history and

⁵⁰Michael H. Hunt, "Chinese Foreign Relations in Historical Perspective," in China's Foreign Relations in the 1980's, 2.

⁵¹Min Chung Daily News, 31 March 1991.

⁵²In Mandarin Chinese: Hsiang Tu Wen Hua.

society in ROC Ministry of Education textbooks. Taiwan's oldest autonomous newspaper, the Independence Post, has published an ambitious twenty-eight volume series about Taiwan that includes topics on history and social development.⁵³

Proponents of Taiwanese culture argue that Taiwanese culture has roots in traditional Chinese culture much in the same way that American cultural roots lay in British culture. However, advocates of a Taiwanese culture are quick to point out that Taiwan and the mainland have had significantly different experiences during the past 100 years. From 1895 until 1945, the residents of Taiwan were heavily influenced by Japanese educational and social mores. Since 1949, Taiwan's social, political and economic development have diverged sharply from that of the mainland.⁵⁴ Whereas modern Taiwan is an amalgam of Chinese, Japanese and Western cultures, the contemporary mainland has blended Chinese culture with Marxism-Leninism.

The attraction of a Taiwanese culture represents the search for a collective identity long repressed, first by the Japanese and latter by the KMT. It indicates the growth of a Taiwan-centered popular consciousness that will affect leadership perceptions. The academic validity of a separate culture in Taiwan is less important than the felt need to create a Taiwanese identity.

Despite the loss of its dominant position in party and government affairs, the Mainlander segment of Taiwan society will continue to exert political influence. Control of senior military positions and the bloc voting practices of the Mainlander community ensure this group a voice in island-wide affairs. For example, in the 1992 Legislative Yuan

⁵³Julian Baum, "Look Back in Anger," Far Eastern Economic Review, 27 February 1992, 48-49.

⁵⁴Emma Wu, "Local Scholars Take a Closer Look at Home," Free China Review, Vol. 42. No. 3 March 1992, 6-19.

election, the pro-Hau Pei-tsun New KMT Alliance won 11 of the 12 seats that it contested.⁵⁵

Mainlander organizations like the New KMT Alliance and the conservative, military backed Huang Fu-hsing group have little impetus to break from the KMT and form their own political party. With their limited numbers and lack of appeal to a broader constituency, these groups have little hope of attaining political leadership by peaceful means. Splitting the KMT would undermine the two sources of their power: opposition to Taiwan independence and the ability to provide extensive government social services to retired military personnel.

Over time, Mainlander power will become more commensurate with their percentage of Taiwan's population. Attrition will also occur in qualitative terms. As early as 1985 the proportion of the island's population born on the mainland before the 1949 "...had dwindled from approximately 15 percent in 1950 to 5.7 percent..."⁵⁶ Second and third generation Mainlanders, affected by Taiwanese values and intermarriage, are unlikely to view reunification with China with the same intensity as their parents and grandparents.

2. New Perspectives

Taiwan's new ruling elite will emerge from among the Taiwanese members of the KMT. These Taiwanese will be members of, or strongly supported by, the island's aggressive business community. They will need to appeal to the aspirations of the Taiwanese majority who are searching for an identity within the context of Chinese tradition, modernity and their own historical experience. At the same time, Taiwan's future leaders must accommodate the desires of the influential Mainlander minority who

⁵⁵Baum, "The Hollow Centre," 14.

⁵⁶Tien, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," 43.

adamantly oppose Taiwan independence. Both Mainlanders and the DPP will play important roles in Taiwan's political culture. Mainlander influence will be felt in opposition to Taiwan independence and as a brake on radical change. DPP political activity will spur the KMT to embrace greater openness. The influence of both of these groups precludes the ability of the KMT to conclude any meaningful agreements with the PRC aimed at political re-unification.

Above all, the new generation of Taiwan's leaders will be Taiwan-centered. They will tend to pursue policies that contribute first to the island's security and prosperity and only secondly benefit any notion of a greater China.

III. LEADERSHIP CHANGE ON THE MAINLAND

A. PERSONALITIES AND POLITICS

Beijing's post-Deng Xiaoping leadership will emerge from a political, economic, and social milieu markedly different from that on Taiwan. Two related factors distinguish leadership dynamics in Beijing from those in Taipei. First, the political processes at work in the PRC rely more heavily on factions and factional networks. Second, the dominance of factional networks over law and institutions in the PRC has prevented the institutionalization of a leadership succession process.⁵⁷ This lack of an institutionalized succession process ensures that leadership change will occur within the context of intense factional competition aimed at dominating the Chinese Communist Party (CCP), the government bureaucracy and the People's Liberation Army (PLA). It also raises fundamental questions about regime legitimacy and survivability following the demise of China's current senior leader.

Reliance on personal loyalty networks is endemic in Chinese culture. In Imperial China, factions flourished because "...the Emperor and his officials ruled men not space, and loyalty was to individuals, to the family..." and only then to the system.⁵⁸ Interpersonal relationships in Chinese society are structured around implicitly understood patron-client rights and obligations. In this hierarchical relationship, the patron has a responsibility to reward and protect his client in return for the client's loyalty and

⁵⁷Harry Harding, Organizing China: The Problem of Bureaucracy 1949-1976, (Stanford, California: Stanford University Press, 1981), 296.

⁵⁸Marwyn S. Samuels, Contest for the South China Sea, (New York and London: Methuen, 1982), 51.

obedience. Patron-client factions affiliate with other factions to form networks whose functions include the accumulation and exercise of political power.⁵⁹ Personal networks are usually based on a

...shared sense of mutual interest and trust, often established through prolonged and close proximity or common experience. Hence, institutional connections, as well as regional backgrounds, generational and blood ties, and doctrinal viewpoints do play important roles in the creation and evolution of guanxi (personal relationship) networks.⁶⁰

The role of factional networks adds a high degree of uncertainty to discussions of leadership change in China. Important decisions, including key personnel changes, are made in private and implemented through the CCP. Since influence is determined by prestige, individuals with no official Party/Government/PLA positions at times may exercise inordinate influence on PRC decision-making. Further, reliance on factions and factional networks imposes unique constraints on political behavior. Factions depend on the ability of a patron to provide a continuing stream of rewards to his clients: they tend to expand and contract in proportion to a patron's political fortunes. Horizontal integration is limited and clients in the same faction frequently compete with one another for the patron's favor. This makes it difficult, if not impossible, for a faction to survive intact after the demise of its elder patron.⁶¹ As a result, leadership change is influenced heavily by intangible factors such as patrons' health problems and their order of death.

Since one faction seldom possesses sufficient resources to achieve complex political objectives, factions enter into fluid alliances to curb the dominant position of another

⁵⁹Andrew Nathan, China's Crisis: Dilemmas of Reform and Prospects for Democracy, (New York: Columbia University Press, 1990), 24.

⁶⁰Swaine, 17.

⁶¹Nathan, China's Crisis, 25.

faction, promote favorable leadership changes or further policy aims. After achieving these objectives, these alliances lose cohesion and tend to fracture. The result is a succession of volatile factional networks.

Leadership of the PRC, and before 1949 the CCP, has been monopolized by patrons of powerful factional networks whose influence transcended legal and institutional authority. Members of this dynamic and contentious elite, composed primarily of men who played an active role in China's Communist Revolution, exercised power through factional networks that spanned the CCP, the government bureaucracy, and the PLA. Both Mao and Deng have found it necessary to carefully cultivate and manipulate personal networks to perpetuate their rule.

In order to pave the way for hand-picked successors, both Mao and Deng have tried but failed to institutionalize a succession system and reduce, if not eliminate, the influence of competing factions. The root of their failure lies in that very primacy of personality and factions over institutions and law in the PRC. At crucial points during their rule neither Mao nor Deng were able to resist the temptation to use extra-legal factional connections to eliminate real and perceived threats to their power from outside the CCP/Government/PLA elite. By forming alliances with other factions within the elite, Mao and Deng continued the dominance of factional networks over institutions and law.

B. THE STRUGGLE TO SUCCEED MAO (1966-1976)

1. Prelude: Mao, the Military and Mass Movements

As a prelude to what can be anticipated in the struggle to succeed Deng Xiaoping, it is useful to begin with an analysis of the succession struggles that occurred during the regime of Mao Zedong. Mao's rise to power relied heavily on military power and the manipulation of mass movements. Mao also recognized the dangers inherent in

the uncontrolled use of force. His solution was a "fused party-army elite."⁶² in which the Communist Party and ultimately Mao dominated military power. During the communist revolutionary period, Mao refined the Nationalist government's practice of applying "Leninist patterns of elitist political organization and indoctrination to the Chinese peasant army."⁶³ Control of the PLA, concentrated in the hands of a small group of revolutionaries loyal to Mao, was "highly centralized, vertically structured and very personalized."⁶⁴ During the protracted revolutionary struggle, these individuals served as commanders or as political officers within a PLA Field Army, "presumably establishing strong personal bonds on their shared combat experiences."⁶⁵ These ties continued after 1949 when these individuals moved into Party and government leadership positions.

Throughout his career Mao used the concept of the "mass line" to overcome resistance to his power in the party-army elite. For Mao, mass movements were a means of translating his will into policy by creating the illusion that he was reflecting popular desires.⁶⁶ He maintained that it was necessary to

...take the ideas of the masses (scattered and unsystematic ideas) and concentrate them (through study turn them into concentrated and systematic ideas), then go to the masses and propagate and explain these ideas until the masses embrace them as their own, hold fast to them and translate them into action....⁶⁷

⁶²Swain, 160.

⁶³Ibid., 3.

⁶⁴Ibid., 122.

⁶⁵Ibid., 24.

⁶⁶M. Rejai, Mao Tse-Tung on Revolution and War, M. Rejai, ed. (Garden City, N.Y.: Anchor Books, 1970) 322.

⁶⁷Mao Zedong, "Some Questions Concerning Methods and Leadership" (June 1943), Selected Works, III (Peking: Foreign Languages Press, 1965) 117-120) in Mao Tse-Tung on Revolution and War, 350.

In his early years, mass movements allowed Mao to communicate his vision of a new China. That vision is best summed up in his September 21, 1949 victory speech:

The Chinese have always been a great, courageous and industrious nation; it is only in modern times that they have fallen behind, and that was due entirely to oppression and exploitation by foreign imperialism and domestic reactionary government...ours will no longer be a nation subject to insult and humiliation. We have stood up.⁶⁸

In his later years, mass movements provided Mao with the opportunity to reinvigorate his sagging political fortunes by manipulating forces outside of the Party/Government/Military institutions. Mao hoped that these movements would accomplish two aims: "identify, criticize" and if necessary remove corrupt officials; and second, persuade the people to maintain socialist political values.⁶⁹

Unfortunately things did not work as Mao intended. The Hundred Flowers Campaign of 1957 weakened Mao's position when it had to be suppressed after eliciting an unexpected torrent of criticism and resentment of Communist rule.⁷⁰ The 1958-9 Great Leap Forward was an economic disaster that inflicted untold suffering on the Chinese people.

In the period culminating in the Cultural Revolution, Mao had come to realize, that "...fundamental Party decisions no longer rested fully in his hands." ⁷¹ In addition, Mao believed that the twin evils of corruption and a bureaucracy isolated from the people

⁶⁸Witold Rodzinski, The People's Republic of China: A Concise Political History. (New York: The Free Press, 1988), 13.

⁶⁹Harding, Organizing China, 296.

⁷⁰Rodzinski, 54.

⁷¹Ibid., 106.

threatened to undermine the Chinese Communist Revolution. He feared that the Chinese Revolution was "losing impetus because of party conservatism and the lethargy of the huge and cumbrous bureaucracy."⁷² Mao's solution to these dilemmas was to risk his prestige and legitimacy on another mass movement to purge Chinese society of any opposition to his rule. In the Cultural Revolution, Mao again went outside the system he had created but could not always control to "increase popular participation in the Chinese political process."⁷³

With the assistance of factions led by Jiang Qing and Lin Biao, Mao was able to dominate the media and obtain the acquiescence of the PLA. Students were mobilized into Red Guard units and sent out to attack the CCP establishment. By the beginning of 1967 many veterans of the Communist Revolution, who had reservations about Mao's policies had been branded as "Capitalist Roaders." Liu Shaoqi, Deng Xiaoping, Hu Yaobang, Yang Shangkun and Peng Dehuai were among those who were either removed from their positions, arrested, publicly humiliated or subjected to public criticism.⁷⁴

However, the forces unleashed by Mao quickly spiraled out of his control. When Red Guards from Beijing expanded their campaign to the provinces they clashed with local Red Guards organized by provincial and local CCP organizations. After Mao instructed the PLA to assist the Red Guards attacking local CCP organizations, his instructions received an uneven reception. In some areas, such as in Wuhan, PLA sympathies lay clearly with the forces of order and stability represented by the local CCP organizations.⁷⁵

⁷²Jonathan D. Spence, The Search for Modern China, New York and London: W.W. Norton & Company, 1990), 603.

⁷³Harding, Organizing China, 236.

⁷⁴Rodzinski, 129-130.

⁷⁵Ibid., 139-140.

Conditions deteriorated further in January 1967 when Mao instructed workers to form Red Guard units. Student participation in the Red Guards had decimated the education system in 1966. Mao's 1967 instructions created similar consequences for industrial production. In addition, the different backgrounds of students and workers intensified the internecine conflicts among Red Guard units. By the summer of 1968, the chaos in China compelled Mao to again instruct the PLA to intervene; this time in opposition to the Red Guards and in order to restore order. In July 1968, Mao disbanded the Red Guards and sent approximately 20 million former guardsmen to live in the countryside.⁷⁶

The Cultural Revolution demonstrated to a generation of Chinese leaders, the immense destructive potential of mass movements. Once launched, even Mao was unable to control the forces of chaos and terror unleashed by the Cultural Revolution. The Cultural Revolution accomplished Mao's first goal of eliminating, temporarily, the CCP leadership at the center and at the provincial level--but Mao was unable to replace this elite with anything but disorder and violence. By 1969 the CCP had become "...an increasingly dispirited, demoralized, and disunited organization, with its highest echelon especially riddled with factionalism, and many of its members paying only lip service to the current programme for the sake of personal survival."⁷⁷

⁷⁶Ibid. 172.

⁷⁷Ibid., 177.

In the end,

...none of these developments provided a final solution to the succession question. The purges of the Cultural Revolution produced not a united Party but a divided one in which a deep schism of hostility and suspicion separated those who had led the movement and those who had been its victims.⁷⁸

2. Lin Biao and the PLA, 1969-71

Ironically Mao's attempt to eliminate factional opposition and reinvigorate his rule had the opposite effect. At the leadership level, factional intriguing was greatly stimulated. In command of the only institution capable of maintaining order, Defense Minister Lin Biao became the front runner in the struggle to succeed Mao. Lin recognized that the key to his success was the expansion and institutionalization of the political role of the PLA.⁷⁹ His strategy was three-pronged: weaken or eliminate the power of a sizable portion of the PLA who objected to his politicization of the military; appoint his supporters from the PLA Fourth Field Army into key positions⁸⁰; and preserve the military's autonomy from civilian control.⁸¹ Lin also advocated domestic and foreign policies that he believed would benefit the military officers on whose support he depended.⁸² For example, Lin opposed Zhou Enlai's efforts at rapprochement with the

⁷⁸Harding, Organizing China, 296.

⁷⁹Ibid., 300.

⁸⁰Rodzinski, 168

⁸¹Harding, Organizing China, 298-299.

⁸²Ibid., 299.

U.S., arguing instead that a strong military was the best way of "ensuring Chinese security from a Soviet attack."⁸³

Lin's efforts culminated at the Ninth Party Congress in April 1969. Lin was formally appointed Mao's heir and PLA officers were appointed to 45% of all seats in the new Central Committee.⁸⁴ At the provincial level, regional PLA commanders, the only surviving component of the fused Party/Army elite, increasingly occupied concurrent posts as first secretaries in provincial CCP organizations.

The two and one-half years following the Ninth Party Congress were characterized by intense factional conflict between Lin Biao, Jiang Qing and to a lesser extent Zhou Enlai. Atop this struggle, Mao played the precarious role of "balancer" often employing other key players that included second echelon civilian officials and regional military commanders.⁸⁵ Each of these groups formed personal alliances and utilized organizational, social, economic and foreign policy issues to consolidate their position and weaken rivals in the succession struggle.⁸⁶ To counter Lin Biao's PLA-centered strategy, Jiang Qing sought to continue the mass movements and promote young radical officials into key Party and government positions. In contrast, Zhou Enlai espoused the return of senior officials purged during the early years of the Cultural Revolution and the strict Party control over mass organizations.⁸⁷

⁸³Ibid.

⁸⁴Rodzinski. 176.

⁸⁵Harding, Organizing China, 296-297.

⁸⁶Ibid., 298.

⁸⁷Ibid., 298-299.

Lin's preeminent position in the succession struggle began to erode within a year of the Ninth Party Congress. A temporary accommodation between the Jiang and Zhou factions convinced Mao to reduce the military's role in civilian politics. At the CCP Central Committee's Second Plenum in Lushan in August-September 1970, Mao acted to reduce the military's dominance over the Party and to curb Lin's "...unseemly degree of personal ambition."⁸⁸ During a trip to the provinces in the summer of 1971, Mao charged that the PLA had become a "cultural army" that neglected its military responsibilities.⁸⁹ In desperation some of Lin's supporters apparently planned to overthrow Mao. The plot was uncovered and Lin allegedly died in a plane crash in September 1971 while attempting to flee China.

3. Moderates vs Leftists

Following Lin's demise the uneasy coalition between moderates and leftists dissipated amidst renewed jockeying to replace Mao. During the period 1971-76 the fortunes of both groups fluctuated wildly. However the institutional and personnel programs advocated by each group remained remarkably consistent.

Moderates associated with Zhou Enlai and Deng Xiaoping advocated internal reform, restructuring of the bureaucracy from the top down and achieving the Four Modernization's.⁹⁰ Their primary aim was to strengthen CCP authority at all levels of society and rehabilitate cadres purged during the Cultural Revolution. Directly challenging the leftists, the moderates attempted to restore inter-Party discipline and reassert direct Party control over mass organizations. In order to further weaken the role

⁸⁸Ibid., 302.

⁸⁹Ibid.

⁹⁰Agriculture, Industry, Science and Technology.

of the PLA, the moderates sought to remove PLA officials from civilian posts. In their place, moderates attempted to reinstate newly rehabilitated veteran cadres.⁹¹

The leftists generally supported efforts to remove PLA officials from civilian positions. However they were opposed adamantly to reinstating "capitalist roaders" who had been purged during the Cultural Revolution. Instead they supported the advancement of younger, more ideologically-oriented officials who had benefited from Cultural Revolution. Most importantly, the leftists emphasized the need for continuing mass movements to provide "mass criticism of bureaucratic officials and their policies, organized around changing ideological themes."⁹²

Both groups advocated domestic and foreign policies designed to strengthen their position in the succession struggle. For the moderates, improved ties with the U.S. weakened the PLA's argument that the military should be bolstered in order to deal with the Soviet threat. The mechanization of agriculture and economic ties with the West were blows against mass movements and self-sufficiency advocated by the leftists.

In a significant victory for the moderates, in the Spring of 1973 an ill Zhou Enlai arranged for the reinstatement of Deng Xiaoping. Deng was identified first as a Vice Premier and then as a member of the CCP Central Committee. In May 1974 Deng became de facto Premier⁹³ and in January 1975 a member of the Politburo's Standing

⁹¹Harding, *Organizing China*, 327.

⁹²*Ibid.*, 327.

⁹³Zhou was hospitalized at this time.

Committee.⁹⁴ Deng's re-emergence also signaled the return to political life of "thousands of higher and middle echelon experienced veteran CCP members."⁹⁵

Deng's efforts to implement some of the moderate policies of Zhou quickly encountered rising opposition from the Jiang Qing faction. In 1975 Deng launched a frontal assault on Jiang Qing and her advocacy of continued mass campaigns. He announced that the three instructions of Mao to "study the theory of the dictatorship of the proletariat; achieve stability and order; boost the economy--formed an organic whole and should be regarded as a key link in the work of the Party."⁹⁶ Jiang Qing, with the support of Mao, used her control of the official media to launch an intense propaganda attack on Deng as an "unrepentant capitalist roader."⁹⁷

The leftists appealed to nationalistic and regional sentiments. They charged that moderate demands for more centralized economic control and improved relations with the West represented a broader effort to turn China into a "raw materials supply base for imperialism and socialism, a market for their commodities, and an outlet for their investment."⁹⁸ Leftists warned provincial leaders that "their discretionary powers in economic and financial affairs would be limited" by Deng's proposals.⁹⁹

In the face of this assault, Deng was unable to survive the January 1976 death of his patron, Zhou Enlai. After giving the eulogy at Zhou's funeral in January, Deng

⁹⁴Rodzinski, 190-191.

⁹⁵Ibid., 191.

⁹⁶Ibid., 193.

⁹⁷Ibid., 194.

⁹⁸Harding, Organizing China, 323.

⁹⁹Ibid.

disappeared from public view for over one year. One month later, Hua Guofeng was unexpectedly installed as Acting Premier instead of Deng.

In April 7, 1976 Deng was stripped of all his Party and government posts and charged with instigating the spontaneous outpouring of popular affection for Zhou Enlai that occurred in Beijing and throughout China in March-April. During this period, approximately two million Chinese visited Tiananmen Square to pay their last respects to the late Premier. On April 4-5 Hua and Jiang convinced Mao that the burgeoning demonstrations should be dispersed by force. After several skirmishes, police and militia forces attacked and beat some 10,000 angry people in Tiananmen on April 5.¹⁰⁰

Deng was perhaps spared from an even more unpleasant fate when, in a portent of things to come, Ye Jianying arranged to have Deng taken to Guangzhou¹⁰¹ where he was placed under the protection of the military governor General Xu Shiyou.¹⁰²

The death of Mao in September 9, 1976 again demonstrated the precariousness of clients after the death of their patrons. Jiang Qing's attempt to assume power in the wake of Mao's death was blocked by the combined efforts of Hua Guofeng and Ye Jianying. On October 6, Jiang and her key supporters, in what would become known as the "Gang of Four," were arrested. At a Politburo meeting on October 7, Hua was nominated chairman of the Central Committee and head of the Military Affairs Commission.¹⁰³

¹⁰⁰Rodzinski, 197-198.

¹⁰¹Ibid., 199.

¹⁰²Spence, 653.

¹⁰³Rodzinski, 201-203.

The rapid disintegration of Jiang Qing's power following the death of Mao demonstrated a fatal weakness in the leftist position. Jiang had been unable to expand her factional connections beyond Mao, mass movements, the media and the militia. Ultimately Mao's patronage was her only meaningful source of power. Her failure to establish links within the Party and the PLA can be directly attributed to the savagery with which these institutions had been subjected during the Cultural Revolution. Despite their success in mass mobilizations, the leftists underestimated the resilience of the CCP and PLA. Ultimately they were unable to translate mass movements into effective political power.

...mass criticism could identify programs and cadres that mass organizations considered to be revisionist, but it could not force officials to change their policies, remold their political philosophies, or resign from office. In the Cultural Revolution, Mao had ultimately been required to sanction the overthrow of the entire Party and state apparatus to order the army to enforce his decision. Neither Mao nor the army was willing to offer comparable support to the leftists in 1975-76. Instead, the instruments of power--as opposed to the instruments of protest--remained in the hands of moderates.¹⁰⁴

This study of Mao's rise to power, his struggle to keep himself at the top and to dictate his own successors, shows how he depended totally upon his adroitness in manipulating individuals and factions in maintaining his dominance over the party apparatus, government bureaucrats, the army and regional authorities who opposed him. His ad hoc decisions contributed in no way to a possible institutionalizing of the succession process. These same shortcomings are evident in the career of Deng Xiaoping.

¹⁰⁴Harding, *Organizing China*, 328.

C. DENG XIAOPING: TIANANMEN AND BEYOND (1976-1993)

1. Deng's Rise to Power

China under the leadership of Hua Guofeng in late 1976 was confronted with daunting problems. The economy was at best stagnating, the education system was in tatters, and society-at-large traumatized by the ten years of the Cultural Revolution. Most importantly, Mao's vision of China "standing up" under the leadership of the Communist Party had been discredited. Confronted with this enormous task, Hua offered no new vision of his own. He was too closely associated with Mao, the Cultural Revolution and the 1976 Tiananmen Incident to risk a repudiation of these events. Hua appeared capable of providing only a gentler version of the policies of the past. Keeping faith with the cult of Mao, he proceeded to construct a gigantic mausoleum for the late chairman in Tiananmen Square and completed work on the Fifth Volume of Mao's Works. Hua also attempted to create his own personality cult by mimicking Mao's lifestyle "...and otherwise appropriating his persona."¹⁰⁵ Hua's position was summed up by his advocacy of the "two whatevers" outlined in a February 7, 1977 editorial:

Whatever policies Chairman Mao had decided, we shall resolutely defend; whatever instructions he issued, we shall steadfastly obey.¹⁰⁶

Hua also lacked the factional ties to the PLA or with the growing number of rehabilitated Party veterans to begin the task of rebuilding the Party and Chinese society. He could only claim support among some of the younger officials who had emerged

¹⁰⁵Lowell Ditmer, China's Continuous Revolution: The Post-Liberation Epoch 1949-1981, (Berkeley, Los Angeles and London: University of California Press, 1987), 214.

¹⁰⁶Ditmer, 211 from Ren Min Er Bao, 7 February 1977.

during the Cultural Revolution. Even their loyalty was superficial--they supported Hua only because the alternative, the return of purged cadres, would endanger their careers.

Without a compelling vision or a viable factional network, Hua's legitimacy rested on the October 7 Politburo nomination and an alleged obscure endorsement from Mao: "With you in charge, I am at ease."¹⁰⁷ Hua badly needed the Central Committee's imprimatur on his leadership. In order to convene the Central Committee, Hua required the support of Ye Jianying and Li Xiannian and their factions composed of rehabilitated veteran cadres.¹⁰⁸

The price for Ye and Li's support appears to have been the rehabilitation of Deng. The Third Plenum of the Tenth Central Committee in July 1977 confirmed Hua's position as Chairman of the CCP Central Committee and restored Deng to his Party and government posts. Deng was listed third in protocol order after Hua and Ye Jianying.¹⁰⁹

Although Deng's return gave Hua a short term respite, it also guaranteed that Hua would play no more than a brief role as a transition figure. Deng offered a vision and had the factional connections with the PLA and Party veterans to implement his policies. Gradually but relentlessly Deng chipped away at Mao's legacy and Hua's legitimacy by creating the intellectual and political framework for a critical appraisal of the Cultural Revolution and the introduction of a new set of guiding principles--modernization and economic development.

Deng was careful to avoid the total repudiation of Mao and Marxist-Leninism that might have further unsettled the Chinese people and, more importantly, could have

¹⁰⁷Rodzinski, 211.

¹⁰⁸Ibid.

¹⁰⁹Ibid., 213.

again weakened the PLA and the CCP--his primary tools for controlling Chinese society. Instead he proposed a pragmatic method of "re-interpreting" Mao's thought by "seeking truth through facts." ¹¹⁰ This approach would breath new life into the CCP. The supremacy of Mao's teaching would be supplanted by an empirical approach based on effectiveness and efficiency.

By mid-1978 the rehabilitation of many veteran cadres, most of whom supported him, emboldened Deng to increase the pressure on Hua. A series of newspaper articles claimed that Marx, Lenin and Mao Zedong had not believed that their theories and conclusions were unchangeable. The articles stressed that Marxism must "...continuously absorb new opinions and conclusions and discard those that no longer fit the situation." ¹¹¹

The Third Plenum of the 11th Central Committee in December 1978 was a major victory for Deng and his moderate supporters. Shortly before the Plenum the 1976 Tiananmen Incident was declared a "completely revolutionary" event, removing another black mark from Deng's name.¹¹² The Plenum affirmed Deng's vision and implicitly repudiated Hua's "two whatevers" by calling for the CCP to "shift emphasis of our Party's work and attention of the people of the whole country to socialist modernization as of 1979."¹¹³ In addition to laying the foundations for agricultural mechanization and market reforms, the Plenum promised even further reforms by stressing the role of law and an independent judiciary in the modernization effort. ¹¹⁴

¹¹⁰Ibid.

¹¹¹Ibid., 223-224.

¹¹²Ibid., 228.

¹¹³Spence, 656-657.

¹¹⁴Ibid., 658.

During the Plenum a large number of senior cadres were rehabilitated including economist Chen Yun (who was named Party Vice Chairman and head of the Discipline Commission). In addition, Deng supporters Deng Yingchao, Wang Zhen and Hu Yaobang were added to the Politburo.¹¹⁵

Coinciding with the Third Plenum was a clear sign of the continuing alienation of many Chinese intellectuals from the CCP. Deng moved quickly to suppress the Democracy Wall Movement of November 1978--January 1979 after a series of wall posters in Beijing evolved from an exposition of the horrors of the Cultural Revolution to challenging the "fundamental premises of the CCP itself."¹¹⁶ Deng's message was clear. Change would be permitted only under the direct control of the CCP.

Following the Plenum, Hua was reduced to little more than a figurehead and Deng's preeminent position was firmly established. In January 1979 Deng was treated as a head of state during his trip to the U.S. and meetings with President Carter. In March 1979, Deng promulgated his Four Cardinal Principles¹¹⁷ considered to be indispensable for implementing the main task of the Party - the Four Modernizations. Deng's vision of modernization focused narrowly on economic development. Political power would be held tightly by the newly regenerated Communist Party--controlled in turn by Deng and his supporters. There would be an end to "class struggles" and mass movements and no more traumatic breaks that threatened order and stability.

A key element in Deng's rise to power was an emphasis on ending the threat to Party legitimacy represented by the mass movements. Deng succeeded by promising

¹¹⁵Rodzinski, 229.

¹¹⁶Spence, 664.

¹¹⁷Maintain the Socialist Road, the dictatorship of the proletariat, the leadership of the Communist Party and Marxism-Leninism and Mao Zedong thought.

economic modernization and the end of ideologically driven mass movements.¹¹⁸ Moderates believed that these movements had damaged the credibility of the CCP and threatened to plunge Chinese society into chaos. Deng's goals of modernization and stability were a direct response to the excesses of the mass movements.¹¹⁹ However, the mass movements did serve the important function of generating popular support for policy. The mass movements also contained implicit recognition of the CCP's need to reflect popular sentiment. By controlling the reigns of power Deng provided stability but the cost would be a weakening the CCP's ability to explain policy to the people and to curb bureaucratic excess.

Following extensive but inconclusive CCP rectification campaigns Deng's succession climaxed with the September 1980 appointment of Deng loyalist Zhao Ziyang to the premiership and Hua Guofeng's resignation from his top Party and government posts in November 1980. In June 1981 Hu Yaobang and Deng Xiaoping were formally elected to Hua's two senior posts. *Deng had succeeded Mao.*

2. Fracture and Renewed Succession Crisis: Tiananmen in 1989

The early and mid 1980's were a period of rapid economic change in China. Agricultural reforms emphasizing individual profits over Mao's concept of "self reliance" increased rural productivity by some two hundred and fifty percent by the mid-1980's.¹²⁰ For the first time in her history, China achieved self-sufficiency in grain and cotton.¹²¹ Deng opened China's economy to foreign trade; concentrating on production of consumer

¹¹⁸Bachman, J058.

¹¹⁹Ibid., 1049.

¹²⁰Fairbank, *A New History*, 412.

¹²¹Rodzinski, 271.

goods for export in place of Mao's development of heavy industry. The establishment of Special Economic Zones encouraged an influx of foreign investment and advanced technologies. Industrial production rose at an annual rate of 10.6% and there was a dramatic rise in the people's standard of living.

The growing complexity of Chinese life was reflected in the emergence of the separate career paths of many of the younger clients sponsored by Deng into leadership positions. Hu Yaobang, born to a peasant family, participated as a boy in the Communist Revolution in the late 1920's and was a veteran of the Long March. As a leader of the China Youth League in the 1950's, Hu had extensive contact with many of China's most prominent intellectuals. Zhao Ziyang, the son of a landlord, joined the CCP in the 1930's and worked as a guerrilla base organizer during the civil war. Following the Revolution, Zhao rose steadily in the Guangdong Province Party organization and latter as Party Secretary and political commissar in Chengdu.¹²² In 1935, Li Peng's father was killed by the KMT. As a young boy Li was taken in by Zhou Enlai and after the civil war sent to Moscow where he was trained as an engineer. Li rose to prominence as an expert in energy matters.¹²³ Among this triumvirate Li was the technocrat, Hu the liberal-intellectual and Zhao the economist. Although Hu and Zhao had good revolutionary credentials they shared with Li a lack of any strong ties to the PLA.

In the early 1980's Deng acted to reduce the PLA role in civil affairs and strengthen Party control over military affairs. In the early 1980's, acting in his capacity as chairman of the Party's Military Affairs Commission (MAC), Deng attempted to "drastically reduce the direct influence of the PLA on policy questions not related to

¹²²Spence, 676-677.

¹²³Ibid., 728-729.

national defense,"¹²⁴ At the provincial level, Deng ended the practice of "interlocking directories" in which PLA commanders simultaneously held regional, party, state and military positions. At the center, Deng reduced the level of military representation in high-level party organizations.¹²⁵ Instead, Deng stressed the need for professionalism and modernization in the military. The PLA was also encouraged to supplement its budget by engaging in overseas sales of military equipment.

Success placed increasing strains on the factional network created by Deng in the late 1970's. In the early 1980's, the Chinese leadership was united in opposing any return to the chaos of the Cultural Revolution and the strong belief of the need for firm party control over the military. In addition, most of the veteran cadres were personally indebted to Deng for arranging their rehabilitation. However, despite general agreement on the need for China to import foreign technology, participate in the international economic system and increase reliance on market forces, there was a lack of consensus on the speed and extent to which these goals should be pursued.¹²⁶

In particular, it had become clear that modernization was not without its price. China's economy was increasingly vulnerable to world economic trends. Periods of growth were followed by contractions over which Party and government leaders had little experience or ability to control. Inflation threatened to eat up many of the hard earned improvements in the people's standard of living. Economic development was uneven. Some segments of society and certain regions prospered while the well-being of others deteriorated. In the rush to become rich, there was a rise in crime and official corruption

¹²⁴ Harlan W. Jencks, "China's Army, China's Future," China in the Nineties: Crisis Management and Beyond, ed. David G. Goodman and Gerald Segal, (Oxford: Clarendon Press, 1991), 151.

¹²⁵Swain, 159.

¹²⁶David S.G. Goodman, "The Authoritarian Outlook," China in the Nineties, 2.

that many senior Chinese officials associated with increased contacts with the West. Of equal importance, modernization raised popular aspirations for greater economic and political reform. Chinese intellectuals demanded greater latitude in examining the CCP's dominant role in Chinese society.

The factional network established by Deng in the late 1970's began to fracture over disagreements between reformers including Hu Yaobang and Zhao Ziyang who favored an acceleration of economic and political reforms and conservatives including Chen Yun and Li Peng who advocated a more cautious approach that emphasized maintaining the central authority of the CCP and minimizing the "pollution" of Chinese Marxist values.¹²⁷ Deng, like Mao before him, acted as a balancing force from atop this increasing bifurcated leadership elite.

Reforms and retrenchments proceeded in fits and starts from 1982-1986. Conservatives complained after the removal of some price controls and experimentation with labor incentive systems caused the economy to overheat, creating more unemployment and a higher rate of inflation. In 1983, in order to appease conservatives, Deng permitted a campaign to curb the "spiritual pollution" of Chinese society. Intellectuals were criticized for spreading "corrosive" influences from the West. At the same time, Deng allowed reformers to proceed with a plans to dismantle the collective system and implement structural reforms to increase efficiency at the provincial and local level.¹²⁸

In 1986 an unfortunate convergence of economic and political factors began the process that derailed Deng's efforts to groom Hu Yaobang and Zhao Ziyang as his

¹²⁷Spence, 696-697.

¹²⁸Ibid., 699.

successors. Economically, an increase in inflation had created discontent among students and some workers whose standard of living had been affected adversely. Politically, student attempts to expand political participation at the local and provincial level political had been thwarted in 1980, 1982 and 1984 by CCP manipulation of the selection process for members of the National People's Congress. Determined to succeed in 1986, students demonstrated in Hefei on December 5, 1986 and a few days later in Wuhan. In Beijing, demands for greater political freedom combined with protests about poor living conditions for students and a lack of job opportunities for university graduates.¹²⁹ Protests continued throughout the country in January, culminating in a massive rally in Tiananmen Square.¹³⁰

In mid January Deng joined conservatives in criticizing the students' actions. Prominent dissidents Liu Binyan and Fang Lizhi were expelled from the CCP and on January 16, Hu Yaobang was forced to resign as CCP secretary-general. Steps were taken to tighten press censorship and a number of "counter-revolutionaries" were arrested. Deng had again demonstrated that his vision of economic reforms did not encompass an increase in political freedom at the expense of the Communist Party. Despite these measures, intellectuals within and outside the Party continued to urge a further reappraisal of the Party's role in Chinese society.

Deng's unwillingness to pursue greater political reform overlooked the rise in political aspirations that inevitably accompany economic development.

¹²⁹Fairbank, *A New History*, 723-724.

¹³⁰*Ibid.*, 725.

The weakening of the Party's ideological and organizational controls over state employees, and the emergence of private and collective enterprises outside the state sector, created the rudiments of a civil society, independent of the state, which was willing and able to present demands to the government. Unfortunately, the failure to create new mechanisms for hearing and acting upon those demands meant that popular grievances would necessarily be expressed outside institutional channels.¹³¹

Throughout the year Deng acted to balance the various factions jockeying for power. Premier Zhao Ziyang was named acting secretary-general to replace Hu. In November, Deng resigned from the Central Committee in return for the resignations of conservatives Chen Yun and Peng Zhen¹³². Also in 1987, Li Peng was named acting premier and General Yang Shangkun was named China's President. Despite the removal of Hu, Zhao pursued an ambitious economic and political reform agenda. At the CPC's Thirteenth Party Congress in October 1987 Zhao appealed for far-reaching structural reforms that included: "The separation of the Party and government...."¹³³.

Conservative unhappiness with the pace and direction of Zhao's reform efforts climaxed in his removal from power during the 1989 protests in Tiananmen Square. Students capitalized on Hu Yaobang's unexpected death on April 15, 1989 to launch massive demonstrations throughout China to express unhappiness over corruption among Party leaders and their families, the neglect of education and a perceived decline in social morality.¹³⁴ The demonstrators called for vigorous economic and political changes. In

¹³¹Harry Harding, A Fragile Relationship: The United States and China Since 1972, (Washington, D.C.: Brookings Institution, 1992), 219.

¹³²Deng retained his key position as chairman of the Party's Military Affairs Commission.

¹³³"Zhao Ziyang's Work Report to CPC Congress, Beijing Domestic Service," 25 October 1987, in FBIS 26 October 1987, 24.

¹³⁴Yi Mu and Mark V. Thompson, Crisis At Tiananmen, (San Francisco: China Books and Periodicals, 1990), 8.

Beijing, the protests coincided with Soviet Premier Gorbachev's May visit to China. A symbiotic relationship developed between the international press, in China to cover the Gorbachev visit, and the protesters. In May, after the students were joined by Chinese from all walks of life, the number of demonstrators in Tiananmen exceeded one million people.

As he had shown in 1978 and again in 1986, Deng was unprepared to tolerate dissent that threatened stability and order. In the crisis-filled atmosphere, Deng reverted to "ad hoc authoritarianism"¹³⁵ and factional manipulation to regain control of events. The CCP Central Committee and Politburo did not meet during the crisis. Instead, all decisions were made by expanded sessions of the CCP Politburo Standing Committee¹³⁶ "...without regard for formal decision-making procedures."¹³⁷ Although Deng was no longer a member of this group, he insisted on participating in its meetings and, according to some reports, cast the deciding vote against Premier Zhao Ziyang.¹³⁸ Also during Tiananmen, key orders to move troops were taken without consulting Zhao who at the time was concurrently Vice Chairman of the Central Military Commission.¹³⁹

With PLA support provided by Yang Shangkun and conservative support in the form of Li Peng's high public profile, Deng agreed to use force to suppress the demonstrations. On June 4, in front of a stunned international television audience, PLA

¹³⁵Jencks, 151.

¹³⁶The Politburo Standing Committee only had five members in 1989.

¹³⁷Lawrence R. Sullivan, "The Crisis in Authority," China in the Nineties, 95.

¹³⁸Ibid.,

¹³⁹Ibid. and Jencks, 151.

troops brutally attacked demonstrators. Hundreds died and thousands were arrested in the subsequent crackdown.

Significantly, Deng roles reversed in the 1976 and 1989 Tiananmen protests. In 1976 Deng led popular sentiment after the death of Zhou Enlai. Because of his alleged role in those demonstrations, Deng was persecuted by radicals and removed temporarily from power. In 1989 Deng led the forces of repression and removed another popular figure from power. Among the many casualties of Tiananmen were Deng's legacy and his carefully laid plans to transfer his leadership to his designated successors. Deng's vision of a modern and economically advanced China under the leadership of the Communist Party had been shaken to its foundations.

The Tiananmen Massacre was only one in a series of events that demonstrates the failure of the CCP to respond to popular sentiment. The massacre highlighted a profound failure by the Chinese leadership to institutionalize political structures capable of accommodating the *social-economic changes* that occurred in the 1980's.¹⁴⁰ Economic reforms had raised popular expectations but political reforms were lacking. In the political realm, Deng and conservative elders

...refused to alter a CCP organization that had been formed forty years earlier during the party's struggle for power. The social explosion in Chinese cities reflected this fundamental 'contradiction' between rapid social change and a rigid political structure and outworn ideology. Since 4 June 1989, conservative leaders have attempted to reinforce this highly centralized structure, while dealing with the enormous political fall-out from the crackdown, particularly a more assertive army and a deteriorating social order.¹⁴¹

¹⁴⁰Sullivan, 87.

¹⁴¹Ibid.

The period immediately after Tiananmen was characterized by renewed factional politics and political backsliding:

Efforts that had been underway to make the National People's Congress (China's national legislature) an effective and representative body ground to a halt--indeed reversed. Efforts to make the rule of law a more fundamental part of daily life prior to June 1989 were set back in the wave of indiscriminate arrests and detentions, not to mention the extraconstitutional means by which the decisions to declare martial law (in May 1989) and to use force (in June) were made.¹⁴²

Michael Swain has identified no fewer than five senior leadership factions (see Table I) involved in the struggle to succeed to Deng's power following Tiananmen. Three leadership candidates were a study in contrasts. Technocrat Li Peng combined expertise in energy matters with a cautious approach to economics and a conservative political outlook. However, Li's public image had been damaged fatally by his close association with the forces of repression during and after the Tiananmen Massacre. Jiang Zemin had replaced Zhao as CCP General Secretary and Deng as Chairman of the Party's Military Affairs Commission. A former Mayor of Shanghai, Jiang had no ties to the PLA and with the exception of his patronage by Deng, no relationship with the central leadership.

Table 1: SENIOR PRC LEADERSHIP FACTIONS

ELDER FIGURE	MILITARY CONNECTION	LEADERSHIP CANDIDATE
Deng Xiaoping	Second Field Army (Qin Jiwei, Liu Huaqing Hong Xuezhong)	Jiang Zemin
Yang Shangkun	PLA General Political Department	Yang Baibing
Chen Yun Peng Zhen	None	Li Peng

¹⁴²Barber B. Conable, Jr. and David M. Lampton, "China: The Coming Power," *Foreign Affairs*, (Volume 71, No. 5, Winter 1992/93), 140.

Zhang Aiping	Third Field Army	?
	Defense Industries	
	PLA General Staff Department	
	(Chi Haotian)	
Yang Dezhi	Fifth Field Army	?
Bo Yibo		

Compiled from Michael Swain, *The Military & Political Succession in China: Leadership Institutions and Beliefs*

However, the faction led by President Yang Shangkun, with its strong ties to the PLA, appeared to be in the strongest position. There were striking similarities in the role of the PLA in the struggle to succeed Mao and in the post-Tiananmen efforts to succeed Deng. During the Cultural Revolution and Tiananmen the PLA intervened on behalf of China's absolute leader, not the Party.¹⁴³ Leadership use of the PLA to suppress demonstrators in Tiananmen temporarily increased the power and prestige of PLA leaders Yang Shangkun and his half brother Yang Baibing within the ruling elite.¹⁴⁴ Like Lin Biao the two Yangs attempted to expand their influence by appointing allies to key military posts.

Factional differences were reflected by two broad interpretations of economic development that emerged during this period. Deng and Jiang Zemin maintained that the demise of the Soviet Union and the communist nations of Eastern Europe was due to their inept economic policies.¹⁴⁵ They attributed Asian prosperity to benign Confucian authoritarianism and the relatively open, export oriented economies of Japan, South Korea, Hong Kong, Singapore, and Taiwan. They saw the key to China's economic

¹⁴³Jencks, 150.

¹⁴⁴At the same time the PLA's credibility with the general populace was badly damaged.

¹⁴⁵Conable and Lampton, 136.

success in a market-determined economy still ruled by the CCP.¹⁴⁶ An integral part of this view was the belief that a peaceful international environment benefited China.

In contrast, conservatives such as Li Peng and Chen Yun, acknowledged the importance of economics but placed greater emphasis on maintaining security and internal controls. Conservatives insisted that economic reform should be slowed to avoid risking political difficulties. The conservative argument contained a heavier element of xenophobia. First, they insisted that foreign economic exploitation and cultural infiltration were responsible for most of China's weaknesses. In order to achieve national development, China should resist all attempts to impose Western values on Chinese society.¹⁴⁷ Second, although China needed to acquire foreign technology and strengthen its military to offset the growing military, economic and political influence of Japan, contacts should be kept to a minimum. The conservative argument placed greater emphasis on competition with advanced nations.

3. The Fourteenth Party Congress

By January 1992 Deng had begun what may turn out to be his final effort to ensure an orderly succession to individuals who shared his vision of an economically modern China under the leadership of the Chinese Communist Party. In a bid to secure control of the CCP's propaganda apparatus, controlled by conservatives since June 1989, Deng and President Yang Shangkun made well-publicized trips to economic zones in Guangdong Province near Hong Kong. During the visits, Deng stressed that his "reform and open door" policies were China's "only way out". He warned that those who opposed

¹⁴⁶Goodman, 2.

¹⁴⁷John W. Garver, Foreign Relations of the People's Republic of China. (Englewood Cliffs, New Jersey: Prentice Hall, 1993), 26-27.

these policies "would have to leave the (political) stage."¹⁴⁸ At the same time Politburo member Li Ruihuan, a Deng client, urged CCP propaganda chiefs to "encourage liberal thinking, promote cultural production and stress the primacy of economic development."¹⁴⁹ Deng's offensive greatly weakened the prospects of conservative leadership candidates and appeared to bolster the prospects of Jiang Zemin and Yang Shangkun.

Following Deng's southern trip Yang Shangkun and his half brother Yang Baibing¹⁵⁰ apparently tried to expand their factional ties beyond the PLA. At the National People's Congress in March 1992, Yang Baibing attempted to create the ideological underpinnings for this expansion by promoting the notion that the PLA's mission was to "Escort the Cause of Reforms and Opening Up." This slogan was interpreted to allow greater military participation in China's economic and political affairs.¹⁵¹ Yang's advocacy of a larger role for the PLA created a powerful counter-reaction. His remarks antagonized many senior PLA commanders, who had not been consulted in advance, and convinced Deng of the need to remove the Yangs from his succession plans. Deng apparently feared that the Yang brothers were too eager to fashion a post-Deng regime.

At the Fourteenth Party Congress in October 1992, a fragile Deng Xiaoping made a brief appearance to place his imprimatur on the military, economic, political and

¹⁴⁸Lincoln Kaye, "Deng Speaks Out," The Far Eastern Economic Review, 13 February 1992, 10. These quotations are reportedly from Deng.

¹⁴⁹Ibid. The quotation is from Kaye and is not verbatim from Li's remarks.

¹⁵⁰At this time Yang Baibing was Director of the PLA's General Political Department and Secretary-General of the Central Military Commission.

¹⁵¹"The PLA After the Fourteenth Party Congress," China News Analysis, 1 February 1993, 2.

personal decisions that would be announced during the session. Deng's attendance as a "specially invited delegate"¹⁵² of the PLA emphasized his strong military ties.

The most surprising announcements involved the PLA. Amidst allegation of abuse of power, Yang Shangkun was removed from his position as first vice chairman of the CCP and Yang Baibing lost his position as Director of the GSD and Secretary General of the CMC. Yang Shangkun subsequently resigned as China's President. PLA representation in the new Standing Committee increased with the appointment of General Liu Huaqing and Hu Jintao. The appointments of the 76 year old Liu and 78 year old Zhang Zhen as CMC Vice Chairman underscored Deng's desire for prestigious generals to counteract the influence of the Yang brothers in the PLA and create a professional, technically advanced military.¹⁵³

The Congress outlined a mission for the PLA that down-played involvement in politics. The "new" mission of the PLA marked a return to Deng's concept of "army building." *The PLA would remain subject to the Party and would serve the reform effort by concentrating on military modernization and improving its fighting capability.*¹⁵⁴ Following the Congress, an estimated three hundred PLA generals were involved in a series of personnel changes that exceeded the demotions and purges that followed the Lin Biao Incident in 1971¹⁵⁵. Although the two Yangs remain alive and might attempt to

¹⁵²"The Fourteenth Party Congress," China News Analysis, 1 November 1992, 1.

¹⁵³Ibid. 10.

¹⁵⁴"The PLA After the Fourteenth Party Congress," 3.

¹⁵⁵Ibid., 1.

reassert themselves,¹⁵⁶ in the short run their faction appears to have been eliminated as a serious factor in the succession struggle.

The primary focus of the Fourteenth Congress was on economic development. In his work report General Secretary Jiang Zemin announced a broad consensus to proceed prudently and gradually toward "a market economy under socialism." Reform of the political system would be limited to the establishment of a "democratic political system with Chinese characteristics and not a multi-party and parliamentary western-style system."¹⁵⁷ The importance of Party rectification was highlighted when Jiang's statement that the fight against "...corrupt elements who harm the country and the people, and who must be punished according to the Party rules and the laws of the country, no matter who they are." elicited the longest ovation from the assembled delegates.

The economic and political lines announced at the Fourteenth Party Congress were put into operation during the March 1993 meeting of the PRC's National People's Congress (NPC). *During its meetings, the figure-head body NPC amended the PRC's constitution to officially sanction Deng's open door policy and to stress that the nation placed highest priority on economic modernization in the form of a "socialist market economy."*¹⁵⁸

The new Standing Committee of the Fourteenth Party Congress was composed of former members Jiang Zemin (General Secretary), Li Peng, Qiao Shi, Li Ruihuan, and new members Zhu Rongji, Liu Huaqing and Hu Jintao. The addition of Deng clients Zhu, Hu and Liu to the Standing Committee and the dismissal of conservatives Yao Yilin and

¹⁵⁶Especially if Yang Shangkun outlives Deng.

¹⁵⁷"The Fourteenth Party Congress," 2.

¹⁵⁸Nicholas d. Kristof, "China's Congress Likely To Pick Younger Rulers," New York Times, 15 March 1993.

Song Ping revealed the latest twist in the succession struggle. The position of Li Peng, already in public disrepute because of his close association with the Tiananmen Massacre, was further weakened by the departure of Yao and Song. The PLA, for the moment, was controlled by Deng. The aging leader apparently intended that Zhu, a Deputy Premier, and former Mayor of Shanghai with a reputation as a cold but efficient manager, would emerge as a rival to Li Peng. Zhu could also aspire to replace Jiang Zemin should he fail to establish sufficient ties with the military. This judgment was reinforced when Zhu was named Acting Premier in the spring of 1993 after Li Peng suffered an apparent heart attack.

In this new leadership elite, security chief Qiao Shi may well possess the swing vote between Jiang, Li and Zhu. Jiang Zemin's elevation to the presidency at the Eighth National People's Congress in March 1993¹⁵⁹ made him the first concurrent CCP chief and president since Liu Shaoqi in 1959. Although Jiang's position in the succession struggle has been greatly strengthened by this act, his own lack of a personal power base makes his tenure in office highly precarious.

The struggle to succeed Mao and Deng's rise to power suggest three lessons for the future. First, Deng's successors in the CCP will be unwilling to follow Mao's example and change the system from the outside. Second, because Chinese society lacks the institutional checks provided by a balance of power within the government or a free press, the means to control the corruption and the bureaucratic isolation decried by Mao are limited. Finally, absent significant reform within the CCP, popular discontent will manifest itself in ways that continue to challenge the legitimacy of Communist rule. The lessons of

¹⁵⁹"New State Leaders Elected," Beijing Review, 5-11 April 1993, 4.

the Democracy Wall in 1978 and Tiananmen in 1989 are that the CCP is increasingly out of touch with grass roots political aspirations.

D. THE ROAD AHEAD

Due to the lack of an institutionalized succession process and the preponderance of factionalism in leadership dynamics, any analysis of future leadership changes must include fundamental questions about regime legitimacy and survivability following the demise of its senior leader. As of this writing (September 1993)) answers to the following questions will shed some light on the enigma of Deng's successors:

1. What effect will China's recent history and traditional reliance on personal factions have on the succession struggle?
2. Does the CCP still have sufficient flexibility to remain the dominant political institution in China?
3. What role will the PLA play in leadership change?
4. What will be the impact on the Party, the PLA and the new breed of technocrats on a leadership having to cope increasingly with the challenges of regionalism?

If the Cultural Revolution was Mao's last attempt to pass on revolutionary values to a new generation, then the current emphasis on the development of a "market economy under socialism" marks Deng's attempt to transfer authority to those dedicated to his vision of an economically modern China under the strict control of the Chinese Communist Party. Like Mao, Deng has become disillusioned with and dismissed several potential successors. It is unclear whether the present contenders in the succession struggle, Jiang Zemin, Zhu Rongji and Qiao Shi will develop sufficient personal ties in the Party and the PLA to survive the death of their patron or whether they are destined to play

a transition role similar to Hua Guofeng. Their failure could create new opportunities for Li Peng, Yang Shangkun and perhaps even Zhao Ziyang. Equally important, external challenges to CCP legitimacy raise doubts about the ability the Party to remain the predominant institution in the PRC.

The struggle to succeed Mao, underscores that "no succession arrangement should be considered final or unchangeable."¹⁶⁰ Factional jockeying for position is bound to accelerate as press reports concentrate on Deng's increasing infirmity.¹⁶¹ Unanticipated events such as the death of party elder Wang Zhen in March 1993 and Premier Li Peng's current incapacity due to an apparent heart attack will further influence the intense factional maneuvering to replace Deng.¹⁶² As the struggle intensifies, the perspectives of the leadership contenders will be shaped primarily by the following factors.

1. Factions and Organizations

Deng's failure to strengthen the rule of law and weaken the role of factions and factional networks ensures that the succession struggle will involve intense factional maneuvering involving the CCP, the state bureaucracy and the PLA. Among the leadership elite this struggle will overshadow other domestic and foreign policy considerations.

Unless a strong leader establishes firm control over the Party/Government/Military apparatus and communicates an acceptable vision to the

¹⁶⁰Harding, Organizing China, 297.

¹⁶¹"China's Top Leader believed to Be Dying," Los Angeles Times, 25 June 1993.

¹⁶²Sheryl WuDunn, "Chinese Premier Reported to Be Ill," New York Times, 13 May 1993.

Chinese people, the leadership will be reactive rather than proactive. Decision-making in China will be characterized by the need for faction patrons to reward their clients and by interfactional compromises and shifting alliances of factional networks.

Because Chinese society lacks the institutional checks provided by a balance of power within the government or a free press, the means to control the corruption and the bureaucratic isolation decried by Mao are limited. Faction patrons will find it difficult, if not impossible, to curb high level corruption involving senior officials or members of their immediate families. The corruption and abuse of power of so-called "Cadre Kids," the offspring of senior officials, will continue unabated. If unchecked, this corruption will elicit new extra-systemic protests that challenge the legitimacy of CCP rule.

In order for the CCP to retain its grip on power it must deal with the internal problems posed by corruption and bureaucratic excess and by external challenges arising from increasing political aspirations. Internally the Party will be challenged by the military and the huge bureaucracy. External challenges will come from advocates of greater pluralism and greater regional autonomy.

2. The Role of the Communist Party: Survival and Legitimacy

Will the CCP disintegrate like the communist parties in the Soviet Union and Eastern Europe or does it retain sufficient flexibility to remain the ruling party of China?

The fate of the CCP is not irretrievable. The CCP is unlikely to follow the path of the Soviet Communist Party or Communism in Eastern Europe. Recent history suggests that the CCP retains sufficient flexibility to cope with the challenges posed by rapid economic development and rising political aspirations. Though ideological content may fluctuate, the name--CCP--is likely to endure.

a. The Soviet Model

China's economic success and the difficulties in translating mass movements into sustained political power make it unlikely that the PRC will follow the paths of the Soviet Union or the communist states of Eastern Europe..

Economic stagnation played a major role in the collapse of Communism in the Soviet Union and Eastern Europe. China is currently enjoying a period of unprecedented economic expansion. The economic reforms instituted by Deng Xiaoping in the 1980's have doubled workers' nominal wages and tripled farmers' incomes.¹⁶³ Ordinary Chinese far greater access to consumer goods and improved housing have translated into the biggest economic boom in China since the revolution.¹⁶⁴ These economic reforms have brought about real improvements to the people's livelihood.¹⁶⁵ With 1993 GNP expected to increase 14-10 percent and industrial production for the first six months of 1993 up 25 percent, Chinese authorities are more concerned about curbing growth than with stagnation.¹⁶⁶

In the Soviet Union and Eastern Europe economic and political reform were attempted simultaneously. Economic reform was rapid and often chaotic. The abolition of many price supports in the former Soviet Union caused a decline in the standard of living. At the same time, political reform meant that people had a channel to express their grievances without fear of repression. The result was the disintegration of Soviet authority.

¹⁶³Harding, *A Fragile Relationship*, 216.

¹⁶⁴*Ibid.*, 217.

¹⁶⁵ Goodman, 14-16.

¹⁶⁶"China Details New Austerity Plan, *UPI*, 9 July 1993, *Compuserve Newsgrid Service*.

China's economic reforms predate those in Eastern Europe and the former Soviet Republics. These reforms have been implemented gradually since 1979 and have caused fewer dislocations and discontent than the reforms in Eastern Europe. Even before the economic reforms of 1979, Communist rule had made tangible improvements "in health care, food consumption, and housing"¹⁶⁷ in China. In addition, China's economy has been far more closely linked to world markets than the economies of Eastern Europe and the former Soviet Union. As a result, Chinese officials have far greater experience in international business and penetrating foreign markets.¹⁶⁸ From June 1992-June 1993 China attracted US\$11 billion in new foreign investments¹⁶⁹

Periodic economic slowdowns in China have created pressures different than those in Eastern Europe. When expectations exceeded improvements in economic conditions in the second half of the 1980's

...leading to considerable feelings of relative deprivation, particularly amongst the urban work-force. Such frustrations clearly led to demonstrations in 1989 but they are very different to those which occurred in Eastern Europe, but not least because they are more likely to be directed at the regime rather than the state itself.¹⁷⁰

Secondly, China's experience before and after Tiananmen has shown that mass movements are difficult to translate into political power. In the short run as long as China's economy is vibrant and its leaders determined to remain in power, there is little likelihood of an imminent collapse of communist rule in China. Social order has been preserved.

¹⁶⁷Goodman, 15.

¹⁶⁸Garver, 324.

¹⁶⁹Carl Goldstein, Lincoln Kaye and Anthony Blass, "Get Off Our Backs," Far Eastern Economic Review, 15 July 1993, 69.

¹⁷⁰Goodman, 15.

b. Flexibility

Throughout its history, the Chinese Communist Party has possessed remarkable resiliency and ability to change. Deng Xiaoping's selective interpretation of Mao and Marxism-Leninism to permit "Socialist Market Economics" is the latest indication that pragmatism is alive and well in China.

However, CCP legitimacy has been weakened by the current leadership's inability to communicate a coherent political ideology that takes into account the influx of controversial ideas from abroad and the increased popular political consciousness that accompanies rapid economic development.

...the process of economic reform produces new interest groups, adversely affects powerful traditional groups (like state-enterprise workers) and generally gives rise to increasing demands on the regime.

There are two broad approaches to handling these demands. One is through repression (the 1989-92 approach); the other is to allow the expression of these interests and channel them into newly constructed political and legal institutions.¹⁷¹

New Chinese leaders must add a political component to Deng's vision of economic modernization. An important element in this new vision should be an official re-appraisal of the Tiananmen Massacre. In the same way that Deng found it necessary to re-examine Mao's role and the Cultural Revolution before he could proceed with economic modernization, the wounds of Tiananmen obstruct the CCP's ability to maintain its legitimacy.

Order and stability will be preserved if new Chinese leaders incorporate political reform into the existing CCP/government structure. Opening the Party would be a long term process that could entail granting some real decision making authority to

¹⁷¹Conable and Lampton, 140.

members of the National People's Congress and the Politburo. The process for selecting representatives to these bodies could be widened to more accurately reflect popular aspirations. An important goal would be to accommodate some of the more moderate opposition positions that include aggressively curbing corruption.

Without these or similar changes, the immediate prospect for CCP rule is for a further erosion of its legitimacy. Successful economic reforms will continue to give rise to new political forces within and outside the CCP. The new CCP leadership wishes to preserve law and order and keep its leadership intact. It will have to respond to the seething demand for reform in the political as well as the economic sphere.

3. The Role of the PLA

The PLA will inevitably play an important role in the struggle to replace Deng. Due largely to the emergence of separate Party, state and military career paths, none of leadership candidates being groomed by faction patrons have extensive ties to the PLA. Since a leadership candidate's "...ability to survive the death of his elder patron(s) depends heavily upon the strength and breadth of his contacts among his military counterparts...",¹⁷² China's elder leaders will find it necessary to both manipulate and court the PLA.

The personalized, highly centralized nature of the PLA's command and control system may increase its susceptibility to manipulation by elders.

¹⁷²Swain, 173.

This system is shown to embody most of the basic characteristics of the politico-military system as a whole: It is highly personalized, centralized along vertical lines, and compartmentalized. As a result, it presents major irregularities in procedure and potential ambiguities in authority relationships that could prove highly destabilizing in the event of a future leadership crisis at the center, especially one involving the breakdown of elder control and the emergence of open splits among the successor leadership.¹⁷³

The PLA's importance in factional disputes may increase its leverage in two areas: maintenance of order and increased military prerogatives. During the Cultural Revolution and Tiananmen, PLA forces acted to restore order and stability represented by the rule of the current supreme leader. Both cases demonstrate the military's "traditional fear of chaos and the heightened awareness of the PLA's importance as the final guarantor of social order."¹⁷⁴ In future crises, the PLA is likely to play a similar role.

The PLA is not a monolithic organization. Reports before and after Tiananmen indicate some dissension within the military leadership about the role of the PLA in crushing popular dissent. In the future, younger officers, themselves the products of the PLA's modernization and professionalism campaigns, may resist attempts to involve the military in factional disputes that might further erode the PLA's domestic image. Well aware of the damage done to the PLA because of Tiananmen, they might be particularly hesitant to accept instructions from outside the formal chain of command. The possible widespread existence of such sentiment, combined with greater professional training and the gradual deterioration of party/army networks, could encourage younger officers to rely

¹⁷³ Ibid., 9.

¹⁷⁴ Ibid., 10.

exclusively on formal command and control channels in a future leadership crisis.¹⁷⁵ Such developments would on one hand favor an entrenched leadership while at the same time encouraging these leaders to pursue moderate policies that seek to accommodate popular sentiment.

One possible method of appealing to younger officers would also coincide with the goals of senior military leaders. Expanding the PLA's economic interests and prerogatives might retain the loyalties of officers committed to the modernization and professionalism of the armed forces. Their interests would be furthered by continued increases in defense spending in the areas of equipment procurement, salaries and support facilities. Budget outlays could also be bolstered by granting the PLA increased latitude in weapons sales decisions and by allowing the military to retain a greater proportion of the profits derived from these sales. A minimum objective would be to ensure that the military's standard of living keeps pace with comparable sectors of the PRC's rapidly increasing economy.

Increased defense outlays and force modernization raises the specter of expanded use of the military to achieve national objectives. A stronger PLA might tempt more nationalistic senior factions to strengthen their position in the succession struggle by authorizing the employment of the PLA beyond China's borders. On the other hand, increased military leverage in the succession struggle might allow the PLA to resist factional attempts to launch high risk military adventures that jeopardize military resources.

In sum, the PLA will be a political factor in the leadership struggle and beyond. The military will tend to support moderate factions that maintain order and stability by

¹⁷⁵Ibid., 133-134.

accommodating popular sentiment. At the same time, the military will be in a better position to demand an increasing share of the state budget and an expansion of overseas weapons' sales.

4. The Role of Regionalism

Regionalism as a centrifugal force is not unprecedented in China. During the 1920's and the 1930's regional and local warlords controlled large areas of China with little regard for the instructions of the 'central' government.

China's size, geographic barriers and long history have created major sub-cultures possessing different dialects, diverse eating habits and even distinct burial practices. In addition, many of China's ethnic minorities are clustered in areas along its western border. Chinese leaders have been particularly sensitive about the influence of the collapse of the Soviet Union and establishment of new states adjacent to China composed of ethnic groups that also live in China.

China's efforts since the mid-1980's to move from centralized economic planning toward some form of a free market economy mandated greater economic decentralization. Economic reforms aimed at creating a 'socialist' market economy require a reduction of central control in economic activities. Local governments at the provincial and municipal levels have been permitted to: a) retain a greater share of revenues generated by local enterprises; b) attract foreign investment; c) conduct foreign trade; d) retain foreign exchange revenues; and e) make domestic investments.¹⁷⁶

Economic decentralization, coupled with economic prosperity and increased local wealth has encouraged a redistribution of power from Beijing to the provinces. Harry Harding has commented that:

¹⁷⁶Harding, *A Fragile Relationship*. 145 and 305.

The declining legitimacy of the central government has affected the attitudes and behavior of provincial officials, just as it has changed those of urban workers and intellectuals. Peking (Beijing) is much less able to enforce local compliance with its decisions than in the past, the provinces are becoming a powerful lobby in the shaping of national policy. As yet there has been little open defiance of the central government. But if Peking's authority continues to weaken, the line between quiet evasion and outright insubordination could be crossed more frequently.

Pressures for greater autonomy and even formal independence are rising in many of China's border regions. The Dalai Lama has demanded independence for Tibet unless Peking accords Tibet virtual autonomy in its internal political, economic, and cultural affairs. Calls for independence in Xinjiang have already been heard and could become more vocal if the Islamic republics of the Soviet Union, such as Turkestan, secure greater autonomy from Moscow. The upsurge of democracy, economic reform, and nationalism in the Mongolian People's Republic could encourage similar demands in the Inner Mongolian region in China.¹⁷⁷

Nowhere has the growth of regional power been more apparent than in southern China's prosperous Guangdong and Fujian provinces. Fueled by investments from Hong Kong and Taiwan these two provinces have far outstripped the economic performance in the rest of China. One danger that could arise would be that economic disparities might cause different regions to see foreign relations in a different light than the rest of the China. For example, might Guangdong Province be unwilling to fund heavy defense spending that might damage its relations with trading partners in Taiwan, Hong Kong or Southeast Asia?¹⁷⁸

In addition, regional disparities contribute to a perception that some provinces are not participating in economic development and an equally strong belief that poor provinces are restraining the more successful ones.

¹⁷⁷Ibid., 305.

¹⁷⁸Gerald Segal, "China and the Disintegration of the Soviet Union," *Asian Survey*, 9 September 1992, 855.

Concerns about a regional breakup of China are further heightened by reports that local officials have imposed illegal taxes on impoverished peasants in parts of Sichuan, Guizhou and Anhui Provinces.¹⁷⁹ Recent reports of excessive local taxation and local governments ignoring central instructions on the economy demonstrate the extent of decentralization. Other reports claim that some young cadres are refusing central-level positions in order to take more lucrative regional positions.¹⁸⁰ There have even been reports of a 'warlord businessman' in Henan province.¹⁸¹

What then is the likelihood that China will splinter into regional units?

Despite signs of greater decentralization and increased regional autonomy, there are few signs that China is on the brink of disintegration. A prosperous economy in Guangdong is unlikely to inspire armed revolt against the central authorities in Beijing. Regional disparities may be temporary. There are signs that foreign investors, particularly those from Taiwan, are expanding their operations into areas outside southern China in search of reduced costs. In addition, Japanese and South Korean investors are increasingly active in Dairen and the Northeast China. According to one official Xinhua report, in the first six months of 1993, South Korean investors committed US\$210 million to establish 310 enterprises in Liaoning Province in northeast China.¹⁸² In addition, poor provinces may provide markets for more developed ones.

¹⁷⁹Sheryl WuDunn, "China is Sowing Discontent With 'Taxes' on the Peasants," New York Times, 15 May 1993.

¹⁸⁰Willy Wo-Lap Lam, "A Power Shift From the Centre to the Provinces", South China Morning Post, 13 October 1992.

¹⁸¹Sheryl WuDunn, "China is Trying to Curb 'Warlord' Businessman,"

¹⁸²Xinhua News Agency, 7 July 1993.

Central authorities have recently demonstrated the willingness and ability to rein in abuses of regional authority. In June 1993, the CCP permitted the release of a series of reports detailing negative peasant reactions to local abuses of power. Some of the reports implied that unauthorized local fund raising had hindered central efforts to curb inflation by driving up interest rates.¹⁸³

The Politburo has taken steps to reduce local corruption and prevent the economy from overheating.¹⁸⁴ In addition to limiting local lending and bond issuance, the new measures prohibit the confiscation of peasant's property and ban local authorities from charging over 40 fees for such activities as militia training, social welfare programs and public construction projects.¹⁸⁵ Reformist Vice Premier and People's Bank of China Governor Zhu Rongji has dispatched work teams to the provinces to audit local financial institutions and pressure them to accede to the central plan to slow economic growth.¹⁸⁶ China's state run media have also condemned some local officials for mishandling economic reforms and abusing their powers.

Firm central control of the military appears ensured by frequent rotation of senior commanders and greater attention to the living conditions of troops. Because of reforms instituted in the 1980's, regional PLA commanders are less involved with regional political and economic affairs than they were during the Cultural Revolution.¹⁸⁷ The PLA is more resistant to regionalism than at any times in its history due to such reforms as the

¹⁸³United Press International, 22 June 1993, Compuserve Newsgrid Service.

¹⁸⁴China News Analysis, No. 1489, Hong Kong, July 15, 1993, 4.

¹⁸⁵Far Eastern Economic Review, 10 June 1993, 14.

¹⁸⁶Nicholas D. Kristof, "China, Barreling Along the Capitalist Road, Now Posts Strict Speed Limits," New York Times, 23 July 1993.

¹⁸⁷Jencks, 158.

implementation of national command-control-communications, logistics, and educational systems. Absent the complete collapse of central authority, it is unlikely that China will return to the 'warlordism that plagued China earlier in this century.

However, China's future ruling elite must deal with the consequences of decentralization. Central opposition to decentralization would inhibit economic growth and likely encounter greater regional resistance. New leaders will face strong pressure to translate legitimate regional aspirations into central institutions and policies. The Fourteenth Party Congress took a preliminary step in this direction by including six representatives of major provinces and cities into the twenty-three member Politburo.¹⁸⁸ In the long run the breakup of China into regional centers will depend less on economic decentralization and more on the center's response to the needs and aspirations of its citizens at the local level.

¹⁸⁸Lam.

IV. LEADERSHIP CHANGE AND THE CROSS STRAITS RELATIONSHIP

A. EVOLUTION OF CROSS STRAITS POLICIES

A key objective of the PRC has been to establish its control over Taiwan. Since 1949, the PRC has employed military force twice against offshore islands controlled by the ROC.¹⁸⁹ Beijing has steadfastly refused to renounce its claim of the right to use of force to effect reunification. Will a post-Deng regime on the mainland continue this policy; and will a new administration make any significant shifts in the cross straits relationship?

For Beijing, KMT dominance of Taiwan represents the last, uncompleted phase of the Chinese Communist Revolution. A Taiwan not ruled by Beijing is also an unpleasant reminder of China's humiliating experience during the nineteenth century at the hands of the West and Japan. More importantly, KMT rule of Taiwan is perceived as a direct threat to Communist rule of the mainland. In the years immediately after 1949 this threat was primarily a military one as KMT leaders schemed to retake the mainland by force. Recently this threat has become far more subtle. Taiwan's increasingly pluralistic political system and strong economy provide an alternate Chinese model for forces within the PRC dissatisfied with Communist rule.

Prior to 1979, the PRC sought unsuccessfully to *compel* the KMT to enter into negotiations by weakening the island's political and military ties with the United States.¹⁹⁰ Mao Zedong took a long term view to re-unification. He is quoted as saying that it did

¹⁸⁹Harding, *A Fragile Relationship*. 346.

¹⁹⁰Ibid. 140.

not matter if Taiwan took one hundred years to rejoin the mainland.¹⁹¹ However, following U.S.-PRC diplomatic normalization, Deng Xiaoping indicated a greater sense of urgency. In a 1980 speech he listed re-unification as one of the PRC's three primary objectives of the decade. Deng may have been influenced by Taiwan's rapid economic development or by the growing realization that reunification would be more difficult to achieve over time.¹⁹² Beijing combined this new sense of urgency with new tactics and a series of more flexible reunification formulas.¹⁹³ Although the PRC had first called for peaceful reunification in January 1979, the full scope of its plan did not emerge until 1981. On September 30, 1981 then NPC Standing Committee Chairman Ye Jianying proposed the establishment of cultural and economic exchanges between the two sides. In these "Nine Points" Ye called for negotiations between the CCP and the KMT aimed at a settlement whereby the KMT would accept PRC sovereignty over Taiwan. In return Beijing would agree to allow the island to maintain its own armed forces, retain its present economic and social systems, and send representatives to the central government in Beijing.¹⁹⁴ Ye stressed that Taiwan could maintain "a degree of autonomy" in a reunified China.¹⁹⁵ Deng Xiaoping personally called for party-to-party talks on June 26, 1983 and

¹⁹¹Nathan, China's Crisis, 154.

¹⁹²Ibid.

¹⁹³Harding, A Fragile Relationship, 140

¹⁹⁴Ibid., 155.

¹⁹⁵Nathan, China's Crisis, 154.

on May 15, 1984 Zhao Ziyang formally applied the concept of "one country, two systems" to Taiwan.¹⁹⁶

Despite these signs of moderation on the part of the PRC, the ROC government consistently rebuffed the PRC's overtures. The ROC maintained a strict "Three No Policy" (no contact, no negotiations, no compromise). Visits to the mainland, trade, direct mail and telephone links were prohibited.¹⁹⁷ As late as mid-1987, most ROC citizens were prevented from direct travel to Hong Kong as part of the ROC's efforts to stop its citizens from visiting the mainland.

However, the ROC was clearly on the defensive in responding to the PRC's call for cultural and economic exchanges. The combination of the PRC's more relaxed attitude and its economic reforms appealed to Taiwanese businessmen and elderly mainlanders on Taiwan who proceeded to ignore the ROC's restrictions.¹⁹⁸

The resulting upsurge of unauthorized investments and covert travel created an increasingly powerful second channel of interaction between the two sides. This second channel has effectively nullified many government policies and acted as a catalyst, encouraging the two sides first to relax restrictions and later facilitate cross straits contacts.

Shortly before his death in January 1988, ROC President Chiang Ching-kuo instituted a series of reforms that had a far reaching affect on the growth of cross straits ties. Chiang lifted Martial Law, relaxed restrictions on remittance of foreign exchange and

¹⁹⁶Carol Lee Hamrin, Amy Wilson and Moti Pinkasovic, China: Important Statements on Taiwan Reunification Since Normalization of US-China Relations: A Chronology, (unpublished and unclassified State Department document, September 1985).

¹⁹⁷Amy Lo, "Strait Talk," Free China Review, Vol 41 No. 1. January 1991, 6.

¹⁹⁸Harding, A Fragile Relationship, 140.

instructed Taiwan's Bureau of Entry and Exit to accept applications from ROC citizens to visit Hong Kong and Macao. Later in the year, the ROC's Red Cross Society began accepting applications for ROC citizens to visit relatives on the mainland.¹⁹⁹

Although Chiang Ching-kuo's motivations for allowing increased mainland contacts are unclear, his decision to open relations with the mainland came at a crucial time for Taiwan. The ROC economy had been growing rapidly and the island was prospering. Foreign reserve holdings were among the highest in the world. At the same time the island was becoming the victim of its own success. A chronic labor shortage was driving up wage rates. Land prices on the island were skyrocketing. Environmental awareness was rising and many groups were organizing to block new heavy polluting investments in their localities. Taiwan was threatened with decreasing international competitiveness. Taiwan businesses needed to move offshore or Taiwan's economic miracle might stall.

Taiwanese businessmen had various alternatives in Southeast Asia but low wage rates and the familiarity of doing business in a Chinese environment made the mainland particularly appealing. Aggressive Taiwanese entrepreneurs invented relatives and used mainland visits to arrange business opportunities.²⁰⁰ Although technically illegal, the ROC government "...basically turned a blind eye to the 'mom and pop' operations that increasingly flout(ed) investment restrictions."²⁰¹

Chiang Ching-kuo played a pivotal role in implementing the reforms of 1986-7. With his impeccable credentials as the son of KMT patriarch Chiang Kai-shek, Chiang Ching-kuo's involvement added a degree of legitimacy in the eyes of the Taiwan's Mainlander

¹⁹⁹"Chronology--Pragmatic Adaptations," Free China Review, Vol. 41 No.1 January 1991, 15.

²⁰⁰Lo, 7.

²⁰¹Mitchell A. Silk, "Silent Partners," The China Business Review, September-October 1990, 33.

dominated political and military elites that would have been lacking if the process had begun under Chiang's successor as President, Lee Teng-hui - a native Taiwanese.²⁰²

After assuming power, President Lee effectively sounded the "death knell"²⁰³ for Taiwan's Three No Policy. In May 1990 Lee acknowledged the legitimacy of the communist regime in Beijing and proposed government-to-government talks. In addition, Lee has called on the mainland to abolish its four cardinal principles (which promote socialism and the dictatorship of the Communist Party) and abandon its claim of the right to use of force against Taiwan.²⁰⁴

The rapid expansion of cross straits contacts particularly business and investment, "...provided a key stimuli for new shifts in Taiwan-mainland relations."²⁰⁵ Indirect trade, conducted primarily through Hong Kong, increased from US\$320 million in 1980 to US\$1.1 billion in 1985, and then to US\$2.7 billion in 1988. Mainland investments usually undertaken by dummy Taiwan corporations headquartered in Hong Kong, amounted to approximately US\$450 million by 1988.²⁰⁶

After large quantities of mainland folk medicine, dried fruits and other agricultural goods began to appear in local Taiwan markets, the ROC government acted in August 1988 to allow the indirect import of some agricultural and industrial raw materials. The Ministry of Economic Affairs (MOEA) belatedly attempted to develop a new policy to

²⁰²Li Teng-hui's background epitomizes the blending of Japanese and Western cultures with southern Chinese culture that has occurred on Taiwan. Li grew up in Taiwan during the Japanese colonial period; he attended university in Japan before completing his M.A. at Iowa State University and his Ph.D. from Cornell.

²⁰³Silk, 32.

²⁰⁴Ibid.

²⁰⁵Lo, 7.

²⁰⁶Harding, *A Fragile Relationship*, 157.

regulate economic relations with the mainland.²⁰⁷ MOEA's action in February 1990 to permit Taiwan entrepreneurs to undertake market survey trips and participate in mainland trade exhibitions did little more than highlight its new attitude toward mainland contacts by legitimizing the already wide-spread activities of Taiwan firms in these areas. MOEA also relaxed Taiwan's policy on the import of PRC cultural works, relics, and research materials.²⁰⁸

The ROC government has created institutional mechanisms to cope with the explosion of mainland contacts. In November 1990, Taipei formed a Mainland Affairs Task Force (later changed to the Mainland Affairs Committee) to coordinate a governmental response to trade and investment on the mainland. The Mainland Affairs Task force drafted new legislation and coordinated government agencies response to trade cultural and cross straits ties.²⁰⁹ In an attempt to regulate entry and exit, marriage, inheritance, correspondence, communications and business relations with the mainland, in November 1990 the Executive Yuan approved a draft Mainland Relations Law.

In 1991, Taiwan's new position on mainland relations was formulated with the approval of the "National Unification Guidelines." The Guidelines envisioned three stages leading to reunification but set no timetable. In the first stage the PRC would renounce its claim to use force against Taiwan, mutual trust would be strengthened by private exchanges and the peaceful resolution of disputes. In the second stage, there would be high-level official contacts and direct commerce. Taipei's objectives, summed up in

²⁰⁷Silk, 43.

²⁰⁸Ibid.

²⁰⁹Lo, 8.

President Lee's "one country, two governments" proposal was PRC recognition of the ROC's de facto jurisdiction over Taiwan.²¹⁰

At the same time, an "unofficial" organization, the Straits Exchange Foundation (SEF) was created to act as an intermediary in dealing with the mainland. One year later Beijing responded by forming an "unofficial" counterpart organization, the Association for Relations Across the Taiwan Straits (ARATS). Cooperation between the Straits Exchange Foundation (SEF) in Taiwan and the Association for Relations Across the Taiwan Strait (ARATS) on the mainland mark an important step toward institutionalizing cross straits interaction.

In 1992, these "non-governmental" bodies held two working level meetings in Beijing and Hong Kong to discuss such practical issues as document notarizations and handling registered postal items.²¹¹ As a result of these meetings, the two organizations established regular written, FAX and telephone communications.²¹²

In April 1993, the heads of ARATS and SEF conducted two days of "unofficial" talks in Singapore. These talks were the highest level meetings of the two sides in 45 years.²¹³ The different objectives of both sides were evident from the moment the two delegations arrived in Singapore. ARATS officials publicly called for reunification and urged the conclusion of economic agreements including permitting direct trade and transportation links. ARATS officials also reiterated China refusal to abandon its claim of the right to

²¹⁰Julian Baum, "Flags Follow Trade," Far Eastern Economic Review, 17 September 1992, 20-21.

²¹¹Liaowang Overseas Edition, 4 January 1993, 3-4, trans. FBIS 2 February 1993, 78.

²¹²Ibid.

²¹³"Taiwan, China End Historic Talks Without Agreement," UPI, 28 April 1993, Compuserve Newsgrid Service.

use force.²¹⁴ SEF representatives focused on non-political issues constraining cross straits interaction. They advocated an agreement on technical issues that provided protection for Taiwan businessmen's investments in the mainland.

In the end each side got something but neither side achieved all of its objectives. Taipei refused Beijing's overtures for greater political content to the talks and the two sides were unable to reach an investment protection agreement. However, the meeting itself represented a victory for Beijing's long-sought after negotiations with Taiwan. For the ROC, the arrangements during the talks, including an exchange of seats between Wang and Ku halfway through the final signing ceremony, implied the equal status insisted on by Taipei.²¹⁵ The two sides agreed on formalizing SEF-ARATS communication, cultural, scientific and technological exchanges.²¹⁶ They also promised to work closer to curb crime, illegal immigration, fisheries disputes and protect intellectual property rights, and facilitate journalists and young peoples exchanges²¹⁷ SEF president Ku Chen-fu and ARATS chairman Wang Daohan promised to meet again in the near future.

B. PRESENT SCOPE OF RELATIONS

Since late 1988 both Taiwan and the China mainland have accrued concrete benefits, in terms of profits and prestige, from the profusion of ties between the private sector in Taiwan and regional interests on the mainland.

²¹⁴Frank Ching, "Taiwan Has Regained Initiative in Dealing with the Mainland," Far Eastern Economic Review, 13 May 1993, 38.

²¹⁵Frank Ching, "China, Taiwan Vie for Support of Chinese in North America," Far Eastern Economic Review, 8 July 1993, 28.

²¹⁶"Taiwan, China End Historic Talks Without Agreement," UPI, 28 April 1993.

²¹⁷Nicholas D. Kristof, "Starting to Build Their First Bridge, China and Taiwan Sign 4 Pacts," New York Times, 30 April 1993 and "Wang-Koo Meeting: A Historic Step," Beijing Review, 10-16 May 1993, 4.

Statistics on Taiwan-mainland interaction are frequently unreliable. Much of the trade and investment across the straits is technically illegal and Taiwan businessmen in particular have gone to great lengths to conceal many of their activities. In addition, many trade and investment activities occur indirectly through overseas subsidiaries of Taiwan firms and may be incorporated into trade and investment statistics of other countries. Most observers estimate that in 1992 two way trade amounted to US\$7-8 billion although the managing director of the Hong Kong Taiwan Trade Center has estimated that 1992 two way trade between Taiwan and the mainland amounted to US\$10 billion.²¹⁸ According to the PRC's official Xinhua News Agency, during the period January to September 1992, Taiwan businessmen invested US\$2.97 billion in 3,750 mainland projects raising Taiwan's total mainland investments to US\$6.5 billion. Taiwan is now the third largest investor in the mainland after Hong Kong and the U.S.²¹⁹ Investments ranged from light manufacturing to real estate, construction, high technology and services.²²⁰ In 1992, Xinhua reported that representatives from more than two thirds of Taiwan's 100 largest companies had visited the mainland.

New trade patterns have emerged and some traditional relationships have resumed. Taiwan businessmen realize cost savings by shipping semi-finished products to China via Hong Kong for final or partial assembly: some of these items are then returned to Taiwan for shipment overseas. Senior officials at one large Taiwan corporation which produces materials used in the production of appliance casings, estimate that they export US\$100 million of their product to mainland factories each year. Not coincidentally, many of their

²¹⁸Zhongguo Tongxun She, trans. FBIS, 19 January 1993, 71.

²¹⁹Ibid., 70. Other sources speculate that Taiwan has already displaced the U.S. as the second largest investor in the mainland.

²²⁰Ibid.

mainland customers formerly operated similar factories in Taiwan.²²¹ In another case President Enterprises, Taiwan's largest producer of processed foods is engaged in a joint venture with the People's Liberation Army to grow tomatoes in Xinjiang Province.²²² The largest and highest profile Taiwan investment, a planned US\$7 billion petrochemical complex by the Formosa Plastics Co., has been put on hold after encountering serious opposition from the ROC government. Formosa Plastics Co. officials have been quick to point out that their firm was simply following its former Taiwan customers to the mainland.²²³

In related developments, Taiwan managers are in great demand to supervise investments in mainland factories. Mainland agricultural products including fresh crabs, dried mushrooms and Chinese folk medicines are widely available in local Taiwan markets.

Relationships have grown in other areas as Taiwan visitors have come to the mainland "...to see the sights,...to conduct scientific, technological and cultural exchanges, do business and make investments, seek medical services or to attend school."²²⁴ In 1987, 275,000 Taiwan residents visited the mainland. The following year another 450,000

²²¹Conversations with Taiwan businessmen 1989-1993.

²²²IPS, Beijing 7 February 1993 and Carl Goldstein, "The Bottom Line: Taiwan Capital, Factories Pour Into China," Far Eastern Economic Review, 17 September 1992, 23.

²²³ Interview with Formosa Plastics officials.

²²⁴Liaowang Overseas Edition, 16 December 1991, trans. FBIS, 3 January 1992, 60.

followed.²²⁵ According to PRC estimates more than 1.2 million people from Taiwan visited the mainland in 1992,²²⁶ up from one million in 1991.²²⁷

Other 1991 statistics include: the repatriation via Red Cross channels of 3,345 mainland Chinese attempting to enter Taiwan illegally; unofficial visits to the mainland by members of the ROC's Legislative Yuan, National Assembly, Control Yuan, ruling KMT and opposition DPP parties; mainland visits by 116 Taiwan cultural exchange groups involving 887 people in the first ten months of 1991. In addition, during 1991 more than 100 Taiwan sports delegations, composed of 2,000 people, visited the mainland. Cooperation between Taiwan and mainland TV stations has enabled audiences on both sides of the straits to watch the same live TV show, and there were 200 publication cooperation agreements and joint publication of more than 100 titles. During the same period, Taiwan received 12 mainland cultural groups and hosted 13,000 mainland visitors, including journalists.²²⁸

Statistics fail to describe the depth or complexity of these contacts. Prior to departing Taiwan, tourists may visit stores and select and pay for gifts for relatives. After arriving in the mainland, the items are delivered to them.²²⁹ With the advent of Hong Kong's Star TV satellite service PRC nightly news broadcasts are now available to a wide spectrum of Taiwan society. Taiwan TV features reports from its own journalists speaking to PRC citizens in remote areas of China including the Three Gorges and Dunhuang. Academics

²²⁵Harding, *A Fragile Relationship*, 158.

²²⁶Wang Zaixi, "Taiwan's Situation in 1992 Reviewed," *Liaowang Overseas Edition*, 11 January 1993, 9-10, trans. *FBIS*, 2 February 1993, 75.

²²⁷*Ibid.*

²²⁸*Ibid.*, 60 and 68.

²²⁹Interviews with Kaohsiung travel agents.

from both sides attend conferences and engage in low key academic exchanges.²³⁰ In one recent case, during a visit to Taipei, Shen Shitun, the president of the Beijing Aerospace University, proposed a number of aviation and aerospace projects with Taiwan firms.²³¹ Members of Taiwan Kiwanis and other social clubs travel to the mainland for golf outings. Religious pilgrims from Taiwan journey to the home of the god Matsu on the mainland. Mainland meats and foodstuffs are sold openly in Taiwan markets. Taiwan deep-sea fishing boats are crewed by PRC citizens. The Taiwan boats not only pick up and discharge PRC crewmen in third countries but also put into small mainland fishing ports such as Pintang Island off the coast of Fujian where they pick up and discharge crew members.²³²

Eased standards have led to a rise in cross straits crime. Smuggling is widespread²³³; Taiwan police officials attribute an influx of weapons and drugs into the island to mainland sources.²³⁴ Charges of piracy have been leveled against parties on both sides of the straits. During the period 1987-1992, the ROC seized 21,476 illegal immigrants and repatriated most of them to the PRC.²³⁵

Although the vibrancy of this relationship has somewhat blurred the political differences between Taipei and Beijing, there still exists a fundamentally different set of assumptions driving the long term objectives of the two governments. For the ROC, these

²³⁰FBIS, 29 December 1992, 79.

²³¹Tongxin She, 17 January 1993, trans. FBIS, 2 February 1993, 76.

²³²Julian Baum, "Nets Across The Strait: Driftnet Fishing Thrives Under Chinese Flag," Far Eastern Economic Review, 8 July 1993, 23.

²³³"Smuggling Cases on the Rise in China," UPI, 10 February 1993, Compuserve Newsgrid Service.

²³⁴Interview with Kaohsiung police officials.

²³⁵China News Agency, 9 February 1993, in FBIS, 9 February 1993, 68-69.

ties reduce tensions and the likelihood of a military confrontation with the PRC. The relationship provides Taiwan businessmen with a favorable investment opportunities and a potentially large market. In sum the economic and social relationships are ends in themselves.

For Beijing the immediate goal is economics, the long term is political re-unification. The intermediate step is negotiation on a party-to-party basis aimed at re-unification. Taiwan's growing political pluralism has undermined a key assumption underlying Beijing's re-unification strategy. The KMT alone is no longer capable of concluding any re-unification agreements with the PRC. Taiwan's political realities are such that any agreement with the PRC must command the widespread popular support that only the island's governmental *institutions* can provide.²³⁶

C. HONG KONG AS ENTREPOT

Hong Kong has played a key role in facilitating the cross straits relationship. In the absence of direct transportation and financial links, Hong Kong emerged as the entrepot for people, goods and services moving between Taiwan and the mainland. In a little researched area, Hong Kong banks have probably acted as the central intermediary in transferring funds from Taiwan companies to their investments in the mainland.

Due primarily to the flow of goods and services to and from the mainland, in 1991 Taiwan ranked as Hong Kong's fourth largest trading partner and Taiwan's second largest export market after the U.S.²³⁷ Nearly 20 percent of all arriving visitors in Hong Kong were from Taiwan.²³⁸

²³⁶Nathan, China's Crisis, 153.

²³⁷Pamela Baldinger, "The Birth of Greater China," The China Business Review, May-June 1992, 17.

²³⁸Ibid.

The post-1997 role of Hong Kong in cross straits interaction is unclear. Progress on direct transportation and financial links may diminish Hong Kong's importance as other Chinese cities establish their own shipping and communications links with Taiwan. Should Taiwan-mainland negotiations bog down, Hong Kong might continue to play a central role after 1997. Hong Kong's Basic Law allows the British colony to retain its current system for fifty years after 1997. This provision might prove to be a boon to Hong Kong intermediary role between Taiwan and the mainland.

Taiwan has long maintained an uneasy relationship with Hong Kong. In the past, ROC citizens have complained at the treatment that they receive from Hong Kong officials as they transit Hong Kong for the mainland. The ROC's presence in the colony has been very low key. Taiwan's affairs are handled by the Chung Hwa Travel Service, and the official ROC Government Information Service is represented by its publication, The Free China Review.²³⁹

In anticipation of 1997, the ROC has taken steps to define its new relationship with Hong Kong. Taipei is drafting a law for consideration by the Legislative Yuan specifying Taiwan's relationship with Hong Kong. An encouraging sign is Beijing's 1991 agreement permitting the ROC's Mainland Affairs Council (MAC) to establish a Hong Kong office corresponding roughly to the mainland's own office called the Department of Hong Kong and Macao Affairs.²⁴⁰

The present cross straits relationship is full of dilemmas for Taipei and Beijing. The leadership equation on both sides of the straits is subject to change. Nevertheless, a

²³⁹Ibid.

²⁴⁰Frank Ching, "Taiwan is Drafting Legislation To Govern Ties With Hong Kong," Far Eastern Economic Review, 1 July 1993, 28.

summary and conclusions, or preliminary observations about the future, seem to be in order.

V. SUMMARY AND CONCLUSIONS

It is unlikely that the fast growing relationship between Taiwan and the China mainland will lead to political unification. The distinct political, social and economic forces at work on both sides of the straits make it doubtful that new generations of leaders in Taipei and Beijing will be willing to undertake the risks associated with political unification. However, short of a declaration of Taiwan independence or the collapse of central authority in Beijing, both unlikely, cross straits interaction will expand and propel both sides to increase bilateral cooperation.

The cross straits relationship presents both opportunities and problems for future leaders in Taipei and Beijing. The operational codes of each leadership elite will play an important role in determining the perceived costs and benefits of this relationship. These operational codes will differ significantly from those of their predecessors. A key ingredient in the operational code of Taiwan's new leaders will be the unique influence of southern Chinese, Japanese and Western cultures on the island's Taiwanese majority. The operational code of the next generation of leaders on the China mainland will be affected by the need of technocrats from narrow bureaucratic backgrounds to establish factional networks that span the CCP, State bureaucracy, and the PLA. The long run challenge for both sets of elites will be satisfying the traditional desire to maintain order and stability while simultaneously sustaining economic development and dealing with rising political aspirations.

The impetus for the cross straits relationship has come from the private sector on Taiwan and at the local and regional level on the mainland. These groups form a powerful constituency that benefits from expanded ties. In the past, this constituency has forged

ties that compelled a leadership response. A lesson for the future is that changes in the relationship will not always occur at a pace and in areas dictated by the leaderships. In many cases, leaders in Taipei and Beijing will be forced to respond to initiatives undertaken by these groups. Nevertheless, the cross straits relationship will be influenced by clearly identifiable factors contained in the operational codes of new leaders in Taipei and Beijing.

A. THE INFLUENCE OF POLITICAL DEVELOPMENTS IN TAIWAN

The next generation of Taiwan leaders will be selected by an increasingly pluralistic system but one which remains biased heavily in favor of the ruling KMT. By admitting Taiwanese into leadership positions, co-opting moderate opposition policies, relaxing political controls and utilizing its overwhelming financial and propaganda resources, the KMT has perpetuated its rule in Taiwan. In so doing, the underlying rationale for KMT rule has shifted away from the premise that the ROC will someday re-capture the China mainland. The KMT's new legitimacy rests on its ability to provide effective government that reflects the aspirations of the residents of Taiwan. This new legitimacy has transformed Taiwan's political landscape.

A key element in effective government is the primacy of law and institutions over personal relations and factions. The gradual relaxation of political controls has stimulated the growth of a free press, opposition political parties and private associations whose primary focus is on Taiwan. On one hand, these organizations help the KMT identify and address salient issues. On the other hand, they pose a potential challenge to KMT rule and could take over the government should the ruling Party falter.

The development of law and political institutions represented by the emergence of these organizations precludes any meaningful re-unification talks between the KMT and

the CCP. An active opposition and a free press have begun the process of separating the KMT from the ROC's government apparatus. Any attempt by the KMT to engage in direct negotiations with the CCP concerning the status of Taiwan would jeopardize the KMT's grip on power. In an increasingly pluralistic Taiwan where law and political institutions constrain factions and personal relations, any negotiations with the PRC must command the overwhelming support of the Taiwan populace. This support could be mobilized only by a popularly elected government perceived as acting in the best interests of the people of Taiwan. No ROC government could sustain popular support unless it entered into negotiations as an equal to its PRC counterpart.

Strong popular support for re-unification in a prosperous and pluralistic Taiwan is unlikely. The people of Taiwan will ascertain their interests in terms of their prosperity and security. Their perceptions will be Taiwan-centered--ties with the China mainland will be judged beneficial only when they enhance Taiwan's economic prosperity and do not threaten to undermine the island's political institutions.

Attempts at political re-unification would threaten both Taiwan's prosperity and security. The relatively tiny and affluent Taiwan population would be overwhelmed by the sheer size of the mainland's population and any acknowledgment by Taiwan of its subservient position to Beijing would invite future interference in the island's political and economic processes. Promises by Beijing that Taiwan could retain its political and economic autonomy offer no new incentives to the people of Taiwan. In addition, such assurances are questionable given Beijing's current hardline policies toward Hong Kong.

Reflecting popular opinion, the ROC's leadership elite is increasingly Taiwan-centered--its primary objective is improving the security and welfare of the residents of Taiwan. These leaders will be less inclined to undertake potentially risky steps toward political reunification and equally unwilling to proclaim Taiwan independence. While they

will endorse publicly Lee Teng-hui's proposals for reunification, they will actively pursue only those objectives that facilitate contacts. Closely affiliated with the Taiwanese business community, these Taiwanese KMT leaders see tangible benefits in expanding cross straits trade, investment and social interaction. However, they view economic and social ties as ends in themselves, not as the beginning of a process leading to political reunification.

Taiwan's lack of international recognition of a political status commensurate with its economic power will continue to frustrate the island's leadership but is unlikely to lead to an overt declaration of independence. The PRC's diplomatic efforts to isolate Taiwan are the main stumbling block to increased international recognition. These efforts are likely to be stimulated not constrained by a formal declaration of independence. The KMT also needs to accommodate the numerically small but still politically influential block of Mainlander voters. Although the Mainlander wing of the KMT will exercise disproportionate but decreasing influence particularly on military and security issues, it is still sufficiently strong to discourage new leaders (as evidenced by the recently formed New Party) from deviating sharply in public from its current stance.

Further economic development on the mainland will not provide sufficient incentives to persuade Taiwan's ruling elite to enter into re-unification talks with Beijing. The growth of the notion of a separate Taiwanese identity, fueled by Taiwan's economic success and long separation from the mainland, will constrain any form of political union that acknowledges Beijing's sovereignty over the island. The Taiwanese attitude toward the mainland can be likened to a Canadian view of the United States. The two societies share a similar culture and engage in close economic cooperation but the numerically smaller society steadfastly resists any actions that might weaken its national identity. The Taiwan leadership's attitude toward re-unification and independence is perhaps best

summed up in a popular saying: "Unification is what you can say but don't do; independence is what you do but can't say."

B. THE INFLUENCE OF DEVELOPMENTS ON THE MAINLAND

Power in the People's Republic of China is gradually shifting "...from an older generation to a younger one, from state to society, and from center to provinces."²⁴¹ At the leadership level this shift will be characterized by intense factional maneuvering, the necessity of strengthening the legitimacy of the CCP, and the need to accommodate regional autonomy. Accompanying these challenges will be a daunting array of problems that includes the return of Hong Kong, population pressures on the environment and an economy and society increasingly vulnerable to outside forces. All of these problems will demand careful leadership attention.

Since there is no institutionalized succession process, the succession contest will be fought on a wide front. The CCP, the PLA, the technocrats and the bureaucracy will play important roles in the struggle. Contending factions will utilize foreign, domestic and personnel policies to bolster their positions. All of these policies will be subordinated to behind-the-scenes factional maneuvering.

The next generation of Chinese leaders will not possess the broad-based personal experience and ties that Deng and Mao built up through the years and used to consolidate their power. They lack the prestige of having participated in the Chinese Communist Revolution. Most of the leadership candidates favored by Deng are technocrats who have specialized in the economy, not ideology or Party organization. Since these contenders for top leadership positions represent narrow bureaucratic constituencies, they will need to generate continuing payoffs to retain members in fluid networks that span the CCP, State

²⁴¹Harding, *A Fragile Relationship*, 301.

bureaucracy and the PLA. Their ability to reward network members will be greatly enhanced by policies that promote continued economic progress. Any new leader will have to work constantly at expanding his own support base. These factors make it highly likely that the new leadership will be even more pragmatic and committed to economic reform than Deng.²⁴²

Despite challenges posed by the Tiananmen protests in 1989 and the Democracy Wall movement in 1978-79, the Chinese Communist Party (CCP) remains entrenched atop China's political system--at least in the short run. The next generation of China's leaders will be self-selected by senior members of the Party and PLA's ruling elite. A crucial problem confronting future leaders of the PRC will be continuing, or better still strengthening, the legitimacy of the Chinese Communist Party. In the late 1970's and early 1980's Deng successfully made his vision of modernization through economic reform the underlying rationale for CCP rule. In order to accommodate the rising political aspirations that have accompanied economic development, new leaders will have to add a political component to Deng's vision that includes a critical re-appraisal of the 1989 Tiananmen Massacre. Unless the CCP undertakes political reforms better to reflect popular opinion, external challenges to the CCP's preeminent position will intensify.

Leadership ability to sustain economic growth and bolster the CCP's political legitimacy will play a key role in managing regional autonomy. An expanding economy, under the leadership of the central government, minimizes regional frictions. If the CCP can gain and sustain popular acceptance it will be in a better position to eliminate official corruption and other abuses of power at the provincial and local level that have generated recent unrest in rural areas.

²⁴²Bachman, 1050.

The first lesson drawn from these challenges and problems is that re-unification with Taiwan will *not* be the most important issue confronting any new leadership elite in Beijing. In the light of the pressing need to consolidate factional networks, strengthen the legitimacy of the CCP while simultaneously incorporating Hong Kong into China, and dealing with discontent caused by abuses of power at the provincial and local level, political re-unification with Taiwan may even receive *low* priority. No powerful bureaucratic entity in the PRC has a compelling interest in political re-unification. Preoccupied with more pressing issues, PRC leaders will be reluctant to develop new policy initiatives²⁴³ or make major concessions aimed at opening re-unification talks. They also will be unwilling to risk straining weak factional links to the PLA by launching risky military operations designed to pressure Taiwan. Instead, Chinese leaders may engage in a form of incremental problem-solving that broadens and facilitates existing ties but obscures the PRC's ultimate political objective.

A second lesson is that economic benefits from cross straits ties will enhance the ability of faction patrons to reward their clients. Regional interests, the PLA and influential members of the CCP and State bureaucracy already benefit from the cross straits interaction. They form a powerful lobby opposing any action that might threaten existing ties. They will also exert pressure on the leadership to surmount problems that hinder the expansion of trade and investment.

C. THE INTERNAL DYNAMIC OF CROSS STRAITS RELATIONS

Despite the absence of a *compelling* interest in political re-unification, the increasing scope and complexity of cross straits contacts constitutes a dynamic that will stimulate greater cooperation between Taipei and Beijing. Increased capital-intensive investment

²⁴³Ibid., 1054.

from Taiwan awaits a bilateral investment agreement. Problems involving trade and investment disputes will require formal arbitration processes. Narcotics trafficking, smuggling, piracy and other forms of cross straits crime can be solved only by joint police and military efforts between the ROC and PRC. The flow of illegal mainland laborers into Taiwan has already resulted in the development of a de facto immigration agreement between the two sides. A host of other problems including fisheries rights and cross straits marriages can be resolved only by closer governmental interaction. The eventual opening of direct communication and transportation links will intensify pressures for closer cooperation.

Taiwan's aggressive business community and powerful regional interests on the mainland have demonstrated the ability to expand cross straits ties well beyond the scope envisioned by officials in Taipei and Beijing. Coping with the myriad details involving the large-scale movements of people and goods between Taiwan and the mainland will demand far more extensive institutional arrangements than currently exist between the Straits Exchange Foundation and the Association for Relations Across the Taiwan Straits. While the precise nature of such institutional arrangements cannot be foreseen, over time these institutions will exert pressure on future leaders in Taiwan and the mainland to solve problems and expand mutually beneficial ties.

This combination of the powerful forces expanding cross straits ties and the absence of incentives for new leaders in Taipei and Beijing to pursue overall political integration may lead to the evolution of an entity that is less than a modern-nation state but more than a trading bloc . What may emerge is a distinctly Chinese entity that is integrated by a web of economic and social ties but which lacks a common political framework.

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