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China: Forging Ahead With Military Reform [redacted]

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An Intelligence Assessment

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EA 86-10027
July 1986

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China: Forging Ahead With Military Reform

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An Intelligence Assessment

This paper was prepared by Office of East Asian Analysis, with a contribution from Office of Leadership Analysis. Comments and queries are welcome and may be directed to the Chief, China Division,

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China: Forging Ahead With Military Reform

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Key Judgments

Information available as of 15 June 1986 was used in this report.

Deng Xiaoping has made important progress over the past year in his long effort to reform the People's Liberation Army (PLA). Judging from his speeches and actions, we believe Deng has pursued three broad goals for changing the military:

- *Depoliticization.* Weakening the military presence in top policymaking bodies, sharply reducing the importance of ideology within the military.
- *Professionalization.* Upgrading the equipment, training, and educational standards of the Army; rejuvenating its leadership; relieving the military of responsibilities other than national defense.
- *Cost cutting.* Reducing the military's share of the budget, cutting the Army's size, turning some defense production facilities over to civilian use.

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In a series of personnel and organizational moves, beginning last spring and culminating in the September Conference of Party Delegates, Deng and his allies:

- Retired nine Politburo members associated with the military.
- Reduced military representation on the Central Committee to a historic low of 16 percent.
- Replaced all but one of the deputy chiefs of the PLA's three General Departments with younger officers cast in Deng's reform mold.
- Announced a 1-million-man reduction in China's armed forces.
- Cut the number of military regions (area commands usually comprising several provinces) from 11 to seven, and appointed several new commanders.

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- Announced minimum educational standards for promotion and established a National Defense University to train general officers.

In particular, Deng largely has succeeded in ridding the Army of leaders who advanced during the Cultural Revolution and has forced the Army to admit its "mistakes" during that period. On the basis of Chinese press reporting, we believe the campaign of reeducation and the leadership purge in the military are beginning to make some headway, reducing factional tensions and promoting greater acceptance of Deng's reform goals. Reforms also continued to relieve the PLA of nondefense responsibilities. In our judgment, Deng's high standing with the military and reputation as an honest broker have been key elements in his success.

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Despite Deng's achievements, some problems remain. The most serious relates to succession in the PLA. Deng has had difficulty identifying younger men of sufficient prestige and competence to assume the top PLA leadership posts, such as Military Commission Chairman, Defense Minister, and Chief of the General Staff. As a result, the Army's High Command is still in the hands of septuagenarians. We believe Deng intends to relinquish his position as Military Commission Chairman—probably to General Secretary Hu Yaobang—but, for reasons that are unclear, has not been able to do so. high-level political infighting as the main cause of the problem, We suspect the Military Commission problem has held up appointments to other senior PLA leadership positions; these appointments are also affected by disputes among senior leaders, who have not been able to reconcile their individual preferences for successors. Deng needs to resolve the succession problem soon, particularly in the Military Commission, to safeguard the reforms and forestall infighting after his death.

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Deng has successfully distanced the Army from party decisionmaking, but has not completely nullified its political influence. The military still plays an active policy role in matters concerning national defense and sometimes can frustrate Deng's intentions. For example, although Deng was able to formally establish a State Military Commission—intended to take over day-to-day oversight of the Army from the party commission—the two bodies have identical leadership, and the State Military Commission has never, to our knowledge, met separately. Problems with the commissions reflect a general problem Deng faces in all his reforms—guaranteeing honest implementation rather than lipservice. In general, we expect that the reformers' gradualist approach will yield continued results, but tensions between them and the military will linger.

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In addition to strictly military issues, Army leaders also exert considerable influence over the development of science and technology, an area with military implications. For historical reasons, the military retains a strong voice in cultural and ideological policy, an area still politically sensitive in China. We judge military influence on China's strategic and foreign policy to be particularly weak, and likely to remain so. These areas are the jealously guarded preserve of the top party leaders.

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Most senior military leaders have publicly supported the premise that economic modernization is a prerequisite to military modernization, and we do not anticipate a serious challenge to Deng's economic reforms from within the armed forces. However, the economic implications of several reforms raise issues Deng will need to address:

- Resource constraints will impede delivery of new equipment and training to the Army, possibly leading to disillusionment with reforms that fail to deliver and to pressure for a greater budget share.
- Interservice competition for scarce budget dollars may intensify.
- Demobilization and the shift to professionalism have caused some morale problems, which will increase as these initiatives proceed.

We expect that the reformers will divert some national resources to deal with these problems when they flare up, but only enough to keep a lid on potential disruptions.

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Deng's structural military reforms have buttressed adjustments in China's strategic and foreign policies, which have important implications for the United States. China has publicly stated that it no longer believes war with the Soviets is inevitable or even imminent, Chinese leaders have made it clear that they still consider the Soviet Union to be China's main enemy. This perception and the desire to modernize China's military combine to promote increasing Sino-US military cooperation, particularly in technology purchases and military exchanges. However, financial constraints and a reluctance to become dependent on foreign suppliers will make the Chinese cautious and selective about purchases.

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Our preliminary judgment

are not necessarily in favor of extensive cooperation with the United States. They are less ideologically rigid than their predecessors, but some appear inclined to judge the value of bilateral military ties primarily on the basis of the speed and generosity with which the United States supplies China with military technology. This is particularly true of those officers associated with the defense industries. Indications are that many line officers favor increased contact with the United States.

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The organizational and political changes Deng has initiated do not affect China's ability to project force as much as other factors, such as the purchase of new weapon systems. To the extent that these changes contribute to a more professional, efficient, and modern Army, they will affect China's relationships with the Soviet Union, the United States, and other Asian nations—especially Vietnam, Taiwan, and Japan. US and Chinese strategic interests now generally coincide. The degree to which they do so in the future is likely to depend more on the economic and political reforms than on the military ones.

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China: Forging Ahead With Military Reform

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Of all the reforms Deng Xiaoping has initiated in his eight years as leader of China, none, in our view, has been more difficult or proceeded more slowly than reform of the People's Liberation Army (PLA). In a 1975 speech to the party's Military Commission, then Chief of Staff Deng attacked the Army as bloated, not combat worthy, factionalized, undisciplined, and unsupportive of party policy. Aging military leaders, secure in their privileges and threatened by his proposals, resented Deng's blunt, demanding tone and dragged their feet. In 1985, with the announcement of plans for a 1-million-man reduction in force and the retirement of numerous senior military leaders from the Central Committee at the September Conference of Party Delegates, Deng won important victories, but serious problems remain in completing the military reforms.

Deng's Goals

In our view, Deng's military reform plans have three goals—depoliticization, professionalization, and cost cutting—and are closely connected to his wider plans for political and economic reform.

Depoliticization

Although in his public pronouncements on military reform Deng has always stressed upgrading professional standards and reducing expenditures, we believe his principal goal has been to ease the military out of policymaking. In the past, heavy PLA representation on the Politburo and Central Committee gave the Army a voice in decisions about all aspects of governing China (see inset). Although it did not act as a bloc, the senior PLA leadership—generally elderly, tradition minded, and reflexively conservative—viewed the reformers with suspicion, and the reformers saw them as a potential brake on effective implementation of Deng's program. Thus, the weakening of this political force was essential not only to carrying forward Deng's military reform but also for the sake of his broader goals. At the same time, Deng's speeches demonstrated his belief that the heavy politicization of the armed forces under Mao detracted from their national defense capabilities.

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Professionalization

Compared with its potential opponents, China's Army is poorly educated, poorly equipped, and poorly trained—deficiencies that cost it heavily in the 1979 border war with Vietnam. Until recently, it has operated on a 50-year-old strategic doctrine—People's War—that some officers have written is inappropriate for the military challenges China faces today. Deng has pressed hard to raise educational standards for officers and men and to improve discipline and morale; because he wants soldiers to be able to concentrate on soldiering, he is reducing the Army's non-combat-related responsibilities—farming, factory work, and the like. The PLA has developed new defensive strategies and is groping for a new strategic doctrine under the rubric of "People's War under modern conditions"—although many midlevel officers continue to rely on older People's War theories, such as guerrilla warfare, Deng has also set China on a course of selective modernization of its military hardware, technology, and production facilities.

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The PLA and the Chinese Communist Party

Probably no army in a Communist state has been as closely identified with its ruling party as has the PLA. From the earliest years of the struggle for control of China, many of the party's leaders were also military leaders. Because the Army existed before the founding of the People's Republic of China, it has long considered itself the party's army rather than the state's. The close association between the Army and the party also contributed to the military's gaining influence over nonmilitary policy areas.

This tendency reached its apex during the Cultural Revolution. In 1967, when the party began to lose control of the youthful Red Guards, the Army was called in to restore order. Military power at the center peaked when Marshal Lin Biao, Minister of National Defense, was designated Mao's heir apparent. (In 1971, Lin allegedly was killed in a plane crash. According to official statements, he was fleeing after a failed coup attempt against Mao. His death weakened but did not eliminate military influence at the top of the party hierarchy.) Military men moved into local governments, factories, and communes to take over the management of virtually all sectors of the society. Although they did restore a semblance of order, their management of industry and agriculture frequently was inefficient and incompetent. Moreover, the military was often arbitrary and highhanded in its administration. The PLA also grew more brazen in its pursuit of privilege, arrogating to itself the best housing and such scarce resources as fuel, transportation facilities, and medical care. As a result, while the PLA grew increasingly arrogant and complacent, popular resentment climbed. 25X1

The military had retreated from some of its administrative duties but few of its prerogatives when Deng assumed power in 1977 and began his drive to remold the PLA. Reform of the military took on greater urgency after the Sino-Vietnamese border war in 1979. The PLA, which 25X1 *had expected to dominate Vietnam easily,* 25X1 *instead found itself in a bruising confrontation from which it emerged a dubious victor. The conflict revealed serious weaknesses in PLA equipment, training, organization, command and control, and officer competence. The Army's poor showing undermined PLA prestige and made its claims to special privilege and status difficult to justify.* 25X1

Reduction of Military Expenditures

One of Deng's arguments for military reform has been that China's military budget has been too high, both as a proportion of national expenditures and in terms of the Army's wasteful use of resources. In his speeches and writings, Deng has insisted that effective military modernization can only be achieved by a healthy, modernized economy, and he therefore has advocated policies that strictly limit military expenditures. He also has called on the PLA to streamline its administrative, logistic, financial, and production procedures to eliminate redundancy, waste, and mismanagement. He has proposed that facilities once reserved for military use be shared with civilian enterprises, and that military factories devote some of their excess productive capacity to nonmilitary goods needed in society.

Major Strides in Military Reform

Even though Deng had made slow and steady progress in bringing the leadership of the armed forces around to his points of view on military, political, and economic reform, 1985 was his most successful year, especially in depoliticization. 25X1

Politics and Personnel:
The Army's Orderly Withdrawal

In our view, Deng's most notable gains have been in removing military leaders from policy bodies. At the September party conference, seven of the 10 Politburo members who resigned were senior soldier-politicians, and two of the others, although no longer active in the

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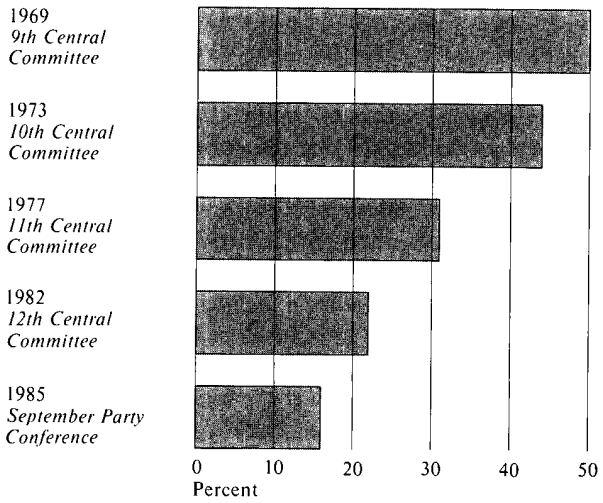
Figure 1
China: Military Representation on the Central Committee



This chart represents the PLA's declining share of Central Committee memberships since the high water mark of the 9th Central Committee.

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military, were PLA generals. The Army was left for the first time with no representative—other than Deng—on the Politburo Standing Committee.[4] No military men were promoted to Politburo status, and the military retained only one representative on the party Secretariat. Although some new regional military leaders were promoted to full Central Committee membership, many more veteran soldiers resigned, and PLA representation dropped to a historical low of about 16 percent (see figure 1).

[4] Although generally thought of as a civilian, Deng has long and close ties to the PLA. He has held a number of senior military posts, including chief of staff from 1975 to 1976 and again from 1977 to 1980. He is seen by senior military leaders as someone who "understands" the military and is generally sympathetic. Deng's connections with the military began in 1926, when he became an instructor at the Xian Military Academy during the period of cooperation with the Nationalists. He organized the 7th Red Army in Guangxi in 1929, and in 1930 served as chief of staff of an army corps. He was political commissar of the army that defeated the Nationalist armored forces in 1949, in a period when political commissars took an active part in field command of their units. After the founding of the People's Republic, Deng held a number of military posts including vice chairman of the Southwest China Military and Administrative Council, vice chairman of the National Defense Council, and vice chairman—later chairman—of the Central Military Commission of the party.

The net effect of these changes, in our judgment, is to diminish greatly the PLA's voice in the councils that decide China's overall policies. The party has always maintained control of the Army—even during the Cultural Revolution—but the party itself until now has had a markedly military cast. In the last several years, Deng has been promoting more civilian technocrats, thereby reducing the Army's say in decisionmaking outside its areas of competence. Although the influence of key military leaders was exercised through personal contacts rather than military status or specific posts, the simultaneous "retirement" of so many senior soldiers from the Politburo sends a clear message to both the party and the Army: that military influence will be reduced. That is not to say, however, that senior military leaders will have less influence over issues directly germane to the armed forces. 25X1

Within the military hierarchy, retirement of the old soldiers has had a less visible impact. Deng has been careful to preserve appearances and avoid unnecessary loss of face for aged generals. For example, with the exception of the infirm Marshal Ye Jianying, who resigned all his posts, officers removed from the Central Committee who were also members of the party Military Commission were allowed to retain that position. Attache reports quote two PLA officers as saying that the resignees would not lose their military status or privileges. We suspect, however, that this is an interim arrangement and that most of them will soon retire to face-saving advisory positions. 25X1 25X1

New Faces in the Leadership

We believe Deng has also scored some success in rejuvenating the PLA leadership, beginning in early 1983, when he called for older military leaders to retire and make room for a new generation. Initially, progress was slow; a few batches of superannuated officers retired, but none of the prominent old generals stepped down. Real movement began in the spring of 1985 after Deng announced at a Military Commission meeting that the PLA would be reduced by 1 million men and the number of military regions would be cut from 11 to seven to increase command 25X1

Figure 2. Troops in newly designed uniforms march in parade on the 35th anniversary of the founding of the People's Republic of China. While reducing military influence, Deng Xiaoping has given the Army a prominent ceremonial role.

efficiency and facilitate the demobilization. It was soon disclosed that at least half of those to be demobilized would be officers.

Deng used the opportunity afforded by the retirement of so many officers at the senior command level to promote numerous young, professionally competent officers to make up the core of the "successor generation" in the armed forces. Five of the current seven military region commanders are newly appointed, and have solid professional—rather than political—credentials. During the spring, all but one of the deputies of the three General Departments of the PLA (Staff, Political, and Logistics) were replaced, and new leaders were appointed in the Air Force and the National Defense Science, Technology, and Industry Commission (see appendix A). 25X1

Rectification—The Army Confronts Its Mistakes

When the often-postponed rectification campaign—Deng's exercise in purifying the party, government, and Army—finally kicked off in the fall of 1983, it encountered especially stubborn resistance in the PLA. "Totally negating the Cultural Revolution," a shibboleth of the campaign, strongly implied criticism of the PLA's substantial role during that period, and was therefore opposed or ignored in many military units. Faced with this foot-dragging, Deng and his allies adopted an approach combining pressure, persuasion, and reassurance. Although reform leaders continued to insist publicly that the Cultural Revolution had almost no redeeming value and that the role of the Army during that period—particularly its supporting political factions—was incorrect, they also promised leniency to soldiers who admitted their mistakes. 25X1

By late 1984 and early 1985, this steady pressure yielded results: more and more military leaders publicly condemned the whole Cultural Revolution experience and admitted their own errors. In some cases, PLA leaders returned to areas where they had been stationed during the Cultural Revolution and apologized to local authorities. Moreover, Deng took steps to diminish the factionalism within military units that originated in the Cultural Revolution and clearly diminished military effectiveness. In our view, the combination of retirements and transfers of faction leaders, plus "heart to heart talks"—discussions overseen by the General Political Department, where past and present problems within units were exhaustively examined—has significantly reduced but not eliminated the divisiveness within most PLA units. It is indicative of the deeply conservative, Maoist orientation of some segments of

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the armed forces, however, that it took fully three years longer to make these changes than a corresponding effort in the party bureaucracy. 25X1

Professionalism—Progress Continues

Deng's insistence on high professional standards might seem unexceptionable to Western observers, but it is a profound change for PLA officers. The educational standards, promotion criteria, strategic doctrine, political role, and emphasis on modernization that Deng has promoted run counter to much of what the party has said about military affairs during the past 30 years. The new line thus has been received with a mixture of enthusiasm and suspicion, particularly at upper levels. Building on strong support for modernization among younger officers, Deng continued to push these reforms in 1985. Although the PLA still falls far short of the modern professional standards he has set, there has been real progress, and the organizational reforms already instituted will, in our judgment, provide the basis for continued improvement.

New educational guidelines for officers were clarified and appear to have been enforced in 1985. new officers will be required to have at least a middle school education, and those promoted above field rank must have attended one of China's military academies. The PLA has begun recruiting heavily, and with some success, among college graduates. There have been some cases of faked credentials, and a number of schools that issue questionable "equivalency" diplomas have sprung up, but we believe that the guidelines will be increasingly effective and result in improvement of the educational levels of the PLA officer corps.

Under Deng, the number and quality of military academies have increased. Last December, China announced the founding of a National Defense University as China's premier military school. All general officers will be required to attend this academy. It will also foster educational and training exchanges with foreign counterparts, a significant departure from previous policy. The new university is

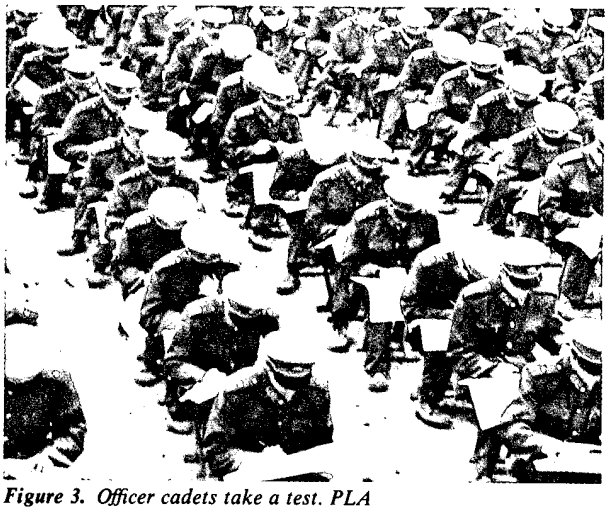

Figure 3. Officer cadets take a test. PLA educational facilities are often extremely spartan. 25X1

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headed by two well-respected military leaders—a former Politburo member and military region commander, and a former deputy chief of staff—who retired from their active-duty posts last year. 25X1

Perhaps Deng's greatest success in enhancing PLA professionalism has been in shearing the Army of many of its non-defense-related responsibilities. In the last two years, the PLA rolls have been reduced by hundreds of thousands as Deng has split off construction, railway, and security units.[5] There is an economic payoff to this streamlining, of course, but most important for Deng's goals is that it focuses more command attention on national defense missions. Transferring internal security responsibilities as well as many troops to the newly created People's Armed Police under the Ministry of Public Security in June 1983 was especially significant, in our judgment. The transfer removed a bothersome and contentious area from PLA purview and provided convenient job opportunities for demobilized PLA officers and enlisted men. 25X1 25X1 25X1 25X1

[5] The demobilized soldiers were, for the most part, absorbed by civilian entities. Some construction and railway units were transferred almost intact to local jurisdictions or state economic enterprises. 25X1

Changing the Role of the Political Commissar

Deng's reforms have drastically changed the role and status of the political commissar in the PLA. Although the commissar remains responsible for the ideological indoctrination of his unit, that responsibility is far less important now that Mao Zedong thought has been discredited. The commissar's principal ideological tasks today are to relay decisions of the leadership, explain the intent and benefits of the reforms, and urge that soldiers preserve discipline, security, and socialist ideals.

To replace his lost duties, the commissar has adopted a role combining elements of the chaplain and the executive officer in Western armies. He is responsible for training exercises, educational and cultural activities, personnel management—transfers and promotions—and morale-building in his unit. is no longer in the line of command unless specifically designated by his commander. Political commissars, in the past often ignorant of military knowledge, have been exhorted by the military press to raise their professional competence by studying military theory and listening to soldiers.

Economies—Toward a Leaner Military

As with political reform and professionalism, Deng has made significant progress, in our judgment, toward attaining his two top economic goals: holding down military expenditures and reducing the size of the military.

The Budget—Socialist Construction First

Reformist leaders' speeches and policies have made clear for several years that they see China's most important task as modernizing and consolidating of the civilian economic structure, and that all other demands on national revenues have lesser priority. This has led to reduced military expenditures, strengthening of civilian controls over military industries, and diversions of military technology, expertise, and production facilities to civilian use. Accurate estimates of Chinese military expenditures are difficult because of Chinese secretiveness 25X1

the public portion of the military budget, 25X1
which covers most PLA operating expenses, did not increase from 1979 to 1984, when China was experiencing some inflation as well as a significant growth in national revenue—indicating a declining PLA share of national income.[6] 25X1

The 1984 adjustment for inflation, which amounted to about 2.3 percent, according to official Chinese 25X1
statistics, did not offset the effects of China's inflation rate, according to Chinese press reports, and in 1985 the PLA had to cut spending further. It reduced its planned expenditures by US $2.5 million and still had to draw on its reserves to the tune of US $206 million, according to the Hong Kong press. At an all-Army logistics work conference in December 1985, logistics chief Hong Xuezhi said that the shortage of national 25X1
defense funds meant that the Army had to "make every cent count." In his speech, he ordered a tightening of administrative and supply procedures to control waste, a chronic problem in the PLA. Among 25X1
the increased reforms he called for were computerization of logistic information and introduction of modern management methods. 25X1

Reduction in Strength

Although the announced plan to cut the PLA by 1 million has significant political and professionalization implications, it is also an important cost-cutting measure. Currently, we do not try to estimate Chinese military expenditures as a percentage of budget or GNP, but it is clear from the policies they have pursued that the Chinese leadership decided that 25X1
maintaining such a huge military establishment (roughly 5.2 million before the demobilization order

[6] Military leaders, generally 25X1
accept the reformers' argument that an improved industrial base will pay major military dividends. Some public remarks by military officers indicate, however, a need to justify this policy from time to time. New equipment in the PLA inventory suggests that the Army is beginning to see benefits. 25X1

was issued),[7] while at the same time trying to modernize and upgrade its weaponry, was simply too expensive. Moreover, with the USSR's increasing involvement in Afghanistan and with the growth of relations with the United States, the Chinese probably judged that a ground force attack against China was unlikely, and that their own ground forces could be reduced without jeopardizing their security.

In our judgment, Deng, though he has many motives for the demobilization, probably concluded that the policy would be more palatable to the PLA if presented as driven by a need to economize. Chief of Staff Yang Dezhi summed up the official line in a July 1985 Xinhua interview: "If we reduce the number of Army men by 1 million, we will be able to save a great deal of expense for national defense each year. This will be of great benefit in concentrating our financial resources to carry out national construction and will quicken our pace in modernizing our Army."

Details of the demobilization plan have trickled out only slowly. most of the cuts will be made in main force units—as opposed to local forces and militia—because they are most dependent on the national budget. Local force units and militia receive a large part of their financing from local governments.[8] Half of the 1 million to be demobilized will be officers, and the General Logistics Department is also to be cut by 50 percent, according to the Chinese press.

Residual Problems

Despite Deng's impressive achievements in carrying out reform within the PLA, we believe there are still important problems he has not been able to resolve. Failure to deal effectively with these issues will affect both Deng's overall reform of China's political structure and the continuation of the reform process within the armed forces. 25X1

Successors at the Top

Although the rejuvenation process has brought many competent and qualified officers to command positions at the corps and even the military region level, the PLA is still dominated at the very top by elderly veterans of China's revolutionary experience. Some of these leaders evidently cannot bring themselves to turn over their responsibilities 25X1 25X1

Nowhere is this more evident than in the Military Commission, which Deng himself has chaired since late 1980. 25X1 25X1

In our view, when Deng resigned his government posts in 1980, he believed that he had to keep the Military Commission job to ensure that his military reforms stayed on track. However, in the past year, he has spoken frequently of the need to retire from active supervision of affairs, and we believe he now wants to pass the post on. Hong Kong press stories indicate that Hu Yaobang was his choice and that Deng probably intended to have the 1985 conference of delegates confirm this arrangement, but Hu was not a popular choice—especially with the senior military leadership.[9] Hu has flimsy military credentials and a personal style that many of the old soldiers find objectionable. Hu also has seemed sometimes to slight the military, as when he told a Hong Kong interviewer last year that nowadays "the Army is not very important, after all." 25X1 25X1 25X1 25X1 25X1

Hu is also closely associated with the 1-million-man cutback that has been a source of anxiety within the military. He was prominent at the June 1985 Military 25X1 25X1 25X1

[7] Published figures for the size of the PLA are not completely reliable, in our view, but do reflect general trends in PLA size. The 5.2 million figure is taken from remarks made by Hu Yaobang in the fall of 1984.

[8] The frugality drive has affected reserve and militia operations. Militia training and reserve exercises have been cut back to reduce personnel time away from production. The size of the militia is being reduced considerably, while, at the same time, the reformers are trying to create a modern reserve of civilians who have had military experience, and who can be called on in times of real national emergency.

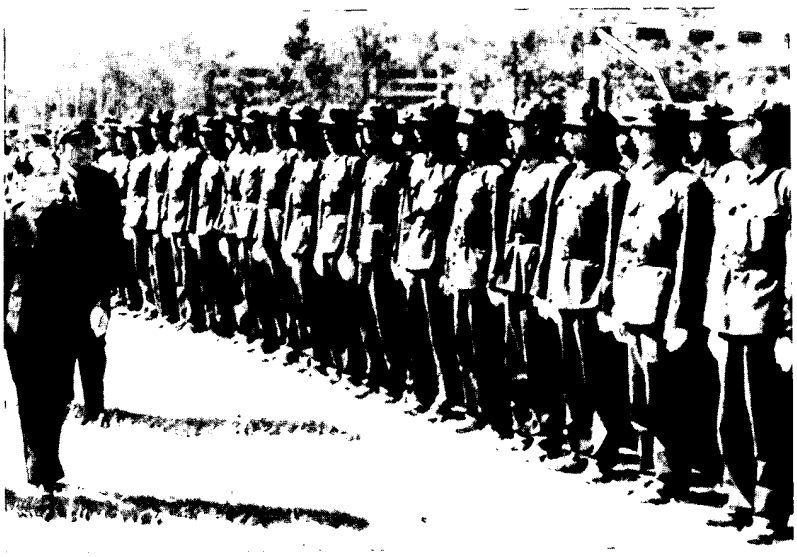

Figure 4. Hu Yaobang reviews troops on the Vietnamese border and visits a post in the Paracels. Hu frequently visits military outposts as part of his campaign to enhance his military connections.

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Commission meeting where the cutback was officially announced. Moreover, Hu had actually publicized the decision two months earlier during a trip to New Zealand. Although it was widely seen as another example of Hu's tendency to speak without thinking, a few diplomatic and press analysts speculated that the slip was a deliberate leak to force the issue.

Shifting Hu to the Military Commission has been the most difficult part of Deng's succession arrangements, We doubt that Hu will ever be enthusiastically received by the military, but, as officers of the revolutionary generation retire, Hu's problems should fade. we believe it is still Deng's intention to resign his chairmanship in favor of Hu, perhaps at the 13th Party Congress scheduled for 1987. In this regard, Hu has worked steadily to broaden his contacts within the military. Although he has been outspoken on the need for reform, he has also gone out of his way to demonstrate respect for PLA contributions.

Hu, who will be 72 next year, would be no more than a short-term solution at that point. In our view, the most likely scenario is that Hu will be given the job for a limited period—two years or so—though this may not be announced publicly. It is also possible that, even though he will hold the top slot, there will be an understanding with the Army that one of the vice chairmen will call most of the shots on military questions. To protect the reforms and prevent infighting after his death, Deng needs to settle a younger, more permanent replacement soon at the top of this critical body. It is possible that Hu's successor could be chosen and informally anointed early in Hu's tenure.

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The Military Commission is not the only high post for which Deng appears to have had difficulty identifying and promoting a successor. Despite Deng's success in rejuvenating leadership at some levels, notably the military region commanders and deputy general department directors, he has yet to move any younger men into the very top jobs. Minister of Defense Zhang

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Aiping (76)—whose resignation has been expected ever since he lost his Central Committee standing last September—retained his position at the recent National People's Congress session, despite abundant rumors that he would be replaced. None of the general department chiefs has stepped down, even though Hong Xuezhi of the General Logistics Department also resigned his Central Committee membership last September. The General Staff and General Political Department chiefs, who are 75 and 71, respectively, have reliably carried out Deng's reforms, but have not yet demonstrated a personal commitment to the principle of rejuvenation.

One possible explanation for continued leadership by these aging veterans is the difficulty of finding reliable, competent, sufficiently prestigious successors who are acceptable to all concerned parties.

Given his own age and that of the men in the top military posts, Deng must press his search for successors. He may have to settle for men of less stature and ability than he would prefer, simply to ensure that he is able to oversee the transition.

Lingering Resistance

We believe—on the basis of public statements and written articles—that the majority of higher-ranking military officers concur with Deng on the need for reform. Most also agree with the trend of Deng's military modernization drive, although there is probably considerable disagreement over the details of its implementation. There are, however, some reforms to which the military is distinctly lukewarm, none more so than Deng's commitment to transfer authority over the military from the party to the government. When Deng and other reformers undertook in 1982 to place day-to-day administration of the PLA under the genuine control of the state apparatus—policy matters were still to be the party's prerogative—military and party traditionalists were able to prevent it. The Sixth National People's Congress in mid-1983 created a State Military Commission to oversee the armed forces, but its membership was identical to the party's Military Commission; to our knowledge, the State Military Commission has never held a separate meeting. In short, it was a reform in name only. In our estimation, Deng will continue working to establish an operational State Military Commission to further his goals of depoliticization and professionalization, but the longstanding special relationship between the party and the Army will most likely make progress slow. 25X1

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Especially difficult is ensuring honest implementation of promulgated policies. Not all opposition is political. According to the Chinese military press, a *Liberation Army Daily* reporter found a cadre burning sheaves of new regulations. When asked why, he replied that they were potentially troublesome and it was thought best to destroy them before too many people could read them. 25X1

We believe residual leftism, while still present, poses a less serious problem. Deng has purged the Army of most of its high-ranking leftists, though at middle levels many who joined during the Cultural Revolution remain. For the most part poorly educated, basically conservative, and schooled in the extreme "campaign" style of Cultural Revolution politics, many of these middle-level officers show little understanding of what Deng is trying to accomplish in either the economic or military reforms. This is evidenced by the number of times in recent years elements in the Army have supported countercurrents to reform, such as the 1981 Army-sponsored attacks on "liberalism" in the arts, or the 1983 "spiritual pollution" campaign. Such episodes sustain the impression within the party that the Army as a whole is opposed to reforms, even though this is not the case. 25X1 25X1

Indeed, what opposition exists is fragmented and parochial.

Deng has adopted a firm but nonpunitive approach to overcoming endemic problems in the Army. While refusing to retreat from his policies, he has concentrated on persuasion and education, making clear that compliance is expected but stopping short of penalizing soldiers for past "mistakes." Deng's tactics have enabled him to make steady progress, while avoiding a showdown with the Army. We expect the reformers' continued application of this approach to bring about gradual reduction of the importance of these political problems, but some tension between civilian reformers and their military targets will probably persist.

Reluctance to Professionalize

The shift to professionalism continues to concern the ranks and will require sensitive handling (see inset). Although the reformers have succeeded in imposing minimum requirements for officers, genuine upgrading of the educational level of China's armed forces will be a long struggle. Deng not only has to attract a new corps of educated officers, but also has to reeducate many of those now serving. In our view, China lacks the resources to educate the huge number of officers who have barely a primary education, or who joined the Army when expertise was suspect and the educational system was in disarray. Yu Qiuli admitted early this year that a considerable number of officers, especially at or below Army level, are of "poor quality." This problem exists also at higher levels. Foreign attaches in Beijing have concluded that even senior staff officers responsible for technology acquisition programs—such as the recently appointed Deputy Chief of General Staff He Qizong—often display little understanding of the systems they are trying to buy.

Reforms in the economic sphere have made it more difficult to attract the educated or technically trained into the Army. Anyone with a college degree, knowledge of a skilled trade, or even a middle-school education can do much better outside the military. The new conscription law, which offers extra benefits to such people who join the military, probably will not significantly reverse this trend, in our judgment. In the past, China only rarely has had to resort to a draft, even though the law is on the books, because the PLA was an attractive career and the ranks could be filled by volunteers. If economic reforms continue to be successful, it is probable that there will be increased reliance on conscription to bring in soldiers better able to use and maintain more advanced weapon systems.

Reintroduction of Ranks—A Problem Not Yet Solved

A measure of the difficulty Deng faces in professionalization of the military is the problems he has had with reestablishment of ranks in the PLA. During the Cultural Revolution, ranks were abolished in the PLA as being bourgeois relics. Since 1982, China has periodically announced that it is about to reintroduce rank designations. A variety of dates have been reported as the beginning of the new rank system, but implementation has always been postponed. The principal reason for the postponements, we believe, is not ideological resistance but economics.

many PLA officers—especially those on the verge of being retired—believe they are entitled to a higher rank than the central authorities wish to assign them. Because their rank will affect their retirement pay and benefits, and thus the outlay necessary to retire them, progress has been stalled. The leadership is unwilling to accede but unable to enforce its will.

A problem also exists among officers who are not scheduled for retirement. There are probably fears of creating a command topheavy with high-ranking officers who lack professional qualifications of the kind Deng has called for, and for whom there are not enough jobs appropriate to the ranks they believe they deserve.

The pressure to acquire educational credentials has led to a growth in the number of high school or even college "equivalency" courses. However, the Chinese press has charged that, in fact, many of these are little more than ploys by units to protect their officers. Some officers reportedly have even resorted to faking credentials. The General Staff and Political Departments issued a joint circular last year attacking these practices, but we believe they lack the resources and will to seriously police the many PLA schools and training units.

the plan to cut the PLA by 1 million men also is meeting some resistance. Our analysis suggests that the PLA has not been as successful as it claims in reducing its strength, and that the announced figure of 4.2 million men under arms may, in fact, be a target and not yet reality.

Fierce competition over perquisites and compensation for those slated to be cut has complicated the reduction. The leadership has claimed that the interests of those who must leave the Army will be protected, but this has proved a difficult promise to keep. Younger officers almost always must take a pay cut when entering civilian life, and they also lose the numerous fringe benefits that PLA service bestows—for example, preferential housing, medical care, and transportation. Moreover, only a relative few can be placed in attractive jobs or receive training to make them competitive in the civilian sector. A former PLA doctor told a US Embassy officer that only those with sought-after technical skills receive much help in job placement; others are left to their own devices.

The losers in the reduction may become a troublesome locus of dissatisfaction and resentment. Resistance to demobilization—which has already resulted in sporadic violence—could intensify. Conscription efforts will be hurt by the Army's inability to take care of its former members. Because most of the burden for placing veterans falls on local government's shoulders, complaints about the policy from this quarter will probably increase. In our view, the most likely scenario is that the reformers will be forced to divert some national resources to deal with the problem, but that they will expend only enough to prevent the situation from getting out of hand. For the next several years, as the Army goes through the personnel readjustment, the placement of veterans will continue to be a distracting but not crippling concern. 25X1

Competition between services and bureaucracies for the military dollar will also present continuing management problems. Feuding between the indigenous arms industry and senior officers who look to foreign purchases for quick fixes is already complicating some arms deals, and we believe it will grow. So far, the reformers have been careful to see that each service has benefited from the opening to the West, but we expect interservice rivalries to surface as each pursues its own modernization initiatives. 25X1 25X1 25X1 25X1 25X1 25X1 25X1 25X1

Conclusions and Assessments

After Deng Is Gone

Deng's successes in transforming the Army have surpassed the expectations held by most analysts a few years ago. He has set the PLA, once an embodiment of Cultural Revolution problems, on the road to becoming a modern professional force. He has removed the military from the center stage of politics, and moved the Army toward civilian oversight. Despite considerable grumbling, no significant military challenge to the reforms has arisen. 25X1

Deng has undeniably been aided by circumstances, luck, and able assistants, but a major ingredient in his success has been his personality and prestige. His ability to combine coercion, persuasion, and bribery, to manipulate praise and blame, has been crucial to the reforms. Deng's reputation as an honest broker, willing to listen to grievances and objections, has helped keep the lid on a potentially volatile process. 25X1

Figure 5. Deng Xiaoping (right) and Hu Yaobang review troops at 35th anniversary parade, October 1984

Most Chinese observers credit Deng with resolving problems between the party and the Army—and therein lies the problem.

We believe there is no younger party leader with the credentials to command the respect of the Army to the extent Deng does. None of the potential successors in the second or third echelons has anything approaching Deng's experience, contacts, or unrivaled prestige in the PLA. We believe that to the degree he can make civilian chairmanship of the Military Commission routine, Deng will increase the likelihood that his successors will be able to manage military affairs smoothly.

The leadership problem goes deeper, however, than just finding a successor for Deng. Men with solid military skills are taking their places in the regional commands, but younger military men with the political skills to shepherd Deng's reforms are in short supply. There are no military counterparts to rising party stars like Hu Qili and Li Peng. At a recent conference on reforms and corruption, for example, party and State Council organs were represented by third-echelon leaders, while the only military spokesman was 78-year-old Yang Shangkun.

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Deng is no doubt concerned that weak leadership will dilute the ability of the Army to press forward with existing reforms or generate new ones, an important step in maintaining momentum. If Deng or his immediate successors cannot cultivate strong, supportive leadership in the military, reforms could bog down in formalism and lack of interest.

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Spheres of Influence

Although the Army's political influence has been reduced, it remains important in some areas of Chinese decisionmaking. Clearly, the leadership of the armed forces in the Politburo and below maintains a strong voice in matters directly relating to national defense and professional responsibilities, although Deng has taken care to see that those who speak for the PLA are in sympathy with his aims. After Deng, we expect the Army will continue to have a significant and occasionally decisive influence over defense matters. As to the related area of strategic policy, we do not view the military leadership as having had much influence in the past, and there is no compelling reason to believe a post-Deng leadership will break the pattern of keeping foreign policy decisionmaking power in party hands. We consider it unlikely that the Army will play a decisive role in deciding the succession. Much of the Army's past power in party affairs derived from the dual roles of the founding fathers as both military and party leaders. Today, we can identify no military figure who has enough of a following to cross over to or influence the party leadership.

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Judging by newspaper articles it appears that, in addition to military affairs, the PLA has considerable say—which we expect it to retain—in policymaking in at least two other areas: science

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and technology, and ideology and the arts. Military influence over S&T policy stems from the many research and production facilities still under PLA control, and from the obvious importance of technology to modernizing the military. [redacted] despite the military's status as the fourth of the "four modernizations," it can still commandeer technology and trained personnel that it deems essential. [redacted]

Military concern for ideology and cultural policy is, in part, a residue of the extreme politicization of the armed forces under Mao, and, in part, a reflection of the fundamentally different views about motivation held by PLA veterans and reform economists. The premium placed on material incentives by economic reformers is at variance with the Army's necessary concentration on personal values, such as loyalty, patriotism, and courage, to motivate soldiers. Moreover, the military—particularly for its role in the Cultural Revolution—has been the target of "liberals" in the arts, and, as a result, has led efforts to curb artistic freedoms. Judging by his published comments, Deng appears to share these conservative concerns, and, in our judgment, probably also sees cultural policy as an area where he can make concessions to military sensibilities at relatively little cost to his core reform program. [redacted]

Implications for the United States

Military reform and modernization in China are of great strategic significance to the United States. Much of what Deng has tried to accomplish in military reform stems from the leadership's perception that sufficient strategic equilibrium between the United States and the Soviet Union has been restored since 1980 that China can afford to divert resources away from a military buildup to more pressing economic development needs. The reforms themselves—depoliticization, professionalization, and readjustment of military spending priorities—are directed at transforming the PLA from a huge, backward, and inefficient wartime Army to a "peacetime Army capable of rapidly mobilizing for war," [redacted] Adding together reform efforts like the 1-million-man reduction in force, less strident anti-Soviet rhetoric, and insistence that China needs a "generation of peace," we believe it is clear that the Chinese view the Soviet threat as having subsided and the need for close strategic cooperation with the United States as having been correspondingly reduced. [redacted] 25X1 25X1 25X1

There is little doubt, however, that the Chinese consider the USSR the principal long-term threat to China's security, and that they are directing their modernization efforts at countering that threat militarily. Military and civilian decisionmakers are aware that this drive for a leaner, better-equipped, and more professional military will require foreign technology, hardware, and organizational expertise. We believe, therefore, that China's military reform program favors continued growth in Sino-US cooperation, both in technology purchase and in military academic and training exchanges. [redacted] 25X1

[redacted] our preliminary judgment is that military reform will not necessarily bring into prominence military leaders more favorably disposed toward cooperation with the United States. Although some of the younger rising stars in the PLA appear marginally friendlier toward the United States, they are still clearly constrained by the continued dominance of the Old Guard. Judging from their comments to military attaches [redacted] many of them appear to evaluate bilateral military relations mainly on the basis of US willingness to provide sensitive technology on concessionary terms. We believe there is a difference of opinion within the PLA on relations with the United States, with officers associated with defense industries most inclined to take a hard line on technology transfer issues, while line officers and some of the best educated military technocrats are more interested in across-the-board improvement in Sino-US cooperation. [redacted] 25X1 25X1 25X1 25X1

China's financial constraints and longstanding reluctance to become dependent on outside sources will continue to slow progress on the issue of US arms

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sales to China. The Chinese will probably push to buy selected technologies rather than systems, and will continue to seek alternative suppliers and bargain hard for favorable prices and terms. 25X1

Structural and political reform of the PLA will not have as direct an impact on China's ability to project its power, or on the war-fighting capabilities of its armed forces, as variables such as weapon systems, which are beyond the scope of this paper. To the degree that the processes Deng has put in motion succeed, however, they will create a more formidable military machine and are a concern to China's neighbors, including Vietnam and the Soviet Union, Japan and Taiwan.[11] Some ASEAN nations have expressed concern to US diplomats about China's military modernization and the US role in it, and these concerns will probably grow as the tangible results of Deng's programs become more evident. In general, US and Chinese strategic interests now coincide. The degree to which they will in the future is likely to depend more on the success of the political and economic reforms under way than on the military ones. 25X1

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Appendix A

The Military Successors

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[redacted] the younger Army leaders whom Deng apparently has picked to carry on his military reforms. Those in this appendix are the ones we believe most likely to succeed today's top leaders. [redacted]

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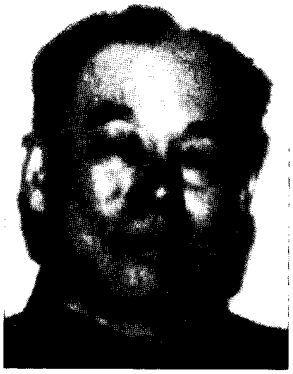

Xu Xin

65 . . . Deputy Chief of Staff, General Staff Department . . . oldest of the four deputy chiefs of staff . . . alternate member of the Central Committee . . . responsible for foreign affairs and intelligence . . . well connected in PLA and Chinese Communist Party (CCP) hierarchies . . . trusted associate of Deng Xiaoping and Defense Minister Zhang Aiping . . . association with CCP General Secretary Hu Yaobang goes back to at least 1937, when they attended the pro-Communist Anti-Japanese University . . . career military officer . . . joined PLA in 1937 and served in Sino-Japanese war (1937-45), Chinese civil war (1945-49), and Korean war (1950-53) . . . studied in the Soviet Union . . . held a series of party posts from 1971 until 1975 . . . chief of staff of the Beijing Military Region (1975-82) . . . Deputy Director, Beijing Institute for International Strategic Studies, a military think tank (since May 1982) . . . forceful personality . . . strong, professional military bearing and demeanor . . . frequently mentioned as successor to either Defense Minister or Chief of Staff. [redacted]

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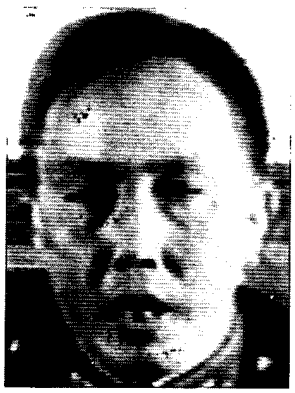

He Qizong

43 . . . Deputy Chief of Staff, General Staff Department . . . full member, Central Committee, CCP (elected September 1985) . . . youngest of the four deputy chiefs of staff . . . responsible for PLA equipment policies . . . [redacted]

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[redacted]

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[redacted] . . . a peasant soldier with limited high-level political connections . . . trained in a military academy . . . served in Vietnam (1979) under Yang Dezhi . . . awarded Medal of Outstanding Merit . . . considered modest and unassuming. [redacted]

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Zhou Keyu

56 . . . Deputy Director, General Political Department . . . active in PLA party rectification program . . . career political officer . . . Director, All-Army Office for Guiding Party Rectification (March 1985) . . . Assistant to the Director, General Political Department (December 1984–March 1985) . . . political commissar, Army Unit, Jinan Military Region (June 1984) . . . deputy to the Sixth National People's Congress (June 1983) . . . full member, Central Committee, CCP (elected September 1985). [redacted]

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Xu Huizi
About 50 . . . Executive Deputy Chief of Staff, General Staff Department . . . [redacted] 25X1
[redacted] . . . former commander, 39th Army, Shenyang Military Region . . . member, National People's Congress Defense Committee . . . full member, Central Committee, CCP (elected September 1985) . . . accompanied Yang Dezhi to Italy (October 1985). [redacted] 25X1 25X1

Liu Jingsong
52 . . . appointed commander, Shenyang Military Region, in July 1985 . . . career Shenyang region Army officer promoted under Li Desheng . . . commander, 64th Army (noted 1985), having served with that unit for many years . . . named full member, Central Committee, in September 1985. [redacted] 25X1

Wu Shaozu
46 . . . political commissar, National Defense, Science, Technology, and Industry Commission . . . believed to be head of its party committee . . . as its vice chairman (1982-85), was responsible for acquiring foreign military technology . . . close connections with Hu Yaobang through Communist Youth League in both 1965 and 1979 . . . purged with Hu during the Cultural Revolution . . . probably son of well-known party figure . . . trained in Soviet Union as nuclear reactor engineer . . . played key role in development of China's nuclear attack submarine . . . [redacted] 25X6 25X6
[redacted] 25X6
[redacted] 25X1
[redacted] 25X1

Appendix B

The Old Guard

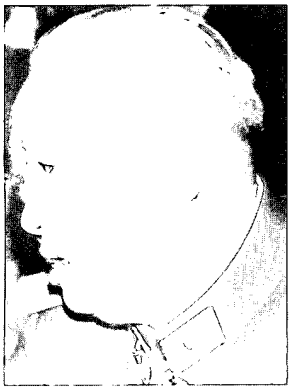
Deng's success in promoting military reform has hinged in part on the efforts of this group of senior leaders. Although we expect most of them to retire soon, their authority has been crucial to the achievement of Deng's goals, and we expect some of them to continue to exert influence from behind the scenes, even after they step down formally. [redacted] 25X1

Yang Dezhi

75 . . . Chief of Staff; Deputy Secretary General, Military Commission; member, State Military Commission; member, Politburo . . . the most influential active-duty officer in the PLA over the last six years . . . oversees the daily administration of all uniformed services . . . makes recommendations on major changes in military policy . . . has access to top party leaders . . . close ally of Deng Xiaoping since the 1930s . . . faithful executor of Deng's military reform programs . . . may have studied at the Anti-Japanese Military and Political Academy with Hu Yaobang . . . experienced battlefield commander in the Korean war . . . commanded several military regions (Jinan, 1958-73; Wuhan, 1973-79; Kunming, 1979-80) . . . Vice Minister of Defense (1980-82) . . . [redacted] 25X6
[redacted] 25X1

Yang Shangkun

78 . . . member, Politburo . . . Executive Vice Chairman and Secretary General, Party Military Commission . . . member, State Military Commission . . . one of Deng Xiaoping's longtime closest advisers . . . administers day-to-day military affairs for the Chinese Communist Party (CCP) . . . staunch advocate of improved educational standards for military officers . . . [redacted] 25X1
[redacted] . . . joined the CCP in 1926 . . . 25X1
studied in Moscow at Sun Yat-sen University . . . Long March veteran . . . served under Deng as deputy secretary general, CCP (1955-56), and alternate secretary, CCP Secretariat (1956-66) . . . purged in Cultural Revolution . . . Vice Governor, Guangdong Province (1979-80). [redacted] 25X1



Yu Qiuli

71 . . . Director, General Political Department; member, Politburo and Party Secretariat; Deputy Secretary General, Party Military Commission; member, State Military Commission . . . one of Deng's key supporters in the military, a staunch advocate of military reform . . . served primarily as an economic administrator before taking over the Political Department in 1982 . . . as head of the State Planning Commission from 1972 to 1980, was principal architect of economic policy stressing the development of capital-intensive heavy industry . . . now supports Deng's policy of subordinating military development to overall economic progress . . . joined Red Army in 1931 . . . Long March veteran and battle-tested commander, later specialized in logistics work . . . left PLA in 1958 to head Petroleum Ministry . . . served as a Vice Premier (1975-82) and Minister in Charge of the State Energy Commission (1980-82) . . [redacted] 25X1 25X1

Qin Jiwei

72 . . . commander, Beijing Military Region; alternate member, Politburo . . . closely associated with Deng Xiaoping throughout his career . . . faithful executor of Deng's military reform policies . . . highly praised for organizing China's largest combined-arms exercise (1981) . . . associated with CCP General Secretary Hu Yaobang since both men attended the Anti-Japanese University in 1937 . . . joined Communist forces in 1927 . . . Long March veteran . . . served in Sino-Japanese war (1937-45), Chinese civil war (1945-49), Korean war (1950-53) . . . commander, Kunming Military Region (1958-66) . . . purged in Cultural Revolution . . . commanded Chengdu Military Region (1973-76) . . . political commissar, Beijing Military Region (1976-78) . . . [redacted] 25X1 25X1

Zhang Aiping

76 . . . Minister of National Defense and State Councilor; Deputy Secretary General, Party Military Commission; member, State Military Commission; retired from party Central Committee (September 1985) . . . [redacted] 25X1 25X1 . . . highly respected career military officer with a distinguished record both as a battlefield commander and as administrator of military technical research and development . . . helped oversee the development of China's strategic nuclear weapons program . . . very influential on questions of technical modernization of the PLA . . . favors indigenous weapons production over massive imports of foreign weaponry . . . joined the Red Army in 1929 . . . commanded troops in the Sino-Japanese war (1937-45) and the Chinese civil war (1945-49) . . . first commander of the PLA Navy . . . later Deputy Chief of General Staff and head of National Defense, Science, and Technology Commission . . . [redacted] a noted poet and calligrapher. 25X6 25X1