

Chapter 3

China: Preparing for the 18th Party Congress

At the Eighteenth National Congress of the Communist Party of China (CPC) (hereafter, Party Congress) scheduled for the autumn of 2012, the CPC will be handing over power to a new generation of leaders, as the current group under General Secretary Hu Jintao steps down. To provide impetus for a successful congress and ensure a smooth transition of power, China in 2011 sought to create stable environments for itself both domestically and internationally. However, the country encountered obstacles in many areas.

Domestically, the Chinese government had to deal with issues that threatened the country's social stability. Based on a newly formulated policy of "strengthening and innovating social management," the Party took steps to prevent social discontent from tipping into protests and rioting through the means of actions such as tightening control of the Internet and implementing crackdowns more vigorously. Violent uprisings, however, broke out frequently, not only in rural areas but also in the cities. Even some elements of the media became critical of the government, taking issue with the way it handled the high-speed train accident in Wenzhou in July 2011. Different perspectives over questions of economic policy also surfaced between powerful men poised to enter the ranks of leadership in a post-Hu government. In the lead up to the Eighteenth Party Congress, therefore, the situation was anything but stable within the country.

With respect to China's relationship with the United States—the most crucial element to maintain the stability in its international environment—Beijing took steps to improve and stabilize its deteriorated relationship with Washington. Military exchanges, which had been suspended since the United States' approval of a sale of weapons to Taiwan in January 2010, were resumed by China in the fall of 2010. In 2011, China sought further to bolster relations between the two nations' militaries by agreeing on new ways of advancing military exchange and by establishing and operating frameworks of dialogue and interaction. However, the two countries are still far from achieving stability in their relations due to their profound policy divergence regarding the issue of Taiwan—which was aggravated by Washington's approval in September 2011 of yet another weapons sale to Taiwan—and regarding surveillance in China's periphery by the US military, among other issues. Added to this were heightened suspicions toward China among countries in Southeast Asia prompted by the former's assertive actions in the South China Sea.

The People's Liberation Army (PLA) remained committed to modernizing weapons and enhancing operational capabilities. The PLA Navy (PLAN)'s blue-

water exercises in the western Pacific continued, as did its convoy activity in the Gulf of Aden off the coast of Somalia. Along with the navy, the PLA Air Force successfully executed operations to evacuate Chinese nationals from Libya, demonstrating to both domestic and international observers its improved operational capabilities in far-flung locations. At the same time, as a means of enhancing the quality of its soldiers and officers, the PLA focused on improving its personnel development programs and on supporting veterans in their efforts to re-enter the civilian workforce following retirement. Among veterans, in particular, frustrations have been rising because of the lack of employment opportunities outside the service. How the government responds to these dissatisfactions will have an important bearing on social stability and on CPC-military relations.

1. An Uncertain Outlook in Domestic Politics

(1) Efforts to Manage Societal Unrest

In domestic politics, the contradiction between rapid economic growth and the divide between the rich and the poor spawned many protests, which intensified a sense of crisis within the CPC about the regime's stability. Although the Party responded with a policy of "strengthening and innovating social management," frequent large street demonstrations and violent uprisings suggest that domestic unrest has increased rather than abated. In 2010, the awarding of the Nobel Peace Prize to jailed human rights activist Liu Xiaobo was one of a number of incidents reminding the CPC about its need to be vigilant about the regime's stability.

Since the events of the "Arab Spring" in the Middle East in early 2011, calls for marches and protests via the social media have become a part of the scene in China. With these evoking a sympathetic response in some quarters, the CPC has grown ever more sensitive about problems that threaten the stability of its rule. In an interview with a Chinese magazine in February 2011, Chen Jiping, deputy secretary general of the Political and Legislative Affairs Committee of Central Committee of the CPC and also deputy of the Comprehensive Management of Public Security Committee of Central Committee of the CPC, expressed alarm about such problems. While acknowledging that conflicts were deepening within Chinese society, he warned that "Western forces are waving the banner of defending human rights to meddle in these conflicts."

For these reasons, the CPC gathered provincial leaders together on February 19 for a meeting on “strengthening and innovating social management.” At the event, General Secretary Hu Jintao noted that “while the present is a time of strategic opportunity, we are still at a stage when contradictions in society will arise.” The general secretary then called for “improved social management and innovations in this regard.”

The term “social management” has a dual meaning. It refers, on the one hand, to resolving conflicts and building the mechanisms that will enable the Party to incorporate the interests and opinions of the people into its policies. On the other hand, it refers to strengthening monitoring and control. At the crux of this policy are measures dealing with the migrant population and with Internet use. According to the national census figures released in April 2011, economic development is continuing to encourage a migration of agricultural laborers to coastal cities. As of 2010, the number of persons living in cities who had households registered in rural areas was 220 million, an increase of 100 million compared to 2000. It has become clear that the growth of this migrant population has overtaken the ability of the government to manage it through use of the country’s traditional household registration system. In many cases, rural migrants are unable to receive social welfare benefits or education. Not only does this create a potentially dangerous dispossessed population within society, it has also made it difficult for authorities to keep tabs on the activities of such migrants. According to Zhou Yongkang, a member of Politburo Standing Committee and deputy of the Communist Party’s Central Political and Legislative Committee, the government must respond by building a more efficient and effective system of personal identification, and by creating a data base covering the entire population.

The census also reported that, as of September 2010, China had more than 500 million users of the Internet, which gave “Weibo” and other microblogging sites enormous influence. Managing the Internet has thus turned into a major issue for the CPC and the government. The State Council issued a “resolution on strengthening the management of the Internet” and established a State Internet information Office within its Information Office to provide comprehensive oversight.

At the same time, the CPC, principally through the Ministry of Public Security, launched what many believe was the largest crackdown in ten years against forces critical of the government. Following the arrest in April of the artist and well-known human rights activist Ai Weiwei, the government arrested and detained, or

Figure 3.1. Areas of major violent protests in 2011



- ① May 2011, in the City of Xilinhot, Inner Mongolia Autonomous Region: The hit-and-run killing of a Mongolian herder by an ethnic Han mine worker driving a coal truck gives rise to a protest demonstration involving several thousands of people.
- ② From August 14, 2011, in Dalian, Liaoning Province: An approaching typhoon causes a breakwater to give way near a chemical factory. Amid rising fears of toxic substances leaking into the environment, more than 10,000 residents of Dalian publicly demand that the plant be moved.
- ③ July 23, 2011, City of Wenzhou, Zhejiang Province: High-speed rail accident. Provoked by a clumsy initial response to the accident by the government, relatively free access given to reporters immediately after the accident, and the spread of information over Weibo and other microblogging sites, media criticism of the government and public distrust of the regime spreads.
- ④ May 26, 2011, City of Fuzhou, Jiangxi Province: A farmer, angered by the condemnation of his land by the local government, sets off bombs near local government offices, resulting in a number of deaths and injuries.
- ⑤ June 6, 2011, City of Chaozhou, Guangdong Province: A migrant worker from Sichuan Province is injured in an argument over wages. Disgruntled over the response by the authorities to this incident, several thousand people take to the streets in a protest that ends in violence.
- ⑥ June 1, 2011, City of Zengcheng, Guangdong Province: Police violence against Sichuanese street vendors results in a demonstration by other migrant workers from Sichuan. Several thousand participate in the protest, which turns violent.
- ⑦ September 2011–January 2012, in the village of Wukan, city of Lufeng, Shanwei municipal region, Guangdong Province: Land condemnations and the death of a village representative while in the custody of authorities lead farmers to carry out a number of protest actions between September and December. They win concessions from the government, the village party chief is removed, and one of the leaders of the demonstrations is selected to replace him.
- ⑧ From April 2011, in Sichuan Province and the Tibet Autonomous Regions: A series of demonstrations, including a suicide by self-immolation, occurs in protest against the arrests of Tibetan monks.

Source: Compiled from news reports. Selected from incidents occurring in 2011.

placed under “soft detention,” scores of human rights lawyers, pro-democracy and human rights activists, and others. It adopted harsher measures against underground Christian churches and Tibetan monks, arresting more than 100 persons in an April 2011 raid of the Beijing Shouwang Church, one of the largest of these unauthorized churches. In mid-March 2011, a paramilitary unit from the Ministry of Public Security shut down a Tibetan Buddhist monastery in Sichuan Province, to suppress an uprising that had begun after a monk set himself on fire in protest against the Chinese government. Around 300 monks were taken into custody in this operation. In scale, duration, and severity of methods, the actions taken by authorities over this period have been unmatched by any in recent years.

However, even after the tightening of political controls, there was no end to large street demonstrations and violent incidents. At the end of May, a Mongolian herder in the Inner Mongolia Autonomous Region was run over and killed by a Han-Chinese coal truck driver, who fled the scene. His death sparked a massive protest. Because of its abundant underground resources, including coal and rare earth elements, Inner Mongolia has been experiencing a development boom. But such development has also provoked growing discontent among indigenous Mongolians, who feel that their traditional herding lifestyle is being destroyed. The hit-and-run incident ignited an outpouring of this unrest, which grew in size as activists used cell phones, blogs, and Weibo to demand more details of the investigation and to call for greater participation in protests. While the local government suppressed these demonstrations, it also adopted conciliatory measures toward the protestors, promising to punish those suspected in the killing, to increase investments in Inner Mongolia, and to improve the livelihood of the region’s residents. Two other significant riots occurred in early June, in the cities of Chaozhou and Zengcheng, both in Guangdong Province. These involved migrant workers from Sichuan whose uneasy relationship with local residents boiled over. It is notable that the Zengcheng riots, which involved thousands of people, were inflamed by the spread of videos via Weibo showing scenes of authorities using violence against Sichuanese street vendors.

Not all of these developments are entirely new. The many contradictions that have arisen in China amid the social changes brought on by economic growth have been vented over the years through violent uprisings and protest demonstrations. Although no reliable statistics exist, the trend of such incidents appears to be consistently upward. According to one estimate, from 60,000

incidents in 2003, these have grown to 74,000 in 2004, 87,000 in 2005, 127,000 in 2008, and 180,000 in 2010. But whereas earlier riots and demonstrations occurred largely in rural areas, and involved relatively well-defined groups of people, recent events have taken place in cities and involve people from different classes whose participation is based on information provided through cell phones and the Internet.

A case in point is the high-speed rail accident in Wenzhou on July 23, 2011. Provoked by a clumsy initial response to the accident by the government, relatively free access given to reporters immediately after the accident, and the spread of information over Weibo and other microblogging sites, media criticism of the government and public distrust of the regime rose to unprecedented heights. So, instead of remaining an event of local interest, the train wreck became a society-wide phenomenon. Moreover, for the Communist Party, the particularly vexing part of all this may have been that public opinion took shape independently of the will and intentions of the CPC/government.

In the Wenzhou accident, a train that had come to a temporary stop because of lightning striking in the area was rammed from behind by the next train hurtling down the tracks, resulting in the death of forty people. After the accident, the Party's Central Committee dispatched Deputy Prime Minister Zhang Dejiang (minister in charge of traffic and transportation) to the scene. While instructing rescue workers to give priority to saving human lives, Zhang at the same time strongly signaled that he wanted the wreckage removed and rail service recommenced at the earliest possible time. How much these instructions affected the outcome is unclear, but the end result was that getting trains running again took precedence over investigating the causes of the accident and saving human lives. Because high-speed rail is widely viewed as a symbol of China's rapid economic growth, people began questioning whether an excessive focus on speed and having a system up and running caused authorities to discount concerns about safety and human life. The Ministry of Railways, which administers the system,

is widely viewed as an excessively powerful and often corrupt organization. This image harshened the tone of the criticisms leveled at the ministry and the government. And because the CPC Central Committee's Propaganda Department initially did not seriously restrict what the press could say about the accident, the media published a storm of criticism about the government's handling of the event. When the censors later clamped down on reporting, criticism about these restrictions rose to an extremely high level. As the outpouring of blogging criticizing the government on Weibo indicates, the accident and its aftermath were a major focus of interest for the entire Chinese nation.

Deeply disturbed by the spread of such criticism, the CPC was forced to replace three senior officials in the Shanghai Railway Bureau and a spokesperson at the railway ministry. On a visit to the accident site, Premier Wen Jiabao said in response to a reporter's question that "since the accident, questions have mounted in society and in people's minds about the manner in which the aftermath of the crash was handled. We must listen carefully to public opinion, respond with the appropriate seriousness to the public's concerns, and provide our nation with a responsible explanation."

A number of high-profile cases of public disturbance intensified the sense of crisis within the CPC. On May 30, speaking at a Politburo meeting on the theme of "strengthening and innovating social management," General Secretary Hu stressed the importance of succeeding in this task. "Our work on social management is strategically extremely important if we are to achieve our primary goals of continuing to take full advantage of our nation's strategic opportunity for development, making progress on the Party's and the nation's projects, and building a peaceful society for all," Hu said. Referring to where the country stands at present, Hu remarked, "In terms of philosophy and ideas, organization and mechanisms, laws and policies, and approaches and methods, our country's social management is still often failing to adapt to the nation's conditions. This makes solving problems in the area of social management urgent and it will require long-term effort." This stressing of the importance of "social management" twice within a span of three months is an indication of how deeply the crisis is being felt by leaders in the central government. On July 1, in a speech marking the ninetieth anniversary of the founding of the CPC, General Secretary Hu cited four areas that threatened continued rule by the CPC: a lack of drive, incompetence, being divorced from the people, and passive corruption (becoming bureaucratic

and formalistic).

Communist Party leaders have grown especially concerned about how to sway public opinion in their favor in the age of the Internet. For example, Wang Chen, director of the Information Office of the State Council, touched on the topic of violent uprisings around the world, including the riots in London in August 2011, and then noted that the problems engendered by the social media were significant and that controlling such media would be difficult. Liu Yunshan, director of the Propaganda Department of the CPC Central Committee, said that China was “facing a crisis.” After acknowledging that “the high-speed train accident, rather than remaining an issue of transportation or safety, too easily became a political problem,” Liu emphasized the need to control the authenticity of information on the Web as a means of maintaining order. Within the Party, officials discussed ways of increasing controls over the Internet and of gaining ascendancy in the battle of ideas by propagating the Party’s ideas online.

(2) Political Trends in the Run-up to the 18th Party Congress

The uncertain domestic situation has made predicting the future direction of the CPC’s domestic and foreign policies increasingly unclear. One year before the Eighteenth Party Congress, Party members were positioning themselves behind the scenes for the new power structure, as evidenced by a significant number of personnel changes at the local level. In this environment, a major concern within the Party was how to stabilize conditions domestically. This became an issue that divided even the next-generation leaders who are set to assume key positions inside the new power structure.

Capturing the most media attention in this regard in 2011 were the clashes and opposing views of two men, Wang Yang and Bo Xilai, both Politburo members who many believe will be elevated to the Politburo Standing Committee. The former is secretary of the Guangdong Province Party Committee and the latter, secretary of the Chongqing Municipal Party Committee. Their differences are apparent in the following two areas.

The first is political, particularly as regards the relationship between the Party and society and as regards ideology. In Chongqing, Bo Xilai launched a “sing red, strike black” movement (referring to the singing of revolutionary songs and the dealing of blows to organized crime). His “striking black” program was designed to improve public safety through dramatic measures to stamp out organized crime.

These efforts, he insists, have created an extremely well-ordered economic environment in Chongqing, which has brought stability to the city's social and economic life and given investors and managers confidence about doing business in the city. On the other hand, under this policy, activists critical of the government have been taken into custody, or arbitrarily arrested and tried, in the name of crackdowns on organized crime. Bo has thus been criticized for setting back the rule of law. In the "singing red" movement, people are encouraged to sing revolutionary songs and to read Marxist classics. Because of the emphasis on revolutionary songs from the Mao Zedong era and on words written by the founder of the Party, this approach has frequently been condemned as a "reversion to the days of the Cultural Revolution" or as "leftist." Bo, however, takes the view that this movement "is the first major attempt to solidify our ideological position and to strengthen our nation's cultural soft power" and emphasizes that it is also necessary to stabilize society through this kind of unification of the hearts and minds of the people.

Wang Yang, in contrast, has been less ardent about maintaining public security through an emphasis on ideology and aggressive police crackdowns. In his statements, he barely touches on ideological issues. Even at a ceremony commemorating the ninetieth anniversary of the Party's founding, Wang chose not to highlight the glorious history of the Party, making the case instead for the importance of "looking back and endeavoring to learn from the difficult lessons, failures, and mistakes of the past, so that we do not repeat them." He went on, "There is a need for long-term governance by the Party. From this standpoint, it is more important to heighten our awareness of the hardships that we have endured than to praise glorious achievements in song." With respect to the relationship between the Party and society, Wang has been relatively open to new approaches. In the wake of the aforementioned riots in Guangdong Province, the province adopted a "resolution regarding strengthening the construction of society," which called for the expansion of public services and social welfare for the migrant population. Wang also spoke of the need for free discussions, saying that "strengthening the construction of society requires that we create a democratic atmosphere in which people can speak the truth and say what is really on their minds. Today, we must remain steadfastly on the path of China's distinctive socialistic development and expand socialistic democracy."

Their second area of divergence is on economic issues, where differences of

opinion between the two men have also become public. Referred to as the “cake debate,” their argument originates in the question of where policy emphasis should be placed in the economy: Should the focus be on “skillfully baking the cake” (i.e., giving priority to economic development and enhancing productivity) or on “dividing the cake” (giving priority to fairer distribution)? In Bo Xilai’s formulation, in a policy he calls “the path to common wealth,” rather than wait until the economy develops before dealing with the issue of distribution, it is preferable to begin reducing the gap between the haves and have-nots now. While “some people advocate dividing the cake after it has grown,” Bo says, it is better to deal with the issue of distribution because “the more skillfully we can divide the cake, the more quickly we will be able to bake a large one.” Under Bo Xilai’s leadership, the city of Chongqing adopted a “resolution regarding reducing three differences and promoting common wealth.” Bo insists further that depending on the market will not enable China to achieve “common wealth.” The “path to common wealth,” he argues, is neither through capitalism nor through European or North American models of the past, but rather through the core elements of “China’s distinctive socialism.” Bo believes that this distinctive “socialism of China is superior to capitalism,” and that “the most concentrated evidence of this is in common wealth.”

In contrast, Wang Yang says that, at the present moment, it is important “not only to bake a larger cake but to bake a higher quality cake that is less expensive.” He adds that the problem of “dividing the cake” will be an issue for later on, and that “the problem today is that everyone is focusing on distributing the cake.” In Wang’s eyes, “baking a higher quality cake” means reforming the traditional development model, which values GDP growth reliant on exports and investment above all else, and replacing it with a model where growth is sustained through an expansion of domestic demand and consumer spending—all while allowing the people to pursue qualitative affluence in the cultural and spiritual aspects of their lives. With respect to the relationship between the role of government and the market, Wang credits the government with playing a significant role in responding to the international financial crisis. But he cautions against misunderstanding this role. Ultimately, he argues, it is the market that fundamentally allocates resources, and he insists that the CPC’s policies, since the country began its reform and opening-up program and adopted a market economy, are appropriate for the current stage of the nation’s development. Although neither Bo’s nor Wang’s

views necessarily represents mainstream thinking within the Party, the political and economic aspirations of the Party leadership have diversified to the point where the “cake debate” has drawn a good deal of attention. Above all, the Bo-Wang debate will provide an important point of departure for gauging movements in Chinese politics hereafter.

Many points remain unclear about the political intentions of Xi Jinping, the putative successor to Hu Jintao. Considering the obvious restraints placed on a person in his position, Xi would not be expected to announce opinions that differ sharply from those of the current leadership. Still, he is gradually making his presence felt, taking on diplomatic roles such as entertaining US Vice President Joe Biden during his visit to China and involving himself in the economic sphere by meeting with the president of the World Bank. The evidence as of the end of 2011 suggests that Xi Jinping’s political leanings are strongly conservative, within a Chinese political context. For example, on an inspection visit to Chongqing in 2010, he lauded the city’s “sing red, strike black” program. Then, in a letter sent to the International Conference of Asian Political Parties held in September 2011, Xi stressed that China “would not deviate from pursuing a path toward common wealth.” These words echo those used repeatedly by Bo Xilai to rally support for his own policies; and the fact that Xi Jinping used them has important political significance. Zhou Yongkang emphasized “the path toward common wealth” at this same conference, while the *People’s Daily* of September 5 editorialized that the CPC’s “governing duty is not only to ‘bake a larger cake,’ but also to ‘skillfully distribute that cake’—in other words, to solve the problem of fair distribution of income and gradually realize the goal of common wealth.” Xi is also on record arguing for the importance of systematic study of Marxist theory, saying that “being thoroughly versed in Marxist theory is a necessary qualification for senior leadership, as well as the foundation and the precondition for decisiveness in politics.” He qualifies this, however, by stating that the Marxism he is referring to is post-Deng Xiaoping Marxism (ideas grouped under the heading of “China’s distinctive socialist theory”) and in this de-emphasis of the thought of Mao Zedong, he differs from Bo Xilai.

At the Sixth Plenum of the Seventeenth Central Committee of the CPC, held on October 15–18, 2011, the delegates adopted the “Resolution to Address a Number of Challenges to Deepen Reform of the Cultural System and Promote the Development and Prosperity of Socialist Culture” (hereinafter, “Resolution”). For

the CPC, “culture” includes language and various other forms of expression and is closely related to propaganda and ideology. That the plenum took up and acted on the issue of culture probably owes to the Party’s recognition of the importance of ideological discipline and propaganda as the country deals with difficulties at home and abroad.

The Resolution proclaims that, as China advances economically in an increasingly globalized and multi-polar world, the importance of culture as an element in the comprehensive power of the nation increases. China must, the resolution says, strengthen its cultural soft power and aim to become a nation with a socialist culture. Li Changchun, top ideologue of the Party and member of the Politburo Standing Committee, believes that by strengthening culture it will be possible effectively to impact both domestic and international public opinion. The Resolution argues that the Party should take action in two particular areas.

The first is guiding the direction of domestic public opinion. The document stresses the importance of moving public opinion in directions favorable to the CPC through control of the media, the Internet, art, and so on. It states that public opinion should be guided by creating a news media built around government-run institutions, building a healthy Internet culture, and strengthening controls over online content and discourse. Since the Wenzhou train crash, propaganda chief Liu Yunshan has emphasized, firstly: that the news business must “publicize the Party’s positions, reflect the wishes of the people, and serve their broadest interests”; and, secondly, that those in the press must “grasp the fundamental conditions of the nation and increase their awareness about the need to work for the bigger picture.” In messages prepared for the Sixth Plenum of the Seventeenth Central Committee of the CPC, Liu stated that “while the pluralism, variability, and openness of social thought engender a flourishing of ideas and culture, it also creates a certain amount of ideological confusion.” Liu goes on to say that there is a need “to develop culture and extinguish static and noise domestically and internationally by establishing strategies and policy measures for the advancement of scientific culture.”

The second is guiding international public opinion toward more favorable views of China. The CPC believes that, in this arena, the situation today is that “the West is strong, and our country is weak,” and that China takes a back seat to Europe and the United States. Within China, Western culture and values are making inroads, while internationally China’s say in things is extremely limited

and not commensurate with its political and economic status. In the Party's eyes, the nation's "cultural security," so to speak, is being threatened, and it is important to devise ways to protect this cultural security. The Resolution speaks of the need to spread Chinese culture to the rest of the world and to enhance the nation's global influence through a new kind of international publicity. Specifically, for example, the Party is discussing ways to help China's media become more capable of projecting its message to the outside world. Despite efforts in this regard, however, China's media still fails to measure up to global media giants in the capacity to project and control information. Hence, the CPC believes that it is necessary to build a first-rate international media organization. In addition, the resolution discusses the need to widen and deepen intergovernmental cultural exchange and to increase the number of Confucius Institutes (governmental organizations where the Chinese language is taught and information on Chinese culture is disseminated), which operate in over 350 locations around the world as of the end of 2011.

What China's direction will be after the Eighteenth Party Congress remains shrouded by many uncertainties. Whether current trends endure or not will depend on conditions in the domestic and international environment. What can be said, however, is that, as of the end of 2011, social instability is growing and that this is making it more difficult for the CPC to steer the country toward more dramatic reform.

2. Difficulty in Building a Stable International Environment

(1) Seeking Stability in Sino-US Security Relations

Nothing is more critical to the stability of China's international environment than stabilizing its relations with the United States. In "China's Peaceful Development," a white paper released in September 2011, Beijing says that creating a peaceful international environment will entail, first of all, "establishing and developing a new type of relationship among the major countries." China focuses, in particular, on its relationship with the United States. As China's leadership has repeatedly emphasized, this relationship is the "most important bilateral relationship," impacting not only relations between the two countries but also the peace and development of the entire world. Accordingly, since the autumn of 2010, Beijing has been exploring ways of improving and stabilizing all phases of its relationship

with the United States, a relationship that had turned antagonistic and distrustful after Washington approved a sale of arms to Taiwan in January 2010. Steps to repair the political relationship had begun by May 2010, following the second round of the US-China Strategic and Economic Dialogue (S&ED). In October 2010, the two countries began genuine efforts to improve military-to-military relationships, which had fallen behind other tracks in the relationship. At a meeting of the two nations' defense ministers held in Hanoi that month, an agreement was reached to resume military exchanges and also to recommence annual consultations under the Military Maritime Consultative Agreement (MMCA) mechanism. In January 2011, China accepted a visit by US Secretary of Defense Robert Gates, who met with Gen. Xu Caihou, vice chairman of the Central Military Commission (CMC). After the meeting, Xu said that "military-to-military relations are an important part of the bilateral relationship between China and the United States" and he indicated Beijing's resolve to have the military relationship move forward in concert with the improving diplomatic ties between the two nations. Xu said that the relationship would have to be developed through the taking of real steps forward.

In a meeting held in January 2011, Secretary Gates and Gen. Liang Guanglie, Chinese minister of national defense, reaffirmed the seven-point agreement reached in October 2009 between Secretary Gates and Gen. Xu, under which both sides agreed to: (1) promote high-level exchanges of visits; (2) cooperate in the area of humanitarian assistance and disaster relief (HA/DR), and conduct joint maritime search and rescue exercises; (3) deepen military medical cooperation; (4) expand exchanges between the armies of the two nations; (5) enhance the program of mid-grade and junior officer exchanges; (6) promote cultural and sports exchanges between the two militaries; and (7) invigorate existing diplomatic channels and consultation mechanisms to improve maritime military safety. Having reaffirmed the earlier agreement, both defense ministers expanded upon it by agreeing that Gen. Chen Bingde, chief of the PLA General Staff, would visit the United States in early 2011, and that, with respect to point (2) above, the two militaries would cooperate in matters of nontraditional security, including counterterrorism, international peacekeeping, and counterpiracy convoy activity in the Gulf of Aden off the coast of Somalia.

After Secretary Gates' visit to China, President Hu Jintao arrived in Washington in mid-January for his summit meeting with President Barack Obama. At this

meeting, the two leaders affirmed their visions for a comprehensive development of US-China relations, including the relationship between both nations' militaries. The joint statement released by the two governments noted that the military-to-military relationship was an essential part of a "positive, cooperative, and comprehensive U.S.-China relationship," and underscored the need for "enhanced and substantive dialogue and communication at all levels." The policy to improve and develop military-to-military relations was concretized through a reactivation of existing frameworks for dialogue and cooperation in the military and security arenas. For example, the two sides agreed to prepare a roadmap for the development of the military-to-military relations by strengthening the framework of working-level discussions, and met in Beijing in April for one such meeting. Regarding the MMCA mechanism established in 1998, both militaries have also begun to take steps to deepen policy-related coordination through the holding of periodic working-level talks.

Both countries also sought to build new frameworks of dialogue. The S&ED that was agreed to in June 2006 by President George W. Bush and President Hu provides a regular forum for the United States and China to discuss a wide range of issues, including trade and investment, finance, climate change, energy, and so on. At the third round of the S&ED, which convened in May 2011, the two nations expanded the Strategic Track of the S&ED by convening the inaugural meeting of the US-China Strategic Security Dialogue (SSD). Participants in the SSD included defense ministry officials and high-ranking military officers from both countries. This round of S&ED also resulted in a decision to establish a framework for US-China consultations on the Asia-Pacific. Both sides held their first meeting under this framework in Hawaii in June and their second meeting in Beijing in October. The visit to the United States by Gen. Chen Bingde took place in May 2011, marking the first visit to the United States by China's chief of the general staff in seven years. The talks held on this visit between Chen and Chairman of the Joint Chiefs of Staff Mike Mullen yielded agreements in a number of areas, including

maintaining senior-level military communication through hotlines established in their respective ministries and promoting cooperation at an operational level between the navies of both countries. The two sides agreed to consider, among other things, joint exercises in the Gulf of Aden, including formation drills, communications training, and counterpiracy exercises. They also agreed that both navies would engage in joint HA/DR exercises in 2012. In July 2011, Mullen visited China, where he again met with Chen. Recognizing the special importance of military security on the oceans, Chen and Mullen agreed to carry out joint counterpiracy drills in the Gulf of Aden by the end of 2011 and to have hospital ships of the two navies exchange visits. Through such unit-level cooperation, China and the United States have begun to seek ways of improving military security operationally, on the sea and in the air, and to reduce the risk of unintended conflict.

According to Qian Lihua, director of the Foreign Affairs Office of the Ministry of National Defense, this improvement of bilateral military relations can be understood as part of the process of building “a new type of China-US military relationship” over the next ten years. The “newness” here refers to efforts to realize in the military arena the vision embraced by the two nations’ leaders at their January summit, where they agreed to seek to build “a win-win cooperative partnership of mutual respect and mutual benefit.” In other words, both nations would aim to establish military relations that included the three elements of mutual respect, mutual benefit, and cooperation. However, while both nations recognize the need to strengthen mutual benefit and cooperation in their military relations, each side looks at the question of “mutual respect” differently. According to CMC Vice Chairman Xu, what the Chinese side is seeking from the United States is “respect for core interests and major concerns.” The Chinese government has over the years asked the United States to refrain from taking actions that affect China’s sovereignty and territorial integrity, its fundamental systems, and its security. In recent years, the PLA has strongly demanded in dialogue and discussions at various levels that the United States respect its core interests and major concerns, by which it specifically means ceasing weapons sales to Taiwan and ending surveillance activity by its warships and warplanes in China’s exclusive economic zones (EEZ).

But there is a clear difference in the positions of both nations on these issues. For example, Assistant Secretary of State Kurt Campbell has said with regard to a sale of arms to Taiwan that efforts by the United States to improve and strengthen

US-China relations “have not hurt its relations with Taiwan” and that the United States would continue to supply arms to Taiwan as part of its commitments under the Taiwan Relations Act. In response to China’s attempt to restrict the activity of foreign militaries in and above its EEZ, the United States has steadfastly maintained that the US military has the right to operate its ships in, or to fly its planes through skies above, “international waters” that lie beyond the territorial oceans of coastal nations, including, in this interpretation, cruises and flights by the US military for surveillance and training.

These contrasting views surfaced when the Obama administration reported to Congress in late September 2011 that it had approved a weapons sale to Taiwan valued at US\$5.8 billion, a transaction that included upgrades for F-16A/B fighters. Chinese Vice Foreign Minister Zhang Zhijun summoned US Ambassador to China Gary Locke to the Foreign Ministry where he expressed “strong indignation” about the decision, which he said “undermines China’s core interests and cooperative actions by both nations.” Declaring also that the decision “will inevitably undermine bilateral relations as well as exchanges and cooperation in military and security areas,” Zhang hinted at a possible termination of military-to-military exchange. Chinese Defense Ministry spokesperson Geng Yansheng also expressed his “extreme indignation” about the decision, stating that it “will create severe obstacles for normal military-to-military exchanges.” In other words, by sending the message that the arms deal could threaten the continuation of military exchanges, the Chinese government was indicating that it would not back down—that it would never make concessions on a matter bearing on its core interest of Taiwan.

However, compared to its response to the US weapons sale to Taiwan in 2010, Chinese actions this time around were restrained. Whereas in January 2010, the Chinese government wasted no time in announcing a suspension of military exchange and discussion, in 2011 it merely suggested the possibility of such a suspension. Then, in October 2011, it allowed the second round of discussions under the framework for US-China consultations on the Asia-Pacific to take place as scheduled. At these talks, Vice Foreign Minister Cui Tiankai told participants that “the Chinese side viewed positively” the progress made in US-China relations since the beginning of the year. In other words, the Chinese government was saying that, despite the disagreement with the United States on its core interest of Taiwan, it wanted to keep US-China relations on an even keel and desired to avoid

a deterioration of the relationship.

However, achieving increased stability in US-China relations, particularly in the military sphere, is a daunting task. Differences between the United States and China on the issue of weapons sales to Taiwan are not readily put to rest. Moreover, the nations continue to differ fundamentally on the question of whether military activity within an EEZ is permissible or not. If we acknowledge these differences, efforts to stabilize US-China military relations are clearly not on track. On his return from China in July, Chairman of the Joint Chiefs of Staff Mike Mullen said in Japan that “I am under no illusion that we have cemented anything like a partnership with the PLA.... Maybe we never will.” He went on to say that the consensus-building process that had taken place between the two nations’ militaries since the autumn of 2010 was a good first step for the promotion of mutual understanding and the reduction of misunderstanding. On the other hand, China is strongly insisting that the United States respect its “core interests and major concerns” and that it display this respect through concrete actions. So, although both nations have increasingly formalized their dialogue and discussions on bilateral military and security relations since the autumn of 2010, the gulf between them on weapons sales to Taiwan and on military activity within EEZs remains wide, leaving the uncertainty that inheres in the relationship undiminished.

(2) Creating Friction in the South China Sea

While dealing with uncertainty in its relations with the United States, China is struggling to stabilize the environment along its periphery. In recent years, Beijing’s relationships with its neighbors have been deteriorating. One reason is its stronger assertions of sovereignty in the South China Sea along with its frequently forceful actions in the region. In 2010, these actions included stepped up patrols by surveillance ships from China’s Fishery Law Enforcement Command (FLEC) and the largest missile firing drill in Chinese naval history by the South Sea Fleet, all of which have generated alarm not only among claimant countries in the territorial disputes but also among other nations that use these waters. This international alarm caused concern among China’s leaders and, in 2011, they began to emphasize China’s willingness to deal with territorial disputes in a cooperative manner. In April, addressing the Boao Forum for Asia on Hainan Island, President Hu Jintao sought to allay fears among countries in the region by declaring that “China will remain committed to seeking peaceful solutions to

disputes with neighbors over territory and maritime rights and interests through friendly negotiations.” At the end of April, before embarking on a trip to Malaysia and Indonesia, Premier Wen Jiabao told journalists from both countries that China remains committed to the Declaration on Conduct of Parties in the South China Sea (hereinafter, the “Declaration on Conduct”) and that territorial and jurisdictional disputes in the sea should be resolved between the countries concerned through peaceful consultations.

But China’s actual actions in the South China Sea stood 180 degrees apart from this cooperative stance of its leaders. In June 2011, a Chinese fishing boat, supported by a FLEC surveillance ship, attempted to interfere with a Vietnamese research vessel working in the waters off the Spratly Islands. In this incident, the Chinese tried to cut the cable being used by the Vietnamese ship to tow its survey equipment. Activities by the China Maritime Surveillance (CMS), a division of the State Oceanic Administration, also became increasingly assertive. In May 2011, a CMS vessel approached a Vietnamese research ship conducting a survey of resources 120 kilometers off the coast of Nha Trang, a city in Central Vietnam, and severed its towing cable. A CMS surveillance ship also appeared off the Palawan Islands, in a region claimed by the Philippines, and began unloading construction materials and setting up buoys in the vicinity of the Amy-Douglas Bank.

The PLAN also sought to increase its presence in the South China Sea through continued military exercises. In June 2011, the navy participated in joint maneuvers off Hainan Island with the China Maritime Police and the CMS. This three-day exercise, which involved fourteen ships—including submarine chasers, landing vessels, and patrol boats—and two aircraft, focused on submarine surveillance, amphibious transportation, and the protection of islands and sea routes. In July, the South Sea Fleet engaged in a major exercise aimed at reclaiming islands that had been occupied by an enemy. The fleet’s amphibious vessels, destroyers, Marine Corps, and aviation units took part, along with hovercraft, which were used to land troops on the islands.

This pattern of belligerence by China sparked growing discontent and alarm in Southeast Asia. On June 5, 2011, demonstrators in Vietnam gathered in front of the Chinese embassy in Hanoi and protested China’s interference in research activities conducted by Vietnamese ships. Over the next two months, these anti-China demonstrations in Hanoi were repeated weekly. On June 20, a spokesperson

for the Singapore Ministry of Foreign Affairs expressed concern about incidents in the South China Sea that involved both China and Vietnam, and China and the Philippines. After noting that Singapore had a critical interest in anything affecting freedom of navigation in all international sea lanes, including those in the South China Sea, the spokesperson pointed out that the ambiguity of China's claims in the region was causing serious concerns in the international maritime community. To mitigate such concerns, the spokesperson urged China to conclude negotiations on the implementation guidelines for the Declaration on Conduct.

China is also clashing with the United States on issues relating to the South China Sea. Maintaining that it has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea, Washington has taken steps to strengthen relations with the nations of Southeast Asia, as a means of stabilizing the situation there. As one link in this approach, the US Navy has intensified exchanges and joint exercises with the militaries of Vietnam and the Philippines. In the Cooperation Afloat Readiness and Training (CARAT) exercise, which commenced at the end of June 2011 near the Palawan Islands, the United States and the Philippines conducted training on maritime interdiction, patrols, and information sharing, and also antipiracy operations. The following month, US Navy Aegis destroyers made a port call at Da Nang, Vietnam, where they engaged in maintenance and medical-related exercises with the Vietnamese Navy. Speaking at the June 2011 Asia Security Summit (The Shangri-La Dialogue) in Singapore, US Secretary of Defense Robert Gates announced that the United States would be deploying the Navy's new littoral combat ship in Singapore.

China has fiercely opposed this increased involvement by the United States in the region. In July 2011, Chief of the General Staff of the PLA Chen Bingde told visiting Chairman of the US Joint Chiefs of Staff Mike Mullen that the United States must not become involved in the South China Sea issues. At a joint press conference with Admiral Mullen, General Chen flatly rejected US concerns about obstacles to freedom of navigation in the region's waters, saying that "there are no obstructions whatsoever to freedom of navigation in the South China Sea." Chen said although the United States has stated on many occasions that it has no intention of interfering in the territorial disputes, "its words and actual actions are not consistent." He called the holding of joint exercises with Vietnamese and Philippine militaries "inappropriate."

Table 3.1. China's maritime law enforcement agencies

Commonly known as	Ministry	Agency	Principal Duties
Maritime Police (Haijing)	People's Armed Police/Border Control Squadrons		Guarding coastlines. Controlling maritime crime.
FLEC (Yuzheng)	Ministry of Agriculture	Fishery Law Enforcement Command	Regulating and overseeing fisheries. Surveillance of foreign vessels.
CMS (Haijian)	Ministry of Land and Resources	State Oceanic Administration/China Maritime Surveillance	Maintaining maritime rights. Enforcing laws relating to the use of the oceans.
CMSA (Haixun)	Ministry of Transport	Maritime Safety Administration	Controlling maritime traffic. Sea rescues.
Customs	General Administration of Customs	Bureau of Anti-Smuggling	Emigration and immigration control. Prevention of smuggling.

Source: Prepared by the author from websites of the respective agencies and from other material.

Table 3.2. Major events relating to the South China Sea

Date	Events
January 1974:	The PLAN attacks a South Vietnamese garrison in the Paracel Islands. Its victory in the battle places the Paracels under its total control.
March 1988:	The PLAN launches an attack on the Vietnamese Navy for control of the Fiery Cross Reef in the Spratly Islands. The Vietnamese side suffers a significant number of casualties.
July 1992:	China places the Gaven Reef in the Spratly Islands under its control. Vietnam had been claiming the reef as its territory.
July 1992:	ASEAN announces the "Declaration on the South China Sea."
February 1995:	The Philippines discovers that China has occupied the Mischief Reef, a shoal in the Spratlys over which it had claimed territorial rights.
March 1995:	ASEAN releases "A Statement by the ASEAN Foreign Ministers on the Recent Developments in the South China Sea."
November 2002:	China and ASEAN sign the "Declaration on the Conduct of Parties in the South China Sea."
March 2005:	China, Vietnam, and the Philippines agree to carry out joint resource surveys in the seas around the Spratly Islands.
March 2009:	China obstructs activity of the US Navy surveillance ship <i>Impeccable</i> .
April 2010:	A confrontation arises near the Swallow Reef between a Chinese FLEC surveillance ship and Malaysian warships and aircraft. Malaysia has been asserting territorial rights over the reef.
July 2010:	The PLAN conducts a major live-ammunition exercise in the South China Sea, the largest ever in the region.
May 2011:	A China Maritime Surveillance vessel severs the cable of Vietnamese research ship towing sonar equipment to survey the ocean bottom.
July 2011:	China and ASEAN reach agreement on "implementation guidelines" for the "Declaration on the Conduct of Parties in the South China Sea."

Source: Compiled from media reports etc.

China's position is that it needs to establish stability in the environment near its borders. Consequently, it is not in China's interests to become more deeply mired in conflict with the United States and Southeast Asian nations over disputed territory in the region. Recognizing the need to calm the situation down, at least for now, China has gradually begun displaying a more cooperative stance in its diplomacy. One example of this is its reopening of multilateral negotiations with ASEAN. Based on the Declaration on Conduct, China and ASEAN had previously convened two senior working-level meetings to develop guidelines for the implementation of the declaration. That last such meeting was held in 2007. On July 20, 2011, officials from China and ASEAN reconvened this working-group meeting in Bali, Indonesia, and concluded an agreement on implementation guidelines for the Declaration on Conduct. Although these did not go beyond reaffirming items agreed to when the declaration was adopted in 2002, China's willingness to take up the South China Sea issue in a multinational forum with ASEAN can be regarded as a certain kind of concession by Beijing. At the same time, China made several proposals for further cooperation, including one to convene a symposium on free navigation in the South China Sea and another to establish three special committees, which would deal with research and environmental protection, navigational safety and search and rescue operations, and combating transnational crimes at sea.

China also began promoting bilateral discussions on the South China Sea issue with the Philippines and Vietnam. At a meeting with visiting Philippine President Benigno Aquino on August 31, 2011, President Hu stressed the need for disputes in the South China Sea to be resolved through discussions among the claimant nations, and urged countries to put aside their disputes and proceed with joint development. He furthermore indicated his desire to build a cooperative relationship with the Philippines by saying that China is willing to cooperate with ASEAN in implementing the Declaration on Conduct and to turn the sea into "an area of peace, friendship and cooperation." On October 11, 2011, President Hu met in Beijing with Nguyen Phu Trong, general secretary of the Communist Party of Vietnam Central Committee. Regarding the dispute between the two nations in the South China Sea, President Hu stressed the need for a cool-headed approach, saying that the leaders of both nations would have to deal appropriately with the dispute from a strategic perspective, and that no action should be taken that would "complicate or exacerbate the maritime dispute." Both countries used the occasion

of Chairman Trong's visit to enter into an agreement on basic principles for the proper settlement of the maritime issue. This agreement includes calls for both sides to seek to resolve the territorial dispute in the South China Sea through amicable discussions, to implement the Declaration on Conduct, and to promote talks for joint development in the Gulf of Tonkin. It also called for the establishment of a hotline.

China, through its own assertiveness, has heightened the anxiety of nations along its periphery. This same China is now gradually showing a more cooperative approach to the territorial disputes in the South China Sea. But skepticism persists about how much such distrust and fear of China among these nations can be reduced. While statements by China's leaders and the country's diplomatic actions indicate a greater willingness to cooperate, the task of restoring the trust that has been lost will be formidable, so long as forceful actions by the PLAN and the institutions enforcing China's maritime laws continue unchecked. China's ability to restore trust among neighboring nations will depend on whether it can impose its own restraints on the further use of raw power to assert sovereignty and to ensure its interests in the South China Sea, and on whether it can engage ASEAN in substantive discussions aimed at formulating a Code of Conduct for resolving these disputes.

3. The PLA's Program to Create an Elite Force and Problems Relating to Veterans

(1) Blue-water Training and International Nontraditional Security Activity Regularized

In March 2011, after a hiatus of a year, China released a white paper on national defense entitled *China's National Defense in 2010*. The new white paper says that one of the principal goals of China's defense policy is to "safeguard national sovereignty, security and interests of national development," and "to guard against and resist aggression, defend the security of China's lands, inland waters, territorial waters and airspace, safeguard its maritime rights and interests, and maintain its security interests in space, electromagnetic space and cyber space." The explicit reference to "safeguarding maritime rights and interests" was attention-grabbing.

The PLAN will shoulder the key role in the safeguarding of maritime interests.

With respect to the PLAN's modernization efforts, the white paper says "In line with the requirements of offshore defense strategy, the PLA Navy endeavors to accelerate the modernization of its integrated combat forces, enhances its capabilities in strategic deterrence and counterattack, and develops its capabilities in conducting operations in distant waters and in countering non-traditional security threats.... By organizing naval vessels for drills in distant waters, it develops training models for MOOTW [Military Operations Other Than War] missions." This language echoes statements made by Adm. Wu Shengli, Commander in Chief of the PLAN, in April 2009 at ceremonies commemorating the sixtieth anniversary of the founding of the PLAN, where he said, "Blue-water training will become an everyday reality hereafter. Several times a year, the five major branches of the navy (warships, submarines, aircraft, coastal defense, and Marines) will form units to engage in blue-water training.... The PLA Navy will incorporate the development of noncombat capabilities in all areas of naval modernization and preparations for military conflicts. We will incorporate operational capabilities in blue waters and projection capabilities into our system for the development of the military capabilities of the navy. We will incorporate, scientifically plan, and implement the improvement of specialized capabilities related to noncombat activities, such as maritime emergency search and rescue, into the overall development of naval strength." In other words, the PLAN's intentions appear to be to use not only regular blue-water training but also its activities in the area of nontraditional security to build the naval strength that China needs to safeguard its maritime interests, establish blue-water capabilities, and increase its ability to project strategic power. The PLAN's modernization efforts are also aimed at establishing Anti-Access/Area Denial (A2/AD) capabilities through the use of antiship ballistic missiles, that it is now developing, as well as submarines, surface ships, and tactical aircraft, all of which are armed with antiship cruise missiles.

The PLAN's intentions are backed by its actions. A PLAN flotilla sailed through waters between Miyakojima and Okinawa in June 2011 on its way to blue-water training exercises in the western Pacific. These training exercises were also carried out in April 2010. This flotilla consisted of eleven vessels: three destroyers, four frigates, one replenishment ship, one submarine rescue ship, a fleet ocean tug, and an intelligence ship. This number exceeded the ten ships, including two submarines, that comprised the 2010 flotilla. In addition to

target practice, the 2011 flotilla flew unmanned aerial vehicles and shipboard helicopters, and practiced underway refueling during its exercises. In November 2011, another PLAN flotilla, this one comprising mostly ships from the North Sea Fleet, transited the Miyako Strait for exercises in the western Pacific. This group consisted of two destroyers, two frigates, one replenishment ship, and one intelligence ship, which, according to media reports from China, conducted training in command communications, blue-water refueling, antisubmarine warfare, and antiship maneuvers. In addition to these exercise in the western Pacific, the PLAN also actively carried out variety of exercise in the South China Sea.

These exercises are heightening fears about China's military power among countries along its periphery. China's Ministry of National Defense sought to allay these fears by explaining that the exercises were scheduled in its annual plans, that they were consistent with the rules of international law, and that they were not aimed at any specific nation or target. In May 2011, Adm. Wu Shengli told members of the Japanese press that, before the Great East Japan Earthquake struck, the PLAN had been planning a large-scale fleet exercise in the East China Sea but it immediately suspended these plans when the earthquake occurred in deference to Japan.

There is no better example of how involvement in nontraditional security areas elevates military capabilities than the PLAN's convoying activity in the Gulf of Aden, which it has been engaged in since January 2009. In March 2011, the Eighth Escort Fleet (comprising two *Jiangkai I*-class frigates and one *Fuchi*-class multi-product replenishment ship from the East Sea Fleet) took over duties from the Seventh Escort Fleet (two *Jiangkai II*-class frigates and one *Fuchi*-class multi-product replenishment ship from the East Sea Fleet), which had been convoying since November 2010. In July and November 2011, respectively, the Ninth Escort Fleet (one *Luyang I*-class destroyer, one *Jiangkai II*-class frigate, and one *Nanyun*-class multi-product replenishment ship from the South Sea Fleet) and the Tenth Escort Fleet (one *Luyang II*-class destroyer, one *Jiangkai II*-class frigate, and one *Nanyun*-class multi-product replenishment ship from the South Sea Fleet) were dispatched to the region for convoy activities. Each of these fleets has managed its convoy duties without encountering major problems. From the inception of the mission until July 15, 2011, China has provided antipiracy protection in the Middle East for over 4,000 ships.

Under the slogan of “escorting in far seas, training in far seas, and combating in far seas,” China’s escort fleets have been linking convoy duty to their blue-water training, in the manner prescribed under its “military training and inspection program.” Consequently, each escort fleet in fiscal 2011 has engaged in a variety of training exercises in which surface ships, navy special forces, and shipboard helicopters have been prominently employed. Also, on its way to the Gulf of Aden, the Eighth Escort Fleet participated in the multinational “Peace-11 Exercises” in Pakistan, while the Ninth Escort Fleet took part in an international fleet review in Brunei. In this way, the PLAN is endeavoring to have convoy activity contribute as many improvements as possible to its blue-water operational capabilities.

At the same time, we should note that the PLA has advertised the significant contributions being made by the PLAN in combating piracy, a concern shared by the entire international community. Its thinking is that, through such contributions, China will be able to mitigate the view of “the China threat” held by many countries. In fact, *China’s National Defense in 2010* enunciates “protecting global stability and peace” as one of the major goals and duties of Chinese defense policy. The white paper says that “China takes a proactive and open attitude toward international escort cooperation” and discusses a range of activities that the PLAN has engaged in during its convoy missions, including exchanging boarding visits by commanders, participating in joint escort operations, and conducting joint military exercises and training. It points out that the Chinese government has joined SHADE, the “Shared Awareness and De-confliction” mechanism, which seeks to coordinate activities among countries involved in antipiracy operations in the Gulf of Aden. Various foreign countries appreciate these kinds of activities by the Chinese navy as a manifestation of China’s cooperative stance internationally, and recognize the importance of the PLAN activities.

Special mention should also be made of China’s deployment of the PLA in support of Chinese nationals fleeing the civil war in Libya in February and March 2011. A frigate from the escort fleet operating in the Gulf of Aden was first sent to Libya to protect the ships being boarded by evacuees. China also sent four IL-76 transport planes carrying medical teams to the evacuation sites to provide medical care and transportation. This was the first time that the PLA Air Force had deployed transport planes abroad for the protection of its nationals. This action also set the record for the longest distance traveled by Air Force transport planes on any deployment. These flights, in the view of the PLA Air Force, fully verified

the transport capability of its planes on long-distance missions. According to the *PLA Daily*, in the 97-hour period following the receipt of orders, the planes flew twelve flights that spanned forty-three hours all together, covering a total of 29,397 kilometers and evacuating nearly 2,000 people. In the evacuation, China did not rely solely on PLA ships and planes. It devised a variety of other methods of transport, including using chartered civilian aircraft and ships from China and other nations. According to Xinhua News Agency reports, the mission ultimately succeeded in evacuating 35,860 Chinese nationals from Libya.

The PLA considers the evacuation from Libya to be a model for government-led national defense in the New Period of the New Century. This view arises because the mission's success entailed the cooperation of various sectors within China and coordination among the military, overseas consulates, provincial governments, and Chinese companies, all under the direction of the State Council. The PLA also underscores the fact that its dispatch of warships and military aircraft conformed to principles of international law, which give nations the right to protect the lives and assets of its nationals residing in foreign countries, and also the right to protect China's interests in such countries.

(2) Accelerating “Informationization” and Human Resource Development

China's National Defense in 2010 declares the following with respect to defense and military modernization: “Bearing in mind the primary goal of accomplishing mechanization and attaining major progress in informationization by 2020, the PLA perseveres with mechanization as the foundation and informationization as the driving force, making extensive use of its achievements in information technology, and stepping up the composite and integrated development of mechanization and informationization.” The white paper adds: “[The PLA] intensifies theoretical studies on joint operations under conditions of informationization, advances the development of high-tech weaponry and equipment, develops new types of combat forces, [and] strives to establish joint operation systems in conditions of informationization.” Within this framework, the PLA made steady progress in modernizing its equipment in 2011.

In relation to navy programs, China's first official acknowledgement of plans to deploy an aircraft carrier caused a significant stir. On July 27, 2011, Ministry of National Defense spokesperson Geng Yansheng confirmed that China would

be putting the research and training carrier *Varyag*, now being refitted in Dalian, into operation. Geng said that “the training of carrier-based pilots is especially important and we are currently moving forward with this task,” suggesting that training in carrier take-off and landing was now taking place. On August 10, the navy took the *Varyag* on its initial sea trials, marking a major step forward in China’s aircraft carrier program. China has also reportedly begun construction of a domestic aircraft carrier at its shipyard at Changxingdao, Shanghai. The US Department of Defense believes that construction commenced as early as 2011 and that the new carrier would be commissioned sometime after 2015.

China stresses that its aircraft carriers will be defensive in nature and used in nontraditional security areas, and that their presence will not change its defense policies or “Offshore Defense” strategy. However, by obtaining a carrier and its operational capability, the PLA enhances its strategic power projection and blue-water operational capabilities. This is because carriers: (1) provide a means of projecting military power to distant locations; (2) increase quick-reaction capabilities; and (3) expand areas of the ocean where air support can be provided to surface ships. None of these capabilities is necessarily defensive in nature. That is why, despite explanations by the Chinese side, apprehension among neighboring and related countries persists. The day after China’s announcement of plans to operate aircraft carriers, for example, a spokesperson for the Vietnam Ministry of Foreign Affairs warned against such moves by China by suggesting that, as an enormous country, China should make proactive contributions and play a larger role in maintaining regional and global peace and stability. Likewise, responding to the *Varyag*’s sea trial, US State Department spokesperson Victoria Nuland sought clarification of China’s intentions, saying “We would welcome any kind of explanation that China would like to give for needing this kind of equipment.”

Japanese Minister of Defense Toshimi Kitazawa said that, while he was aware of China's intentions to develop aircraft carriers, the overall image and goals of its carrier program were unclear and were a cause of apprehension in the region.

In relation to major PLA Air Force weapons programs, press reports emerged in January 2011 of a successful first test flight by the J-20 stealth fighter, which was widely known to be under development by the Air Force. Although many details about the J-20 remain unclear, including its capabilities and the PLA's plans for its deployment, Secretary of Defense Gates told the Senate Armed Services Committee in February that China could deploy fifty next-generation fighters with stealth capabilities by 2020 and have 200 in service by 2025. If China succeeds in adding stealth fighters to its force capability, it could accelerate the change in the military balance among countries along its periphery, including Japan.

As touched on in *China's National Defense in 2010*, the PLA is stepping up the development of its capabilities in cyberspace and in other areas of information technology. The *PLA Daily* of May 17, 2011 reported that the Guangzhou Military Region had developed China's first regional cyber warfare military training network and created the nation's first "cyber blue team." According to this report, in a simulated cyber battle pitting it against a multiple attacks, the cyber blue team used "virus attacks" and other means to successfully enter the enemy's network and seize information. Chinese Defense Ministry spokesperson Geng Yansheng later said that the cyber blue team was not a hacker unit but rather was established to offer the training needed to elevate the ability of Chinese military units to defend the safety of their networks. Geng emphasized that it was China that was the victim of cyber attacks, both socially and militarily.

On June 30, 2011, the PLA's General Staff Department announced the reorganization of its Communications Division into an "Informationization Division." At the meeting marking the establishment of the new division, Chief of the General Staff Chen Bingde pointed out that the creation of the Informationization Division was an important measure that would enable the PLA to manage the construction of more advanced information capabilities in a focused and integrated way. In fact, the reality for the Informationization Division is that military units are decentralized and using a wide variety of formats. Under the slogan "learn the rules, manage strictly, and ensure safety," the new division is engaged in a wide-ranging adjustment of these formats. The Beijing Research Institute, which is a part of the new division, has succeeded independently in developing a

comprehensive system for the protection of information. The Informationization Division is also conducting research into ways of preventing spying and hacking into the PLA's information systems, and, at the end of November, convened a meeting to examine ways of combating hacking against the military's communications systems.

In statements by spokesperson Geng Yansheng as well as in its announcements on the Informationization Division, the PLA has stressed that it is China, more than anyone else, which is being victimized by a rash of cyber attacks. Compared to other countries, the PLA is saying, China lags in its information capabilities. With this as a premise, the PLA has been arguing to the outside world that its efforts to strengthen its information capabilities to deal with such deficiencies are defensive in nature. China, moreover, is indicating a willingness to cooperate internationally on this issue, as indicated by a statement made at the Shangri-La Dialogue by Defense Minister Liang Guanglie, who characterized the threats to network security as a problem for all of international society, including China, and said that China was willing to try to deal with the issue in conjunction with other countries. But given the widely held view that government agencies and businesses in many countries, including Japan, are being victimized by cyber attacks originating in China, many will be closely watching the approaches that China adopts to cooperate in this arena.

In addition to efforts to increase and sharpen its force capabilities in terms of hardware, through the modernization of equipment and the strengthening of its information capabilities, the PLA is advancing programs that increase and sharpen capabilities in the "soft realm" of cultivating human talent. Its aim is to develop the personnel capable of skillfully utilizing such hardware, and of leading integrated operations and information-based warfare. In this regard, *China's National Defense in 2010* states "The PLA is further implementing the strategic project for [human talent] in an effort to increase its complement of new-type and high-caliber military personnel... It further promotes the cultivation of a contingent of commanding officers, staff officers, scientists, technical experts and non-commissioned officers (NCOs)...[with a focus on cultivating] joint operation commanders, informationization professionals, IT specialists, and experts in operating and maintaining new types of equipment...." Against this background, the PLA in April 2011 formulated its "Guidelines for Plans to Develop Human Talent in the Military by 2020" ("Plan Guidelines"), which enunciates policies for

developing the human resources required by the military over the next ten years.

The PLA has already begun training the personnel required to assume leadership in joint operations and information-based warfare. In 2001, it formulated a “Ten-Year Plan for the Development of the Senior Ranks,” a program of officer training, while in 2003, it officially announced the “Implementation of the Strategic Project for Human Talent in the Military.” Based on the policies prescribed by these two documents, the PLA has implemented a number of plans for the development of talented and qualified soldiers. These include sending more than 3,000 army and division-level senior officers to school for command training in joint operations; conducting personnel management of more than 2,000 regiment-level commanding officers across all services; sending close to 1,000 division and brigade-level officers overseas for inspection tours; and sending more than 3,000 military personnel overseas on study-abroad programs. Despite these efforts, however, the PLA itself admits that the quality of its informational capabilities is still extremely low, and that it is quite concerned about not having either a sufficient number of officers capable of commanding joint operations or a sufficient number of high-level technical experts.

The Plan Guidelines adopted in April 2011 were formulated to overcome these deficiencies and are the foundational document for the PLA’s efforts to improve the quality of its soldiers over the next decade. Its proposals incorporate the policies specified in *China’s National Defense in 2010* for military training, and include programs for raising the informational capabilities of all soldiers in the PLA, for creating a special group that deals solely in MOOTW, and for inviting talented individuals into the PLA from other countries. The Plan Guidelines comprise two 5-year periods, each with different goals. During the first, all units are expected to solve their major problems, to put developments on the right track, and to lay the foundations for the continued development of human talent. During the second, all units are expected to accelerate the speed of their training, achieve all goals set for their respective duties, and create a mechanism of mutual reinforcement between the level of personnel development and the Army Building process. After releasing the Plan Guidelines, the PLA convened a meeting for the development of military personnel, where Xu Caihou, vice chairman of the CMC, and Li Jinai, director of the General Political Department of the PLA, instructed participants to make steady progress in implementing the guidelines.

Soon after the release of the Plan Guidelines, the *Wen Wei Po* and the *Ta Kung*

Pao, two Hong Kong newspapers that have close relations with CPC, reported that the PLA, on the basis of the guidelines, would be reducing troop levels by 800,000 men. Two weeks later, a senior member of the General Staff denied that this would be happening, saying that the size of China's military was always determined by needs to protect the nation's security and limited to levels that were supportable by its resources. The PLA's current level of 2.3 million troops, he said, was appropriate. However, according to *China's National Defense in 2010*, one third of reported defense expenditures goes to cover personnel expenses, including salaries, housing and insurance, and provisions and clothing. Given this situation, it is difficult to deny the possibility of such reductions occurring in the name of more efficient use of resources, particularly as the PLA seeks to increase and sharpen its force capabilities through equipment modernization and the development of skilled personnel capable of using it.

(3) The Difficult and Important Issue of Veterans

So, as the PLA puts increasing emphasis on enhancing its force capabilities through information technology, the possibility of a major reduction in manpower exists. If one does occur in the future, it would create an unprecedented number of new veterans, comprising former officers, NCOs, and enlisted personnel. In 2011, China took several notable actions relating to the treatment of retired military personnel, affecting officers as well as NCOs and enlisted men.

First, with respect to officers, the "State Council Working Group for the Settlement of Military Officers into New Occupations" and the "All-Military Working Group for the Settlement of Military Officers into New Occupations" jointly organized a roundtable discussion on August 25, 2011 aimed at drawing attention to the significance of the "Provisional Law for the Settlement of Military Officers into New Occupations" ("Provisional Law"), which was promulgated ten years earlier. The salient feature of the Provisional Law was that it introduced the new system that enabled officers above regimental rank and battalion commander who have been on duty more than twenty years to select independent occupations, supplementing the government's traditional basic policy of having the PLA and local governments arrange for new employment. The roundtable panel announced that, over the past ten years, the number of retired officers who used this new system to enter post-military occupations had reached 116,000, or 42 percent of the total number of officers who meet the conditions of this system. The new

system, in the view of the panel, had enabled retired officers to become an energizing force for the building of local economies and was suitable for a situation in which demand for human resources was market-driven. The CPC Central Committee, the State Council, and the CMC have also given the reemployment of military personnel through the selection of independent occupations extremely high priority. Based on research done by their related agencies, they have released sixteen policy papers on the subject, all of which stress that the government is gradually improving the policy structure for veterans selecting independent occupations. On April 28, 2011, a “National Video Teleconference on the Settlement of Military Personnel into New Occupations” took place, with the participation of government and military leaders, including Zhang Dejiang, vice premier of the State Council, and Li Jinai, director of the General Political Department of the PLA. At this conference, it was announced that, during the period of the eleventh five-year plan, 287,000 retired military officers across the nation had smoothly transitioned to new occupations.

Some in the military, however, have begun to raise concerns about this method of selecting independent occupations. For example, at the March 2011 Chinese People’s Political Consultative Conference, PLA representative Pan Ruiji pointed out that the task of administering this program had entered a new phase, as changes in the employment situation in society had resulted in new circumstances and problems. He urged the government to enact the “Law for the Settling of Retired Officers” at the earliest possible date, saying that it was mandatory that the government clarify legislatively what incentives it would be offering to officers who launched new businesses under the system of selecting independent occupations.

On the other hand, even greater changes were occurring for NCOs and enlisted personnel. On October 29, 2011, a revision of the “Military Service Law of the People’s Republic of China” (“Military Service Law”) took effect, and, on November 1, 2011, the government promulgated the “Ordinance for the Settling of Enlisted Personnel Leaving Military Service.” The revised Military Service Law addressed for the first time the question of what official policy would be for retiring NCOs and enlisted men: “the State will build and complete a system for settling retiring NCOs and enlisted personnel into new lives and occupations, primarily through supporting efforts to find employment. The system also combines many other methods, including the selection of independent occupations,

employment searches and arrangements, full retirement, financial aid for persons in need, and support to persons seeking to complete their education” (Article 54). The *PLA Daily* summarizes the key benefits offered to retired military personnel under the revised law: (1) unified occupational placement activity, which had previously been handled differently in cities and rural areas; the payment of retirement benefits to NCOs with up to twelve years of service who choose to begin an independent occupation; employment arrangements for personnel with exceptional records of achievement during their service and also for wounded veterans; (2) the provision of occupational training through local governments to veterans wishing to enter independent occupations; and (3) incentives for school attendance, for the taking of government service examinations, and for finding employment in private enterprises.

On the other hand, the recently promulgated “Ordinance for the Settling of Enlisted Personnel Leaving Military Service” states in Article 1 that “this ordinance has been enacted in accordance with the ‘Military Service Law’ to establish rules for the settlement of retired military personnel into new lives and occupations and to ensure the legal rights of such personnel.” As this indicates, this is an ordinance for the actual implementation of the Military Service Law and it comprises five chapters and fifty-three articles. The *PLA Daily* summarizes the key benefits of the new ordinance as: (1) unification of the settlement work between NCOs and enlisted personnel; (2) increase of the retirement money and economic support to the people who chose the method of selecting independent occupations; and (3) regulations of the procedure that related to the pension, medical insurance and unemployment insurance after retirement.

On November 11, 2011, after ratification by the State Council and the CMC, a “Nationwide Conference for Reform of the System for Settlement of Retiring Military Personnel” was convened in Beijing, organized by the “Guiding Working Group for the Settlement of Retiring Military Personnel,” the Ministry of Civil Affairs, and the PLA General Staff. With Hui Liangyu, deputy chair of the State Council (Politburo member), Guo Boxiong, the highest uniformed member of the military and vice chair of the CMC, and Chen Bingde, chief of the PLA General Staff, in attendance, China drew considerable attention to its revision of the Military Service Law and to its promulgation of the “Ordinance for the Settling of Enlisted Personnel Leaving Service.”

Despite this progress on the legislative front, it is worth noting that issues are

still being raised about the treatment of PLA veterans. For example, while calling the reform of the Military Service Law and the promulgation of the “Ordinance for the Settling of Enlisted Personnel Leaving Military Service” “effective, good plans,” Major General Zeng Fanxiang, assistant director of the Chinese Academy of Military Science, said in an article in the magazine *National Defense* that large discrepancies existed among the regions in terms of amounts of retirement benefits and employment-support subsidies received by veterans and that retired NCOs and enlisted personnel were less concerned about material compensation than with assistance in finding jobs.

As the PLA itself acknowledges, growing employment uncertainty among large numbers of veterans will inevitably impact the stability and development of society. In fact, while the above-noted steps were being taken to improve the treatment of veterans, a Hong Kong newspaper reported that in June 2011 families of active-duty and retired military personnel in Shenzhen publicly expressed their dissatisfaction about housing conditions. The Hong Kong-based Information Center for Human Rights & Democracy also reported that, in November, around 500 demonstrating veterans clashed with police in Wuhan and that, in December, veterans of the Sino-Vietnamese War demonstrated in the Guangxi Zhuang Autonomous Region. As we noted above in part 1, Chinese officials are currently placing tight restrictions over expressions of public opinion. Taking this into account, one can surmise that the number of demonstrations by veterans that go unreported by the domestic and international media is not inconsiderable.

On the other hand, as social instability within the country grows, the leadership of the CPC believes that it is essential that they secure the loyalty of the PLA to the Party so that they can maintain the current system of one-party rule. Hence, while adhering firmly to the principle of “the Party’s absolute leadership over the PLA,” the CPC leadership has remained resolutely opposed to “de-politicization” and “nationalization” of the military. From the standpoint of the Party leadership, therefore, the treatment of veterans is an issue of exceeding importance not only for gaining widespread support from the military but also for preventing veterans from participating in demonstrations and violent uprisings. If somehow the CPC fumbles on the issue of providing proper benefits to veterans, it is quite possible that a rift could develop in existing CPC-military relations and that this could set the stage for an inevitable shakeup of China’s system of one-party rule.

