

Chapter 4

China—In Search of New Thinking

In March 2003, Hu Jintao succeeded Jiang Zemin as the new president of the People's Republic of China (PRC). Almost immediately, the new administration had to deal with an outbreak of severe acute respiratory syndrome (SARS). The Chinese government's initial mishandling of the epidemic failed to contain SARS at an early stage. Some officials tried to cover up the outbreak and the new administration only belatedly took steps to curb the epidemic. This led to criticisms from around the world. After a troubled start, however, the new administration's policies were relatively well received at home and abroad. There was some speculation about whether or not the transition of power would be smooth and how much influence former president Jiang Zemin would retain. Jiang Zemin seems to have maintained his influence at least on the surface, but the smooth transition of power is already under way. Jiang has held onto his position as chairman of the Central Military Commission (CMC) of both the Communist Party of China (CPC) and the state. In addition, Jiang Zemin has maintained his prestige by winning the support of the new leaders for the "important thought of 'Three Represents'" that he has advanced. However, the actual power center responsible for formulating key policies has already shifted to the "fourth generation" led by Hu Jintao.

The national strategy of China has been to fulfill the economic needs of the people while suppressing political freedoms as much as possible. There is little sign of change in this strategy under President Hu Jintao. Policies of reform and opening-up to the outside world have taken hold, and the policy of assigning top priority to economic development and integrating China's economy into the global economy is now firmly established. While the government itself considers political reform an important political task, there have been few signs of its introducing reforms that could lead to the expansion of individuals' political rights or democratization. The reforms that have been carried out were limited to strengthening the supervision of senior government and party officials and disclosing the schedule of state conferences.

The government of President Hu Jintao follows the foreign policy of its predecessor, aimed at promoting cooperative relationships with industrialized countries such as Japan and the United States. It has been promoting a more cooperative policy than its predecessor and has taken the initiative in holding three-party and six-party talks in dealing with the North Korean nuclear issue. Factors behind the increased cooperation are that China felt the necessity to

avert disputes that might hurt its economy, and that it had changed its strategy. China's strategy until the mid- to the late- 1990s had been one that opposed the existing international system led by the United States. China now seems to accept the international status quo and be putting its efforts into improving its standing in the international community as a responsible power. This was evidenced by the fact that China participated for the first time in the Group of Eight (G8) summit, which it had previously criticized and refused to attend.

China was an attentive observer of U.S. military operations in Iraq. China reaffirmed the direction of its "military change with Chinese characteristics" that stressed informationization and mechanization of the armed forces. The future modernization of the Chinese military will probably consist of a combination of "symmetric" measures, modeled on and designed to compete with the United States, and "asymmetric" measures, that seek to play on its vulnerabilities.

Meanwhile, in response to the rapid modernization of the People's Liberation Army (PLA), Taiwan announced a two-stage, ten-year armed forces reduction and restructuring program. In December 2003, President Chen Shui-bian announced that he would hold a national referendum on how Taiwan should respond to the threat posed by China's missile deployment. This has caused repercussions on cross-strait relations.

1. Communist Party Rule Undergoes a Process of Change

(1) A Generation Change at the Top

At the first session of the tenth National People's Congress (NPC) held March 5–18, 2003, leaders of the state bodies were elected for a five-year term. Based on the leadership structure adopted by the sixteenth National Congress of the CPC in November 2002, Hu Jintao was elected president and Wen Jiabao premier of the PRC. Leadership of both the party and the state has thus shifted to the "fourth generation" led by Hu Jintao and Wen Jiabao. Meanwhile, Jiang Zemin, who was the focus of much attention, stayed on as chairman of the CMC, giving him supreme command of the PLA, and thus maintaining his influence. In addition, Zeng Qinghong, a member of the Standing Committee of the CPC Political Bureau and a close aide of Jiang Zemin, was elected as vice president of the PRC.

In the area of policy, the new government followed the line of Jiang Zemin. The Report on the Work of the Government, made by Wen Jiabao and

approved by the NPC, affirmed the policy goal “to build a well-off society in an all-round way” that had been adopted by the sixteenth National Congress of the CPC as a basic policy to be followed over the next five years. The Hu Jintao government also gave top priority to economic development and committed itself to increasing gross domestic product (GDP) to four times that of 2000 by 2020. The government also affirmed the “important thought of ‘Three Represents’” advanced by Jiang Zemin—that the CPC must always represent (a) the requirement of China’s advanced productive forces, (b) the orientation of the development of China’s advanced culture, and (c) the fundamental interests of the overwhelming majority of the people in China—as the CPC’s guiding principle for the foreseeable future. The “Three Represents” thought, together with the name of its advocate Jiang Zemin, was written into the CPC Constitution at the sixteenth National Congress.

Furthermore, the fourth-generation leadership under Hu Jintao is calling for studying the “Three Represents” thought. On June 8, 2003, the CPC Central Committee published an Outline for Studying the Important Thought of the “Three Represents” and on June 11 issued a circular notice urging government and local agencies at all levels to study it. Following another circular notice issued on July 15, a symposium on the “Three Represents” thought was conducted to commemorate the eighty-second anniversary of the CPC’s founding, and General Secretary Hu Jintao urged party members to study and implement the “Three Represents” thought. The symposium stressed that upholding the “Three Represents” thought means in essence upholding Marxism, Leninism, Mao Zedong Thought, and Deng Xiaoping Theory.

The communiqué issued in October by the third plenary session of the sixteenth Central Committee of the CPC stated that “to write the major theoretical opinions and policies set forth at the sixteenth CPC National Congress into the Constitution [of the state] according to legal procedures will better serve its role as the basic law of the country,” suggesting that the “Three Represents” will be incorporated not only into the Constitution of the CPC but also the Constitution of the state.

From the moves relating to the “Three Represents” outlined above, it appears that the policies being formulated by the fourth-generation leadership are in line with those pursued by the third generation. Behind the “Three Represents” thought is the idea of attracting to the CPC the private entrepreneurs who have been the engine of the country’s economic growth. In line with this policy, the

third session of the sixteenth CPC Central Committee confirmed the policy of giving private enterprises the same treatment as state-owned enterprises in respect of investment and loans, tax, land use, and foreign trade.

However, the center of decision-making has clearly shifted from the third generation led by Jiang Zemin to the fourth generation headed by Hu Jintao. While Hu Jintao was elected president by 99.9 percent of the vote at the NPC, 7.5 percent of the representatives either abstained or voted against Jiang Zemin remaining in office as chairman of the CMC of the PRC. Concerning the election of Zeng Qinghong, a close aide to Jiang Zemin, as vice president, 12.5 percent of the representatives abstained or voted against him.

On September 15, China succeeded in launching a manned spacecraft *Shenzhou-V*. Jiang Zemin, who had pushed the space program, telephoned Li Jinai, director of the General Armament Department of the PLA, who was in overall charge of the project, to congratulate him. But Jiang was not present at the launch site himself, whereas Hu Jintao, who is also vice chairman of the CMC, was. Although Hu explained that the manned space program owed its existence to an important “strategic policy decision of the third-generation collective leadership with Comrade Jiang Zemin at the core,” a congratulatory telegram sent jointly by the CPC Central Committee, the State Council, and the CMC, did not touch on the contribution made by Jiang Zemin, and expressed the hope that the space program would open up a new frontier under the firm leadership of the CPC Central Committee headed by General Secretary Hu Jintao.

From this it may be said that the influence of Jiang Zemin is rapidly waning. In implementing the “Three Represents” thought, the Hu Jintao government changed the wording “[the CPC] represents the fundamental interests of the overwhelming majority of the people in China” to read “govern for the people,” and included among its priorities consideration for “the weak groups” such as workers and farmers, who had formed the foundations of the party rule to date.

Hu Jintao’s style of governing also marks a clear change from that of the third-generation leadership under Jiang Zemin. Characteristic of the fourth-generation leadership’s style is the importance it attaches to ensuring that the process of formulating and implementing policy is transparent and open. From the sixteenth National Congress of the CPC in November 2002 to the end of 2003, the new CPC leadership had held thirteen meetings of the Political Bureau of the CPC Central Committee, and two meeting of the Standing

Committee of the Political Bureau. This means that the CPC leadership has held such meetings once a month, and a summary of the business they transacted at these meetings has been published the following day in major newspapers. Open and transparent politics, which had suffered since the June 1989 Tiananmen incident, are thus showing signs of revival under Hu Jintao's leadership.

Lt. Col. Yang Liwei proceeding to the launch pad of *Shenzhou-V* prior to China's first ever manned spaceflight (Xinhua News Agency/Kyodo Photo)

What is more, his government has decided to hold a regular “group study” meeting immediately after Political Bureau meetings, presided over by Hu Jintao, where top leaders participate and build consensus on important issues discussed at the Political Bureau meetings. Such moves do not stop there. When the State Council draws up an ordinance, it holds an executive meeting, and when the NPC enacts a law, it holds a Standing Committee meeting, and both publish the record of these meetings.

At the third plenary session of the sixteenth CPC Central Committee held in October 2003, General Secretary Hu Jintao delivered a “duty report” at the request of the Political Bureau on its activities since the sixteenth National Congress of November 2002. Hu Jintao's “duty report” was the first in fifteen years since the “duty reports” delivered at the second (March 1988) and third (September 1988) plenary sessions of the thirteenth CPC Central Committee by then General Secretary Zhao Zhiyang, who fell from grace on account of the Tiananmen incident. Moreover, the schedule of the third plenary session of October 2003 was decided at a meeting of the Political Bureau held on August 11, and published, together with the main topics for discussion, ahead of the meeting.

Table 4.1. Meetings called by the new CPC leadership

Date	Name of the meeting	Agenda
2002		
Nov. 16	Political Bureau Meeting	Study of the spirit of the 16th CPC National Congress
Dec. 2	Political Bureau Meeting	Economic work of 2003
Dec. 12	Meeting of the Standing Committee of the Political Bureau	Output and livelihood of the people
Dec. 26	Political Bureau Meeting	Development of agriculture and rural areas
2003		
Jan. 28	Political Bureau Meeting	Building of the Party style, anticorruption measures
Feb. 21	Political Bureau Meeting	Decision to open the 2nd plenary session of the 16th Central Committee, discussion about a document on deepening the reform of the administrative management system and on government organization, and finalization of the list of candidates for the country's next administration recommended to the NPC and for the Chinese People's Political Consultative Conference
Mar. 28	Political Bureau Meeting	Improvement of press coverage of meetings and leadership activities
Apr. 17	Meeting of the Standing Committee of the Political Bureau	Further strengthening of SARS control
Apr. 28	Political Bureau Meeting	"Three Represents" thought
May 23	Political Bureau Meeting	Better training and utilization of talented personnel
July 21	Political Bureau Meeting	Public health policy
Aug. 11	Political Bureau Meeting	Decision to open the third plenary session of the 16th Central Committee and proposals to perfect the socialist market economy and to make amendments to China's Constitution
Sept. 29	Political Bureau Meeting	Improvement of the socialist market economy, amendment of the Constitution, and revitalization of the old industrial base in northeast China
Nov. 24	Political Bureau Meeting	Economic work of 2004 and fostering skilled people
Dec. 23	Political Bureau Meeting	Building of the Party style, anticorruption, draft Provisions on the Internal Supervision of the CPC, and draft amendment to the Provisions on Disciplinary Punishments of the CPC

Sources: Data from relevant issues of the *People's Daily*.

**China’s first manned spacecraft
Shenzhou-V and its impact**

On October 15, 2003, China launched a manned spacecraft, *Shenzhou-V*, from Jiuquan Satellite Launch Center (Gansu Province), and recovered it the following day on grassland in the central part of Inner Mongolia Autonomous Region. According to China’s government-run Xinhua News Agency, *Shenzhou-V* with PLA pilot Yang Liwei aboard, orbited the Earth fourteen times for about twenty-one hours. Thanks to the successful launch and recovery of *Shenzhou-V*, China has become the world’s third country after the former Soviet Union and the United States to put a man in space.

Soon after the founding of the Communist state, China set as its national goal *Liangdan Yixing* (Two-Bomb, One-Satellite or integrated development of an atomic bomb, a nuclear bomb, and satellite) and began a space development program in the mid-1950s. In April 1970, China successfully launched a geostationary communications satellite, *Dong Fang Hong-1*. To launch it, China used the Chang Zheng-1 space launch vehicle, a remodeled version of DF-3 (CSS-2). At present, China has various space launch vehicles—Chang Zheng-2C, 2D, and 2E for low-Earth orbit, Chang Zheng-3, 3A, 3B and 2E/EPKM for geosynchronous transfer orbit, and Chang Zheng-4A and 4B for sun synchronous orbit, and it is said that ballistic missile technology is used in these space launch vehicles.

The successful launch of *Shenzhou-V* reconfirmed the reliability of China’s rocket technology. The successful launch of thirty-three satellites in a row (as of December 30, 2003) since October 1996 has helped the Chang Zheng series win great credibility in the international community. The launch of the manned spacecraft was a symbolic demonstration of this, and is expected to have an impact on world commerce and diplomatic relations.

In November 2003, about a month after *Shenzhou-V* safely returned to Earth, it was reported that fifteen countries led by China held a preparatory meeting to establish an Asia-Pacific Space Cooperation Organization. Commenting on the reason why so many developing countries participated in the preparatory meeting, Chinese Ministry of Foreign Affairs spokesperson Liu Jianchao stated that “The Chinese government will not take into account whether the member countries are poor or rich” and that “in terms of having a right to access space technology, all countries in the world are equal.” In addition to Russia, which has advanced technology for space development, countries that have indicated their willingness to participate in the organization include South Korea, which has an ambitious plan to launch more than twenty satellites by 2015 and has already started work on the construction of a rocket launching pad.

<i>Shenzhou</i> launch dates	
Name	Date launched
<i>Shenzhou-I</i>	November 1999
<i>Shenzhou-II</i>	January 2001
<i>Shenzhou-III</i>	March 2002
<i>Shenzhou-IV</i>	December 2002
<i>Shenzhou-V</i>	October 2003

(2) More Rigorous Supervision of the Exercise of Power

The Hu Jintao government attaches importance to transparency and openness in politics and on that basis to the formation of consensus, not only because it is difficult to create consensus within the Communist Party and the government, but also because it is increasingly difficult to win the support of the people. As rampant corruption among key officials of the party and the government has come to light, this has taken a heavy toll on popular support for the CPC. In July 2003, a series of protest demonstrations against corruption by key local government and party officials was held in front of the headquarters building of the CPC Central Commission for Discipline Inspection. The CPC has so far been trying to prevent corruption, and the Hu Jintao government went out of its way to toughen the system for surveillance of official corruption.

During the period from October 1997 through December 2002, the discipline inspection and surveillance agencies of the CPC and the central government have prosecuted 876 incidents of corruption as criminal cases. As a result, 790 persons were convicted and 122 persons were expelled from the CPC by the end of 2002. During the five years from 1998 to 2002, the number of convictions in corruption cases concerning bribery and embezzlement involving civil servants exceeded 200,000. Although this represents a decrease of 46.5 percent in the number of convictions in the years from 1993 to 1997, the number of cases involving large sums of money has actually increased, and the amount recovered by the government from these cases came to 22 billion yuan. The *People's Daily (Renmin Ribao)*, the official organ of the CPC, reported that the anticorruption campaign got off to a good start and “has achieved basic results,” and the authorities have stepped up their effort to unearth corruption involving ranking officials. In April 2003, the CPC Central Committee expelled Liu Fangren, former secretary of Guizhou provincial party committee, and in August, it expelled Cheng Weigao, former secretary of Hebei provincial party committee, initiating criminal proceedings against both. At the end of October, Minister of Land and Resources Tian Fengshan was removed for his “serious problem of discipline violation.” Tian Fengshan was suspected of having been involved in unlawful land transactions while serving as governor of Heilongjiang Province (February 1995–January 2000).

The CPC has thus demonstrated deep concern about widespread corruption involving senior officials. The sixth plenary session of the fifteenth CPC Central Committee held in September 2001 adopted a Decision on

Strengthening and Improving the Building of the Party Style. This decision shows the party's sense of crisis over rampant official corruption, stating that some senior party officials have abused power for personal gain and gratification, and that unless they change their ways, the party may lose the support of the people and lose its ruling position.

In the past, the main thrust of the anticorruption campaigns was directed at prosecuting corruption. At its sixth plenary session, the party decided to make preventing corruption the focus. At the second plenary session of the sixteenth CPC Central Commission for Discipline Inspection in February 2003, the party determined to realize within five years appropriate measures to tighten supervision over the exercise of power by senior party members and to legislate for tougher controls by creating a corruption prevention mechanism. One of the objectives of the anticorruption campaign is to institutionalize the way power is exercised through establishing legislation, while the others are to establish a system of discipline, inspection, and surveillance, and to unify the management of the Central Disciplinary-Inspection Commission's representative offices. Unified management was tested in 2002 at the Ministry of Health, the State General Administration for Industry and Commerce, and the State Drug Administration. In 2003, unified management of the representative offices was tried by the Central Disciplinary-Inspection Commission at five ministries and agencies—the State Development Planning Commission, the Ministry of Labor and Social Security, the Ministry of Land and Resources, the Ministry of Commerce, and the General Administration of Press and Publication.

However, some have pointed out a vacuum exists in which senior party and government officials are immune from control and supervision. This is because the disciplinary-inspection commissions at all levels of the party carry out their work under the leadership of the CPC. Given that governmental inspection departments are just one of the agencies of the government, personnel, materials, and funds are all under the control of the people they are supposed to supervise. It is said that the supervision of secretaries general of CPC provincial committees, in particular, is inadequate. In a feature article entitled "Who Supervises Secretaries of Provincial Party Committees?" the August 25 issue of *China Newsweek* (*Xinwen Zhoukan*) points to an institutional flaw by reporting that the secretary of a provincial disciplinary-inspection commission works under the leadership of the secretary general of the CPC committee of his province, and that if the former attempted to supervise the latter, would his

position be safe?

With a view to remedying this situation, the Organization Department of the CPC Central Committee and the CPC Central Commission for Disciplinary Inspection decided in August 2003 to establish an Inspection Office and a Discipline Inspection Team to inspect and guide inspection activities in provinces, autonomous regions, and municipalities. In addition to inspecting the party's work style, clean government-building and cracking down on corruption of local leading officials, the inspection team is charged with supervising and inspecting the practice of appointing leading local officials. In 2003, the inspection team covered five provinces of Guizhou, Hunan, Jilin, Jiangsu, and Gansu, and is supposed to inspect the remaining provinces and autonomous regions over the next four years. However, the inspection will at most focus on local leading officials. Furthermore, the inspection is not being carried out by an outside organization; at best, it is party officials checking party colleagues.

(3) Toward Inner-party Democracy

Aware of such institutional flaws, the NPC, which has derisively been called "a rubber stamp" despite its constitutional status as the highest state body in China, has been seeking to strengthen its function to check the exercise of public authority. However, as Chairman Wu Bangguo of the NPC's Standing Committee pointed out, the strengthening of the NPC's function is predicated upon the party upholding its leadership, and the NPC's supervisory function does not cover the Communist Party.

The reform being pursued by the Communist Party is not, at least for now, the type designed to expand the political freedom of individuals but rather an inner-party reform aimed at consolidating its position as a leading party. In an article carried in the June 16, 2003, issue of *Seeking Truth (Qiushi)*, a theoretical journal sponsored by the CPC Central Committee, Vice President Zhen Xiaoying of the Central Institute of Socialism pointed out: "There is likewise no way out without reforming the political structure or practicing people's democracy," and concluded that promoting people's democracy with inner-party democracy was a strategic option, thereby limiting the target of political reforms to inner-party democracy.

The third plenary session of the sixteenth Central Committee also defined inner-party democracy as one of the major topics for discussion. A

constitutional amendment and reform of the economic system were publicized as the main agenda in advance of the third plenary session, and a “duty report” to be delivered by General Secretary Hu Jintao was adopted as the “first” topic for discussion, attracting attention as a harbinger of inner-party democracy. In the past, the CPC Political Bureau did only instruct the party’s rank file from above, but Hu Jintao’s “duty report” tried to change this and to place the Political Bureau under the supervision of the CPC Central Committee. *Outlook Weekly (Liaowang)*, a weekly published by the Xinhua News Agency, carried an article that commented sympathetically that the “duty report” was an example of the latest effort by the CPC Central Committee under General Secretary Hu Jintao to promote inner-party democracy and strengthen the party’s vitality, and embodied efforts to promote broader-based, serious, and ongoing self-reform and institutional reorganization. The political report delivered at the sixteenth CPC National Congress pointed out that “We should establish and improve an inner-party democratic system that fully reflects the will of party members and organizations, starting with the reform of the relevant systems and mechanisms on the basis of guaranteeing the democratic rights of party members and giving priority to improving the systems of party congresses and of party committees.”

Following the delivery of the “duty report” at the third plenary session of the sixteenth CPC Central Committee, the party took the first step toward the institutionalization of inner-party democracy. Professor Li Jiang of the Department of Political Science and Public Administration, Peking (Beijing) University, commented that the “duty report” marked a departure from the old political style of the party, which had consistently stressed the unity of the Central Committee and the top leaders, to a new style in which the Central Committee and the top leaders are publicly subjected to broad-based democratic supervision by the party. The adoption of the “Three Represents” thought justified the assimilation of classes so far ignored by the party, such as private entrepreneurs, and it also means that the party itself has begun to embrace pluralism in order to keep up with the pluralization of Chinese society. As a result, it has become difficult for the CPC to maintain unity, compelling it to take steps to institutionalize inner-party democracy as recommended by the “duty report.”

However, it is not clear to what extent the party will be able to keep up with the pluralization of Chinese society through institutionalization of inner-party

democracy. Included among the areas in need of reform, which have taken on added urgency on account of the belated action taken to contain the spread of SARS from spring 2003, are those involving the political system, not just political style, which transcend inner-party democracy.

At the National Meeting on the Prevention and Cure of SARS held in Beijing on April 13, Premier Wen Jiabao reiterated the official view that in certain areas, the spread of SARS was already under effective control, but admitted the overall situation remained grave, and vowed to take active steps to contain it. Meanwhile, the number of persons infected by the SARS virus in Beijing as announced by the authorities increased from 37 as of April 14 to 339 (April 18) and to 482 (April 21). In a comment on the sharp increase in the number of infected persons in Beijing, Vice Health Minister Gao Jiang acknowledged the inadequacy of centralized information-gathering and the reporting system. On April 20, Health Minister Zhang Wenkang and Beijing's Mayor Meng Xuenong were removed, and Vice Premier Wu Yi was appointed concurrently as health minister, and Wang Qishan, secretary of Hainan provincial party committee, was appointed mayor of Beijing. Thus, the government had no choice but to reshuffle leading officials appointed at the CPC National Congress of November 2002 and the NPC of March 2003. On the whole, the decisive action taken by the Hu Jintao administration was well received. However, there were those who sharply criticized the inept action taken by the government in failing to check the spread of SARS across the country. For instance, the April 9 issue of *China Youth Daily (Zhongguo Qingnianbao)* commented on a typical case of information cover-up by Beijing City and said that (the government) must duly respect the people's broad-ranging right of speech and their right to know, and that such rights must be guaranteed by laws.

In May 2003, three young scholars filed a petition with the Standing Committee of the NPC charging that the 1982 Procedures for Taking into Custody and Repatriating Vagrants and Beggars in Cities, which allow the authorities to round up and repatriate vagrants, conflict with the article in the Chinese Constitution that states that the freedom of person of citizens of the PRC is inviolable, and demanded an examination of the constitutionality of the procedures. Although the NPC Legislative Work Committee began reviewing the procedures upon receipt of this petition, it deferred a constitutional judgment. Meanwhile, the Executive Meeting of the State Council held on June 18 passed Procedures for Assisting and Supervising Homeless Vagrants and

Beggars in Cities that supercede the 1982 procedures. The 2003 procedures were enforced on August 1, and the *People's Daily* hailed them, saying that they represented a lively practice of governing for the people. But it refrained from commenting on their constitutionality.

In June 2003, a constitution forum organized by a consulting firm and Qingdao University was held in Qingdao, Shandong Province, with an eye to possible amendment to the Constitution. Forty influential scholars

A SARS patient being treated in an isolation room at a Beijing hospital (Kyodo Photo)

and businessmen participated in the forum, which drew up a twenty-point proposal that included a passage that dealt with the protection of private property—the main theme of a constitutional amendment—stating that “the private property was sacred and inviolable.” The proposal contained a provision relating to the concept of human rights. In addition, the forum set medium-term goals for constitutional reform to be effected over the next ten years, and touched on freedom of speech, freedom of the press, freedom of association, and the universal implementation of the direct election system.

However, the Hu Jintao government is in no position to condone public debate that could encourage demands for democratization. The precondition it steadfastly maintains is the “leadership of the CPC” and its one-party rule. In September, it came to light that the CPC had issued a document warning that external forces had infiltrated China’s domestic debate on political and constitutional change, and this served to reconfirm the steadfast maintenance of the party’s leadership. Moreover, authorities in Beijing ordered the closure of four Web sites that had posted articles about political and constitutional change.

Although rapid reform of the political system or democratization is still beyond reach, the Hu Jintao government began to take steps in its first year to accommodate the needs of a diversifying Chinese society and the party itself. The measures it has taken along these lines were publicized as “governing for the people,” and were met with a certain amount of popular approval. However, public demands for a full-fledged reform of the political system have become

increasingly vocal, and it may not be long before the Hu Jintao government has to confront them. The one-dimensional Chinese political system, based on one-party rule by the CPC, now finds itself entered into a process of change, as the party itself undergoes change.

2. Foreign Policy—In Pursuit of Strategic Interests

(1) China's Policy Objectives Regarding the North Korean Problem

As a precondition of economic development, President Hu Jintao's government has placed a top priority in ensuring the stability of the international environment, and in maintaining cooperative relations with foreign countries. The new administration's foreign policy goals are in essence inherited from the former administration. The difference is that the Hu Jintao government attaches even greater importance to its relations with industrial nations, and in promoting a cooperative policy with the United States and Japan. In June 2003, President Hu Jintao attended the G8 summit held in Evian, France, to participate in the dialogue between the G8 and the developing countries and emerging economies. This was the first time that a Chinese head of state attended a summit, and as China had been critical of previous summit meetings, Hu's presence at Evian attracted worldwide attention as a sign of change in China's attitude toward the outside world. Although establishing cooperative relations with Japan seems to be the Hu Jintao government's preferred policy, the new administration's efforts were constrained by anti-Japanese public sentiment. The Hu Jintao government cannot ignore criticisms voiced via the Internet against what seemed to some people as overly friendly policies toward Japan. There were efforts to mend U.S.-China relations. Military exchanges that had slowed down since the EP-3 incident in April 2001 were resumed. China's Defense Minister Cao Gangchuan visited the United States—the first visit by China's defense minister in seven years—and had talks with President Bush and Secretary of Defense Donald Rumsfeld. However, China's latent mistrust of the United States and the Japan-U.S. Security Treaty still lingers.

China's policy toward North Korea serves as a test to see how far China is willing to go to maintain a cooperative foreign policy towards industrial nations. Will China place emphasis on cooperation with Japan and the United States and pursue its economic development, or will it choose to maintain

friendly relations with North Korea to guard against what it perceives as a potential threat posed by Japan and the United States? If China can solve the problem of North Korea's nuclear development program in cooperation with Japan and the United States, its relations with these two countries will improve and the situation in the Korean Peninsula may stabilize. A stable Korean Peninsula would create an international environment favorable to China's economic development. Set against this, however, is the fact that North Korea acts as a strategic buffer zone for China vis-à-vis U.S. forces stationed in South Korea. As long as China considers the United States and Japan as a potential threat, the strategic importance of North Korea will continue.

A comparison between China's present attitude and the stance it adopted toward North Korea's nuclear crisis in 1994 points to the changes that have occurred in China's policy toward North Korea. During the 1994 crisis, China was reluctant to put pressure on North Korea, and it was against playing an active role in solving the North Korean nuclear issue. This time, however, China has taken a tougher attitude on the nuclear issue. China is careful not to appear as the sole guardian of North Korea, and has chosen instead a strategy of keeping in step with other four powers: Japan, the United States, South Korea, and Russia. It seems to be seeking to improve its position among these states by playing an active role. Having said that, actual changes in China's policy toward North Korea are still small. There are those in Japan and the United States who feel that China should be putting greater pressure on North Korea. However, China is burdened with factors—domestic instability and a sense of the latent threat posed by the United States—that inhibit a full shift in its foreign policy.

China has four policy objectives regarding North Korea: to avoid conflict on the Korean Peninsula; to keep the Korean Peninsula nuclear-free; to maintain its influence on the Korean Peninsula; and to strengthen its diplomatic and strategic position in dealing with the nuclear issue. Of these, avoiding conflict is an essential prerequisite for China's economic development, as a conflict on the Korean Peninsula would make it difficult for China to maintain the forward momentum of its economy. China felt that the possibilities of becoming embroiled in a conflict on the Korean Peninsula have increased in the last few years. One of the reasons for this is the growing perception of North Korea's adventurism. For several years now, there has been a growing sense that North Korea is a burden to China. This has transformed into a fear that North Korea's

adventurism might expose China to grave danger. China is also worried that the Bush administration might decide to use force preemptively against North Korea if North Korea's nuclear development problem were left unresolved. The U.S. National Security Strategy of 2002, which called for the possibility of resorting to preemptive action, raised China's fears.

The Sino-North Korea Treaty of Friendship, Cooperation and Mutual Assistance [excerpt]

Article 2. The two Contracting Parties shall collectively take all measures to prevent either Contracting Party from being attacked by any other country. If either of the Contracting Parties should suffer armed attack by any country or coalition of countries and thus find itself in a state of war, the other Contracting Party shall immediately extend military and other assistance with all means at its disposal.

Article 3. Neither Contracting Party shall conclude any alliance directed against the other Contracting Party or take part in any bloc or in any action or measure directed against the other Contracting Party.

Note: This treaty was signed on July 11, 1961, and took effect on September 19 the same year.

In 1961, China and North Korea signed a Treaty of Friendship, Cooperation and Mutual Assistance. Article 2 of that treaty provides that "If either of the Contracting Parties should suffer armed attack ... the other Contracting Party shall immediately extend military and other assistance with all means at its disposal." According to the letter of this treaty, if, for instance, the United States uses force against North Korea, China would have to fight the United States to defend North Korea. Due to this provision, the view that the treaty has outlived its relevance to the changed times has gained broader currency in China since around 2002, when the nuclear development program of North Korea became contentious. A journal of the Chinese Academy of Social Sciences, a governmental think tank, carried in its September 2003 issue an article arguing for the repeal of Article 2 of the treaty. The publication of such an article suggests that a revision of the treaty is now openly discussed among China's foreign policy community.

Another serious impact of a possible conflict on the Korean Peninsula is the domestic instability caused by the flow of North Korean refugees. The treatment of ethnic minorities is an important question for the CPC government. At present, there are about two million ethnic Koreans in China,

and more than 90 percent of them live in Liaoning and Jilin provinces, which border on North Korea, and Heilongjiang Province to their north. Of this number, about 834,000 live in Yanbian Korean Autonomous Prefecture in Jilin Province as of the end of 2002. It is feared that if a large number of refugees pours into the autonomous prefecture, their presence would disrupt public order and affect the autonomy of the ethnic Koreans. In September 2003, there were press reports that about 20,000 troops of the PLA had been deployed along the border with North Korea. At a press conference held on September 16, a Ministry of Foreign Affairs spokesperson explained that the deployment of PLA troops was part of the transfer of border control duties from the People's Armed Police Force of the Ministry of Public Security to the Frontier Guards of the PLA. However, some take the view that the deployment of troops at this particular juncture was aimed at applying unspoken pressure on North Korea and at providing for any contingency.

China's second objective is denuclearization of the Korean Peninsula. Although a North Korea armed with nuclear weapons is not a direct threat to China, and the possibility of North Korea using them against China is extremely small, China sees North Korea's possession of nuclear weapons as a destabilizing factor in the region. It could accelerate the missile defense program of Japan and the United States, and that would indirectly undermine China's deterrent capability. China also fears that the missile defense system deployed in this region could be used for the defense of Taiwan. More importantly, China thinks that North Korea's possession of nuclear weapons might prompt Japan or South Korea to acquire nuclear weapons. In particular, where Japan is concerned, there are few technological barriers to developing such weapons. It was by political choice that Japan has remained a non-nuclear state. China therefore fears that North Korea's possession of nuclear weapons might force Japan to develop nuclear weapons of its own.

China's third objective is to maintain its influence on the Korean Peninsula. An ideal situation for China would be to have a socialist state in the north that pursues a policy of reform and opening-up, as China is doing, and a South Korea friendly to China in the south. In the past, China and North Korea had jointly waged war against the anticommunist United States and South Korea, in the course of which their friendly relations were "cemented in blood." It is said that when war broke out in Korea in 1950, China's leaders had appealed in tears to the Soviet leaders to allow them to join in the war in support of North

Korea. The current Chinese leaders do not share such strong feelings of solidarity with North Korea, but the fact remains that North Korea still offers a buffer zone against potential threat from the U.S. forces in South Korea.

China's influence on North Korea comes from North Korea's dependence on China for its energy and food. China has been supplying North Korea with food and energy each year. Specifically, China has been supplying 100,000 tons to 400,000 tons of grain annually, and coke, crude oil, and diesel oil. When then President Jiang Zemin visited North Korea in September 2001, he promised food and other aid, and in September 2002, further aid of 20,000 tons of diesel oil. China's influence has increased since the Korean Peninsula Energy Development Organization (KEDO) decided to freeze annual shipments of 500,000 tons of crude oil to North Korea. The freeze has increased North Korea's dependence on the energy supplied by China, which in turn has increased China's influence on North Korea. According to the UN Food and Agriculture Organization (FAO) and the UN World Food Programme (WFP), China gave about 100,000 tons of emergency food aid to North Korea in 2003–04.

On the other hand, China has made every effort to improve its relations with South Korea since it normalized diplomatic relations in 1992, and has followed a foreign policy designed to maintain a balance between its relations with the North and the South. U.S. forces in South Korea remain a potential threat to China, but strong anti-U.S. sentiment among South Koreans offers China some reassurance that even if the two Koreas were unified under South Korean terms, the unified Korea would not necessarily be pro-U.S. The dollar value of China's trade with South Korea has increased nine-fold since the normalization of diplomatic relations in 1992, and it rose to about \$44 billion in 2002. In contrast with the United States, which advocates putting pressure on North Korea, South Korea is seeking to resolve the nuclear issue through dialogue. As China also favors dialogue over pressure, South Korea relies on China to a certain extent for a peaceful resolution of the nuclear problem. By pursuing friendly relations with South Korea, China hopes to maintain amicable relations with the Korean Peninsula as a whole.

China's fourth objective is to strengthen its diplomatic and strategic position through North Korea's nuclear problem. Many observers agree that China seeks to strengthen its presence and to improve relations with Japan and the United States by hosting the six-party talks. For China, good relations with Japan and the United States are essential for the continuance of its economic

development. To accomplish this, it is important for China to downplay its role as “a guardian” of North Korea and to establish its position as a responsible and a stabilizing power working in conjunction with Japan and the United States. Some believe that China wants to develop the framework of six-party talks into a more general security framework for Northeast Asia. It is also thought that China is seeking to improve its strategic position vis-à-vis Taiwan by maintaining good relations with Japan and the United States.

Compared with the attitude China had taken toward the nuclear crisis in 1994, its positive attitude is prominent this time around. In 1994, China took a very cautious approach to cooperating with the United States. When the United States tried to adopt a UN Security Council resolution imposing economic sanctions on North Korea, China consistently opposed such a move. Although China had reportedly leaned on North Korea behind the scenes to come to terms with the United States on the Agreed Framework, it did not emerge into the spotlight and continued to take a negative attitude in the course of negotiations, with the United States maintaining a leadership role all along.

This time, China made an about-face on its earlier stand when North Korea’s nuclear weapons program development came to light and promptly expressed its support for the denuclearization of the Korean Peninsula. Then President Jiang Zemin expressed his support for a nuclear-free Korean Peninsula when he met with President Bush at his ranch in Crawford, Texas. It was in February 2003 that China toughened its attitude toward North Korea. It was reported that China had suspended oil shipments to North Korea for about three days in February or March. Although the Chinese government did not confirm this publicly, for example at Ministry of Foreign Affairs press conferences, it reportedly explained to an official of the U.S. State Department that the oil shipments had been suspended due to a technical problem. The view prevailing in foreign policy circles in the United States is that China was sending a warning to North Korea not to conduct test launches of surface-to-ship missiles into the Sea of Japan. In testimony before a Senate Committee on September 11, James Kelly, U.S. assistant secretary of state for East Asian and Pacific affairs, expressed the view that the pressure applied by China through its suspension of oil shipments led to the holding of three-party talks in April and six-party talks in August.

In addition to the pressure applied by suspending oil shipments, it is said that China sent former Vice Premier Qian Qichen to North Korea in March to persuade it to attend the three-party talks and to urge it to follow a policy of

dialogue. However, the Chinese government has not officially announced such moves. In July, Dai Bingguo, executive vice minister of foreign affairs, visited North Korea as a special envoy, had a talk with Chairman Kim Jong Il of the National Defence Commission and other leaders, and delivered to him a personal letter from President Hu Jintao. China hosted six-party talks in Beijing August 27–29 and stressed the importance of finding a solution to the nuclear issue through dialogue. At a press conference held after the six-party talks, Wang Yi, head of the Chinese delegation and Chinese vice minister of foreign affairs, said that through the six-party talks, the objective of a nuclear-free Korean Peninsula has been established, and that the participating countries have taken an important step forward to solve the nuclear issue peacefully. However, while he expressed appreciation for the effort made by Japan, South Korea, and Russia toward a peaceful solution, he was somewhat critical of the United States. In response to a question by a reporter in Manila, Wang Yi reportedly said that U.S. policy toward North Korea was the main problem the talks were facing. In the ensuing months, China conducted shuttle diplomacy to make the six-party talks successful. In October, Wu Bangguo, chairman of the Standing Committee of the NPC, visited North Korea, Dai Bingguo, executive vice minister of foreign affairs, visited Japan, and Wang Yi, vice minister of foreign affairs, visited the United States—all to discuss the North Korea nuclear issue.

There are several reasons why China has taken a more positive stance on the nuclear issue than it did in 1994 and why it took a tougher attitude toward North Korea this time around. First, China is more firmly committed to pushing economic development than it was in 1994. In other words, China is more serious about avoiding any conflict on the Korean Peninsula that could slow the forward momentum of its economy. This may be explained, in part, by the greater importance it attaches to improving its relations with Japan and the United States. Second,

Executive Vice Minister of Foreign Affairs Dai Bingguo of China (second from right) meeting with Chairman Kim Jong Il of the National Defence Commission of North Korea (second from left) in Pyongyang (Chosun Tongshin/Kyodo Photo)

China has become wary of North Korea's adventurism, and fears the hard-line policy of the United States. Third, China has become self-confident. In 1994, many of the economic sanctions imposed on China following the Tiananmen incident remained in effect, and there was a problem of whether or not the United States would renew China's most favored nation status. Generally, China was not keen to participate in multilateral meetings and declined the invitation to attend a security dialogue between Japan, the United States, and China. Now, however, China has joined the World Trade Organization (WTO) and has become an important member of the international community. China is conducting various bilateral exchanges and seems to feel that it can exert its influence at multilateral gatherings. These factors have encouraged China to change its attitude from one opposed to the present U.S.-led international system to one of taking advantage of the opportunities offered by the system to enhance its standing within it.

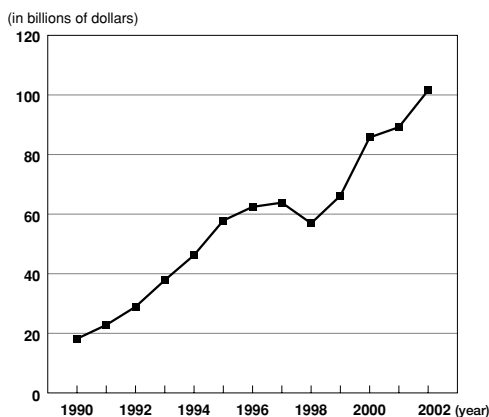
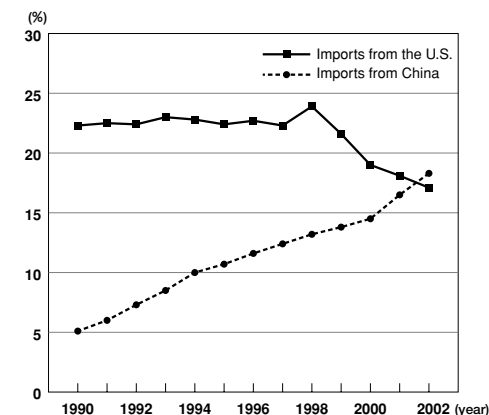
The North Korean nuclear issue was a test that presented China with the choice of maintaining friendly relations with North Korea or making positive efforts to develop cooperative relations with Japan and the United States and build stability in the region, at the risk of hurting its relations with North Korea to a certain extent. A series of moves China has made relative to North Korea in recent years illustrates its change in policy toward that country and how China is cooperating with Japan and the United States. China played a key role in expanding three-party talks to six-party to include Japan, South Korea, and Russia. However, China's approach to the nuclear issue was somewhat muted: it did not approve putting pressure on North Korea, and Vice Minister Wang Yi of the Ministry of Foreign Affairs said that the main obstacle to progress was U.S. policy toward North Korea. China wants to preserve its long-nurtured friendly relations with North Korea and clashed with the United States over the question of guaranteeing North Korea's security. To what extent China will keep pace with Japan and the United States in negotiations with North Korea in the coming months, and how far it will maintain a tough attitude toward North Korea, bear close watching.

(2) Seeking Closer Sino-Japan Relations

The dollar value of two-way trade between Japan and China topped \$100 billion for the first time in 2002. Japan's total imports from China exceeded those from the United States for the first time since the Second World War,

making China Japan's largest importing partner. The total value of Japan-China trade increased to about \$132.4 billion in 2003, up 30.4 percentage points and setting a record high for the fifth consecutive year. Economic ties between the two countries have never been closer, and there are no serious differences

Figure 4.1. Share of China and the U.S. in total imports of Japan (upper), changes in the total value of trade between Japan and China (lower)



Source: Data from the trade statistics of the Ministry of Finance of Japan.

Note: The total value of Japan-China trade is based on the value declared at customs.

except over historical issues. Political and diplomatic relations between the two are also improving gradually. In September 2003, Minister of State for Defense Shigeru Ishiba visited China, marking the first visit by a Japanese minister of state for defense to China in five years. A trip previously scheduled for 2002 had been postponed at the request of China after Prime Minister Junichiro Koizumi paid a visit to the Yasukuni Shrine.

Factors that have led to an improvement in the relations between the two countries lie, in the changes on the Chinese side. Although the government of former President Jiang Zemin had announced a policy that attached importance to improving relations between the two, he seized every opportunity to question the validity of Japan's interpretation of history and maintained that China should criticize Japan in no uncertain terms on this

question. In 1998, Jiang Zemin expressed the view that the more strongly he criticized Japan's position on historical issues, the better future relations with Japan would become. Subsequently, however, President Jiang Zemin toned down his criticism at a summit meeting with his Japanese counterpart. The government of President Hu Jintao has dealt with diplomatic issues in a more businesslike manner, remarking that his government attaches importance to relations between the two countries, and has touched less frequently on Japan's past aggression. A comparison of remarks made by the Chinese side at summit meetings shows that although China's basic policy of attaching importance to relations with Japan has not changed, Chinese leaders have changed the rhetoric and the wording of their policy statements to the Japanese leaders. This change reflects China's policy to strengthen its ties with Japan from a strategic rationale.

For instance, when then President Jiang Zemin paid an official visit to Japan in 1998, he touched on historical issues at various places he visited. At the summit meeting with his Japanese counterpart, he said Japanese militarism caused a war of aggression against China, and urged Japan to enlighten its people about the true cause of the war. However, Jiang's strong criticisms did not result in improved relations between Japan and China as Jiang had hoped, but in fact led to a strong negative reaction from Japan. The Chinese government has subsequently toned down its criticism. China still continues to react strongly when Japanese leaders take actions that are seen as offensive to China's historical sensibilities, for example, when an incumbent prime minister visits the Yasukuni Shrine. However, the number of occasions on which China raises the issue of its own accord is decreasing. Since Prime Minister Koizumi paid successive visits to the Yasukuni Shrine on August 13, 2001, and on April 21, 2002, Chinese criticism of Japan's position on historical issues has mostly narrowed down to focusing on visits to the Yasukuni Shrine by the Japanese prime minister. At a Sino-Japanese summit in October 2002 held on the sidelines of the Asia-Pacific Economic Cooperation Conference (APEC) summit, then President Jiang Zemin stressed the necessity "to take history as the mirror and look toward the future." He also expressed his opposition to visits to the Yasukuni Shrine by Japanese prime ministers, asked Prime Minister Koizumi to be mindful of the sentiment of the Chinese people, and added that the Japanese people at large should be distinguished from militarists.

With the formation of the Hu Jintao administration, China strengthened its stance of attaching importance to relations with Japan. When President Hu

Jintao and Prime Minister Koizumi held their first summit talks on May 31, 2003, while attending a commemorative ceremony marking the 300th anniversary of the city of St. Petersburg, Russia. President Hu Jintao did not touch on Prime Minister Koizumi's visit to the Yasukuni Shrine and the issues of history, and merely asked Prime Minister Koizumi to deal properly with the question of Taiwan and the differences between the two countries over historical issues. During the talks, President Hu Jintao told Prime Minister Koizumi that he wanted to build Japan-China relations in the new century in a manner that "takes history as a mirror, and looks toward the future, takes a long-term perspective, and gives consideration to a broad picture." When he held talks with Prime Minister Koizumi on September 5, Chairman Wu Bangguo of the NPC Standing Committee spoke in a similar vein, and said that taking appropriate steps to deal with historical issues was an important foundation upon which to build Sino-Japanese relations. He asked Prime Minister Koizumi to deal properly with the problems pending between the two countries by taking history as a mirror, by looking toward the future, by taking a long-term perspective, and by giving consideration to a broad picture. When Premier Wen Jiabao held talks with Prime Minister Koizumi on October 7 while they were attending an ASEAN+3 (Japan, China, and South Korea) summit meeting in Indonesia, he touched on historical issues and said that "the development of Japan-China relations is in the course of history, and is what the people desire," and stressed the extreme importance of Japan-China ties.

There are three factors behind the importance China attaches to Japan-China relations: first, as a corollary of economic development, which China has assigned as its top priority, relations with Japan have taken on a growing importance; second, since the advent of the Bush administration in the United States, the strategic environment for China has become increasingly bleak; and third, the view that the possibility of a revival of militarism in Japan is almost nil is more widely shared by researchers and policymakers of China. Concerning the strategic environment, it might be added that during the Clinton administration, China pursued a policy of building a strategic partnership with the United States, and has tended to think that as long as it maintains good relations with the United States, then those with other countries did not matter. However, as the Bush administration characterized China as a "strategic competitor," Chinese leaders realized there is a limit to how far relations with the United States can improve. Since the September 11 terrorist attacks, U.S.-

China ties have improved in the short term; however, both sides continue to perceive each other as a potential threat. When viewed from a Chinese perspective, since prospects for a fundamental improvement in its relations with the United States are small, China seeks to make up for this by strengthening its relations with Japan.

From the end of 2002 through the early months of 2003, debate has surfaced on the idea of “New Thinking on Sino-Japanese Relations,” which argues that China should place importance on relations with Japan from the strategic standpoint. The debate began with an article entitled “Some New Thinking on Sino-Japanese Relations—The Civil Anxiety Arises from the Both Sides” that appeared in *Strategy and Management (Zhanlue yu Guanli)*, a bi-monthly journal that carries arguments advanced by many reformists. The author of the article was Ma Licheng, a reporter with the Commentary Department of the *People’s Daily*. The article was followed by a similar article in the same magazine written by Shi Yinghong, a professor at Renmin University under the title of “The Sino-Japanese Mutual-Access and ‘Diplomatic Revolution.’” The new thinking on Sino-Japanese relations argues that China should not insist on its view about historical issues, and that, instead, it should place importance on Sino-Japanese relations from a strategic standpoint. Debate among foreign policy specialists had been to attach importance to Sino-Japanese relations for the past several years. Scholars and practitioners of Japan policy have reaffirmed the argument at the start of the Hu Jintao administration. The new thinking reflects this trend of attaching importance to Sino-Japanese relations. Although the authors were not obliged by the Chinese government to write the article, it appears that, initially at least, they had the tacit approval of the top leaders.

By going out on a limb and declaring that historical issues had been settled and that China should not oppose visits to the Yasukuni Shrine by Japanese prime ministers, Ma Licheng came under scathing criticism from the public via the Internet. Chinese nationalism is considered to have its origins in the May Fourth Movement, a patriotic anti-Japanese movement that was organized by students in 1919 and is regarded as a symbol heralding the beginning of a modern China. The war against Japan was an important element in the patriotic education movement launched in the fall of 1994 to mark the fiftieth anniversary of the end of the war. Anti-Japanese sentiment is strong among the people and is hardly likely to cool down any time soon. According to a poll conducted by the Chinese Academy of Social Sciences, a government-affiliated

think tank, during September and October 2002, 43.3 percent of the respondents said they did not feel an affinity with Japan, compared with 5.9 percent who said they did. Of the former, 63.8 percent said they did not feel any affinity with Japan because Japan had not shown sufficient contrition for having invaded China. These figures suggest the difficulty involved in settling historical issues at the popular level. There are signs that the debate over new thinking has aroused anew anti-Japanese sentiment among the general public in China. Moreover, media reports in August 2003 about a poison gas accident in Qiqiha'er, Heilongjiang, caused by chemical weapons abandoned by the Imperial Japanese Army, and further reports in September about Japanese tourists involved in prostitution in Zhuhai, Guangdong, led to a further deterioration in Chinese people's overall feeling toward Japan.

Despite renewed anti-Japanese sentiments expressed on the Internet, the Hu Jintao government's policy of attaching importance to relations with Japan has not changed, at least for now. Even after the surge of resentment against Japan, the *People's Daily* introduced a debate about the new thinking in a feature article on its Web site, while *Shishibaogao*, a monthly published by the Publicity Department of the CPC Central Committee for the party elite, featured a roundtable talk between Ma Licheng, Shi Yinghong and others who argued for the necessity of new thinking. However, China's Communist government is becoming increasingly sensitive to public criticism as society diversifies. The government does not have a strong mandate from the people because popular political participation is absent in China. The government has to assume the needs of the people and maintain support and legitimacy of power.

The legitimacy of the CPC government rests on maintaining economic development. At the same time, nationalism also serves as a source of legitimacy for the party. In the past, the CPC has often portrayed itself as patriotic heroes saving China from Japanese aggression. Socialism has been undermined as a unifying ideology in China, and nationalism has increased its importance as glue in Chinese society. While the Chinese government wants to emphasize the importance of relations with Japan to maintain the forward momentum of its economy, it can ill afford to ignore historical issues given popular sentiment against Japan. For instance, Prime Minister Koizumi and Premier Wen Jiabao discussed the possibility of exchanging visits between the two countries' heads of state during talks in Bali, Indonesia. Subsequently, however, the Chinese Ministry of Foreign Affairs denied having discussed such

visits, and issued a statement criticizing Prime Minister Koizumi for announcing to the Japanese media his intention to visit the Yasukuni Shrine. Some view the statement as a concession to anti-Japanese popular sentiment. It is thought that as long as Prime Minister Koizumi continues to visit the Yasukuni Shrine, the Chinese government will continue to protest it. As the new thinking on Sino-Japanese relations has not produced any tangible results in promoting ties with Japan, criticism of the new thinking has emerged among CPC leaders.

3. China's Defense Modernization after the Use of Force against Iraq

(1) Use of Force against Iraq and Its Impact on the Modernization of the PLA

For the PLA, which since the 1990s has been pressing ahead with modernization of its forces to be able to cope with “local war under high-tech conditions,” military operations carried out by U.S. forces against Iraq using state-of-the-art weapons and operational doctrine provided an opportunity to draw some valuable lessons. The PLA reportedly established task forces immediately after the start of the military operation and had them carefully monitor the tactics employed by U.S. forces in Iraq and report on them to the CMC. Within the PLA, there were animated debates as to how the lessons learned from the military operations should be incorporated into the “military change with Chinese characteristics.”

At a plenary meeting of the PLA delegation held during the first session of the tenth NPC on March 10 (before the war started), Chairman Jiang Zemin of the CMC said that modern warfare was shifting from mechanized warfare to informationized warfare; that in order to promote China's military change, it was necessary to pursue “informationization” alongside the “mechanization” already being pursued; that they had to promote mechanization with informationization, and informationization with mechanization; and thereby they had to achieve a composite development of mechanization and informationization and fulfill the dual historic mission of mechanization and informationization. His remarks reaffirmed the policy of “military change with Chinese characteristics” adopted by the sixteenth National Congress of the CPC in November 2002. “Mechanization” means mechanizing and increasing the

combat power of PLA units, which had been predominantly infantry units in accordance with Mao Zedong's People's War doctrine, while the term "informationization" refers to improving the combat power of the PLA units by introducing information technology: for example, integrating units with information networks or utilizing satellite-based communications.

In a comment on the need to concurrently promote mechanization and informationization, Zhang Qinsheng, dean of the PLA National Defense University, explained that the necessity for informationization arose in an unexpected way before the PLA had achieved its mechanization goal. As a result, the PLA had to carry out the task of informationization concurrently with the task of mechanization.

With the goal of military modernization in mind, leaders of the PLA take the view that the military operation in Iraq indicated that the operational theory of the United States military and the way it carried out operations marked a departure from traditional mechanized warfare, and were an initial test and confirmation of a new series of concepts of war and operation formulated by the U.S. military through the revolution in military affairs (RMA). PLA leaders have thus concluded that the goal of mechanization and informationization has been validated in the course of U.S. military operations in Iraq. Based on this, PLA leaders have discussed how the lessons learned from the military operation against Iraq should be incorporated into modernization programs for the PLA.

In an article written for the July 1, 2003, issue of the *PLA Daily* (*Jiefangjun Bao*), Maj. Gen. Dai Qingmin, director of the communications department of the PLA General Staff Headquarters, said that in view of the results of the U.S. military operation against Iraq, "four capabilities" are necessary in carrying out the informationization of the PLA. They are integrated information support capability, information-based fire attack capability, multilevel information operation capability, and all-directional integrated protection capability.

According to Maj. Gen. Dai, integrated information support capability enables all-directional information awareness, real-time information transmission, and information processing, by integrating sensor networks, command and control networks, and platforms. He points out that, thanks to this capability, U.S. forces were able to achieve overwhelming superiority and carry out a blitzkrieg.

Information-based fire attack capability enables troops to engage distant targets quickly, accurately, and flexibly by applying information technology to

existing types of munitions.

Multilevel information operation capability includes electronic warfare, including jamming and anti-radiation attack, and computer network warfare that involves attacking the enemy's computer network with "new-concept weapons." Maj. Gen. Dai says that as the informationization of an enemy advances, its reliance on information rises and its vulnerability increases, so that attacks on an enemy's informationized combat operations system are effective.

While multilevel information operation capability is used to attack an informationized enemy, all-directional integrated protection capability provides defense against such attacks. As an example, Maj. Gen. Dai mentions anti-reconnaissance capability, antijamming capability, and improving survivability of information systems against antiradiation missiles. At the same time, he asserts that in order to defend the information system, both the government and the private sector must work together.

What is more, the PLA recognizes that the U.S. military operation against Iraq reconfirmed the importance of the role played by outer space. The June 18 issue of the *PLA Daily* said that the U.S. victory in Iraq had not been possible without the control over space. It noted that satellites not only made possible real-time battlespace awareness, but also increased flexibility of operations by enabling the changing or modifying of target information while aircraft were en route to targets. It also pointed out that space-based communications, navigational and positional systems enabled them to attack enemy targets thousands of miles away using precision-guided munitions. Therefore, it declared that space-based military power is no less important than the present naval and air power. There is a report that China monitored in real time the progress of the battle in Iraq from the beginning using a number of reconnaissance satellites.

In light of the U.S. experience in Iraq, PLA leaders have discussed the necessity to overhaul logistics. The U.S. Department of Defense (DOD) has also pressed ahead with logistics transformation based on the concept of "focused logistics," and the improvements delivered good results in Iraq. The July 22 issue of the *PLA Daily* says that U.S. forces were able to grasp their real-time logistics situation by utilizing the Global Combat Support System (GCSS). As regards the PLA, it pointed out that it was necessary for the PLA to wean itself from the traditional idea of logistics, which took no account of cost, and endeavor to build an informationized logistics system. It then stressed the

following points: (a) Precision logistics. As war goes high tech, and equipment and supplies grow increasingly costly, it is necessary to devise a system of logistics that will produce maximum results at minimum cost; (b) Intensive logistics. There should be a centralized pool of all logistical resources including personnel, funds, and equipment, so that these can be optimally packaged and shipped to each unit according to its needs. Instead of allocating logistical resources to individual units, this method is designed to provide effective logistics; (c) Regional logistics. The idea is to establish logistics zones for each theater of operations and provide them with logistical support. This enables the PLA to provide logistics to each region according to its needs; and (d) Modular logistics. This means mixing various logistics units and elements to maximize the effects of logistics support. In peacetime, they form logistics units based on the type of equipment they support, and in wartime, they leverage them to tailor logistics detachments designed to meet the requirements of the units supported.

On the other hand, the PLA also noticed weaknesses in the U.S. armed forces revealed by the operation in Iraq. How the outgunned Iraqi army coped with the overwhelming superiority of U.S. forces offered an important lesson to the PLA. In an article carried in the April 16, 2003, issue of the *PLA Daily*, military experts from the PLA Academy of Military Science and the National Defense University first mentioned that the war in Iraq was characterized by an “outstanding ‘generation gap’” and argued that if developing countries are interested in modern warfare, they should study in-depth the asymmetric war fought in Iraq. In an article entitled “Problems of New Military Change,” Xiong Guangkai, deputy chief of the General Staff, pointed out Iraq was able to carry out jamming of the global positioning system (GPS) used to guide precision-guided munitions such as Joint Direct Attack Munitions (JDAM), and that movement of U.S. troops was hampered by weather conditions including sandstorms and smoke. He then urged readers to pay attention to the vulnerability of high-tech weapons.

The military operation in Iraq gave China another opportunity to reconfirm the need it had recognized all along to deal with the overwhelming superiority of U.S. forces. In the aforementioned article, Dai Qingmin, director of the Communications Department of the PLA’s General Staff Headquarters, points out that during the Kosovo conflict in 1999, the Yugoslavian side shot down an F-117 stealth fighter that was supposedly difficult to detect by cleverly utilizing air-defense radar and missiles, and that Yugoslavia resisted U.S. forces by

using every means at its disposal, and also took advantage of weather conditions and terrain. The use of force against Iraq has thus provided China with an example that can be used in figuring out how best the PLA can counter the overwhelming military power of the United States.

It will take time for the PLA (whose mechanization can hardly be described as adequate) to apply the lessons learned from the U.S. attack on Iraq in concrete measures to promote “military change with Chinese characteristics.” The direction of “military change” will much depend upon how the PLA combines symmetric measures modeled on the technologically advanced U.S. military—or, conversely, asymmetric ones designed to exploit the U.S. military’s vulnerable points—and how the PLA carries out reform measures to achieve this.

(2) Force Reduction and Streamlining of Military Organization

Modernizing the military does not stop at hardware. It needs to extend to organization. It has long been pointed out that there are too many nodes and layers in the PLA’s chain of command, making it difficult for the PLA to promptly deal with changing situations. Further, there are many affiliated organizations and a relatively small number of combat units, compared with the overall size of the PLA. In a lecture given on March 10 at a plenary meeting of the PLA delegation during the first session of the tenth NPC, CMC Chairman Jiang Zemin said that although informationization would bring many painful changes to the military, it must bear them and strive to implement them. This suggests that the reorganization—structural change and force reduction through informationization—will continue.

In an article on how the China’s military reform would impact on the organization of the military in the July 28, 2003, issue of *Outlook Weekly*, Maj. Gen. Ku Guisheng, vice dean of the PLA National Defense University, said that as reform progresses, the organizational structure of the PLA would be optimized, and its overall size would be reduced. He said that as high technology is incorporated into weapons, the overall number of weapons would decrease, as would the number of ground troops, and the navy and air force would be expanded. He then explained that PLA units would be modularized, that combat units, combat support units, and logistics units would be organized into highly synchronized, organically integrated operational units according to the operational needs of overall commander, and that the armed forces

(services, branches, and personnel) would be optimized in the process. On the question of logistics, he also pointed out that integration and informationization would eliminate duplication of organization and function, suggesting the possibility of streamlining and integrating logistics units. Overall, Ku Guisheng is asserting that the PLA should cull redundancies within the military organization in the process of reorganizing the PLA.

At a meeting held on September 1, 2003, in commemoration of the fiftieth anniversary of the PLA National Defense Science and Technology University, CMC Chairman Jiang Zemin declared that the manpower strength of the PLA would be cut by 200,000 by 2005. This will mark the tenth reduction in PLA personnel strength since its inception. It follows a million-man cut announced in 1985 and a 500,000-man cut in 1997. During the million-man force reduction, China undertook to reorganize the massive army it had built up on the basis of Mao Zedong's People's War doctrine into a modern, mechanized fighting machine. It reduced the number of military area commands from eleven to seven, and reorganized its infantry-heavy army into "combined group armies" composed of armored and mechanized/motorized infantry units. At the time of the 500,000-man cut announced in 1997, the PLA pressed ahead with the reform of its logistics system.

The troop cut announced in September 2003 is a part of the "military change with Chinese characteristics," and seemingly designed to increase the efficiency of PLA units. Typifying the type of cut being implemented, some expect the PLA to trim personnel at education and training institutions, research institutes, and logistics units while increasing personnel of combat units of a new type and special operations units.

(3) Pursuing Personnel Modernization in the PLA

In pressing ahead with modernization, the PLA has become aware of the necessity of acquiring talented people. In his speech before the first session of the tenth NPC, Jiang Zemin said that growing a new type of high-caliber military personnel was of great importance to carrying out "military change with Chinese characteristics" and an important element for accelerating such change. From this standpoint, the PLA has been establishing and improving training and personnel management systems.

On September 7, 2003, the CMC announced a medium- and long-term human resources development program called "the Plan for the

Implementation of Strategic Project of Military Talents” designed to build an informationized army and win an information war. It said the plan puts forward targets and requirements with respect to quantity, knowledge structure, and interdisciplinary talents vis-à-vis talent cultivation over the next decade or two, and concrete measures centering on the cultivation of high-caliber commanding officers, staff officers, scientists, technical experts, and commissioned officers.

The plan will be implemented in two phases. The first phase (i.e., before 2010) will mainly lay the groundwork and the second phase (which ends before 2020) is mainly to accelerate the overall implementation of the plan. This is the first time that the PLA has formulated such a plan, and is one of the indicators that should be taken into account in assessing its cultivation of talent in the medium and long term.

In an effort to attract talented people, the PLA has long been offering scholarships to qualified university students, and has employed them as non-commissioned officers (NCOs). At the same time, the PLA encouraged NCOs to obtain academic degrees. In 2003, a total of thirty-four military academies enrolled 10,000 conscripts and trained them as NCOs. Courses offered range over several dozen specialized, high-tech related fields, including communications, automation of command, reconnaissance, missiles, radar, naval vessels, and aviation. With a view to fostering talented personnel who are capable of dealing with informationization, the PLA University of National Defense Science and Technology established twelve new subjects to prepare its students to meet the requirements of the military change. Courses established include “space information technology,” and “information security and space control engineering.” The *PLA Daily* said that these were the areas that hold the key to the development of defense science and technology and provide the foundation upon which to develop the talented personnel and knowledge needed for military modernization.

A new development emerged also in the area of military training. Generally, in order to improve combat potential in peacetime, it is necessary not only to provide general guidance to the troops beforehand, but also to assess the results after training is planned and implemented, and reflect the findings in future training programs. Concerning the new direction of training, PLA General Staff Headquarters worked out plans for army-wide military training in 2003. The guidelines built into the plan say (a) that the first key characteristic of this

year's military training is to innovate military theories and operational principles, so that the PLA's training can keep abreast of the times, and (b) that all troops are urged to highlight the special features of their respective missions, and carry out training on mission-based subjects in a thoroughgoing manner. It also says that all units should constantly strengthen their practice of training troops in science and technology, and that in order to accomplish this objective, it is necessary to improve the overall capability of military personnel and joint operations capability of military units.

Reform of military training actually started toward the end of the 1980s and markedly intensified in the mid-1990s when the Outline of Military Training was issued. For instance, in accordance with the Outline, Temporary Rules of the PLA on Rating of Military Training (hereinafter referred to as "the Temporary Rules") were issued in 1997. In 2002, an Outline of Military Training and Evaluation was issued to replace the Outline of Military Training. Meanwhile, military training was carried for the purpose of strengthening the morale of the army through scientific and technological training, renovating military training, and training the troops with science and technology. Recent reforms in the PLA training system and various forms of training have followed the Outline.

Rules of the PLA on Rating of Military Training (hereinafter referred to as "the Rating Rules") were issued in May 2003. This is a product of sweeping revision of the Temporary Rules of 1997, made by the General Political Department, the General Staff Headquarters, the General Logistics Department, and the General Armaments Department. The Temporary Rules aimed at improving unit training and ability of individual soldiers. It is said that under the Temporary Rules, preferential treatment in respect of equipment was given to units that have achieved good training results, and those soldiers who have done well in training are given priority in promotion.

The Rating Rules of 2003 clarified the scope, objects, and content of ratings. In 2003, notable examples of training of PLA units reported in the *PLA Daily* includes: combined-arms training under extremely cold weather conditions; maneuvering through a contaminated area; joint training of a destroyer squadron and aircraft; and combined-arms training designed to develop new tactics for the battlefield of the future. While one cannot rule out a publicity motive on the part of the PLA in these training events, undoubtedly they are aimed at improving the quality of its training.

Counterterrorism military exercises of the Shanghai Cooperation Organization (SCO)

In August 2003, the PLA conducted a joint counterterrorism military exercise with the armed forces of member countries of the SCO. More than 1,000 soldiers from five SCO member countries (China, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan) took part in the exercise, code-named Joint 2003. This exercise was conducted pursuant to a memorandum on counterterrorism exercises signed in Moscow in May 2003 by SCO defense ministers.

The exercise was conducted in two phases. The East Military Command headquarters of Kazakhstan in the first phase, and the Xinjiang Military District headquarters in the second phase, each served as the core of the joint headquarters composed of commanders and staff officers of the participating countries. Besides, some of their units took part in live firing exercises. In the second phase, Chinese Defense Minister Cao Gangchuan and his counterparts from the participating countries inspected the exercise, attended a closing ceremony, and reviewed the participating units. The Xinhua News Agency reported that the participating countries have contributed to the stabilization of the region lying between their countries through the exercise and have improved their joint command capability for carrying out counterterrorism operations.

Since the September 11 terrorist attacks on the United States, China's public security agency had conducted counterterrorism exercises at various locations throughout the country, but this was the first such exercise in which the PLA participated. Ostensibly, the exercise was aimed at checking terrorist activities, but it may be said that this was part of its efforts to improve their joint operations capability.

(4) Military Balance across the Taiwan Strait

While seeking a peaceful solution to the Taiwan issue, China has bolstered its military strength, particularly in the Nanjing Military Area Command and the East Sea Fleet, to prevent Taiwan independence in keeping with the "One China" principle. While Taiwan has procured modern equipment from the United States and France, there is a considerable quantitative gap in military strength between the PLA and Taiwan's armed forces. However, it is said that the PLA lacks the sealift capability, including amphibious ships, needed for landing operations, and the logistics capability essential to sustain a protracted military operation over the strait.

During the past three years, China's air power has grown with the rapid deployment of Su-27 and Su-30MKK fighters. Some of the Su-27s have already been deployed at Wuhu air base in the Nanjing Military Area Command, enabling them to engage in combat over Taiwan. It is believed that China is

capable of producing and maintaining Su-27 fighters at home. China is also planning to import additional Su-30MKK fighters (the naval strike version of the Su-30, capable of firing antiship missiles). In addition, China in September 2003 conducted the test flight of a fighter aircraft codenamed “Super 7/FC-1” jointly developed

A new type of fighter, Super 7/FC-1, that China has developed jointly with Pakistan (Kyodo Photo)

with Pakistan. Also referred to by the Chinese name *Xiaolong*, this is an all-weather, single-seater fighter aircraft capable not only of air-to-air combat but also of air-to-ground mission. It also appears that a newer fighter aircraft, J-10 is under development.

In addition, China has deployed short-range ballistic missiles (SRBM) in the Nanjing Military Area Command across the Taiwan Strait in an attempt to weaken the air defense capability of Taiwan. According to *The Military Power of the People's Republic of China*, an annual report submitted to the U.S. Congress by the U.S. DOD in July 2003, China has deployed about 450 SRBMs in the Nanjing Military Area Command, and is expected to add over seventy-five SRBMs per year to its inventory over the next few years. Moreover, the report adds, the PLA is developing variants of the DF-15 (CSS-6) that could employ satellite-aided navigation. The report points out that when completed, these SRBMs can strike Taiwan from the mainland.

As regards the navy, in addition to two Russian-made *Sovremennyy*-class destroyers it has deployed, China is believed to have signed a contract with Russia to purchase two additional destroyers of the same type, equipped with cutting-edge weapon systems. It is also reported that China has launched two destroyers of a new type that are equipped with a phased-array radar system. At present, old-type *Luda*-class destroyers constitute the backbone of China's fleet, which is believed to be inferior to that of Taiwan's in terms of fleet air-defense capability, antisubmarine warfare capability, inter-ship data-link, and point air-defense capability. China has purchased *Sovremennyy*-class destroyers, in part, to make up for such shortcomings. These destroyers are

equipped with two 9K-90 Uragan surface-to-air missile systems (SA-N-7) and two 130mm rapid-gun systems, in addition to eight 3M-80 Mosquito antiship missiles (SS-N22) that fly at Mach 2 or over.

Meanwhile, at a negotiation held on April 24, 2001, between the United States and Taiwan for the sale of weapon systems, the United States presented a list of weapon systems that can be sold to Taiwan (a maximum of eight diesel submarines, a maximum of four *Kidd*-class destroyers, and a maximum of twelve P-3C antisubmarine warfare (ASW) aircraft). Subsequently, progress has been made in 2003 with respect to the purchase of *Kidd*-class destroyers for which the budget had been frozen.

Although the United States made *Kidd*-class destroyers available for purchase, some influential members of the National Defense Committee of the Legislative Yuan (legislature) opposed the purchase of the American-made destroyers on the ground that they are inferior to the Russian-made *Sovremenny*-class destroyers, and they asserted that Taiwan should purchase Aegis-equipped destroyers. In the end, the National Defense Committee approved the purchase of the *Kidd*-class destroyers on condition that the budget for them be cut by 15 percent—which was the reason why the budget had been frozen in the first place. As the United States agreed to the price cut during negotiations with the Ministry of National Defense (MND) of Taiwan, the Legislative Yuan lifted the freeze, paving the way for the purchase of no more than four *Kidd*-class destroyers. It was reported that the government managed to cut the budget largely by cutting the number of Standard Missile 2 (SM-2) mounted on these destroyers and trimming personnel training costs in connection with assuming command of the destroyers.

At present, the U.S. government does not authorize the sale of Aegis-equipped destroyers to Taiwan from the standpoint of the military balance between China and Taiwan. Taiwan's MND explains that it needs *Kidd*-class destroyers as a stop-gap measure to defend itself against the Chinese navy, especially its submarines, until such time as Taiwan can acquire Aegis-equipped destroyers. As regards P-3C ASW aircraft and diesel submarines on the list presented by the United States in 2001, the MND is considering their purchase.

Each year, Taiwan conducts a joint exercise codenamed Hankuang. In 2003, Hankuang 19 was a field training exercise that took the form of a three-stage operation to interdict an enemy landing. It was reported that F-16 and Mirage 2000 fighter aircraft and more than 6,100 personnel participated, making it

Taiwan's largest joint exercise ever. The third stage of the exercise included an attack on enemy invading forces, preparing for landing by new missile boats, artillery and missiles.

With an eye on the rapidly modernizing military power of China, Taiwan has come up with a policy of cutting its troops by 85,000 by 2012. According to the force restructuring plan announced by Minister of National Defense Tang Yiau-ming in August 2003, Taiwan will reorganize its armed forces in two phases over the next ten years. During the first phase (2003–2007), Taiwan will cut its troop strength by 45,000 and seek to streamline the organization of its armed forces and to strengthen their joint operations capability. During the second phase (2008–2012), troop strength will be cut by 40,000 to 300,000. By carrying out this plan, Taiwan's MND seeks to strengthen its defense capability by streamlining its force structure, by upgrading its military equipment, by improving joint operations capability, and by thus enhancing its deterrent capability.

Aware of the deteriorating military balance with China, Taiwan's MND recognizes the necessity to adapt to the PLA's qualitative improvement. *The Military Power of the People's Republic of China* stated, "China's force modernization, weaponry, pilot training, tactics, and command and control are gradually beginning to erode Taiwan's qualitative edge. The number of Chinese fourth-generation fighters eventually will surpass those of Taiwan." Debate over the outlook of the military balance between China and Taiwan is likely to become increasingly heated in the coming months.

However, the aggressive purchase of weapons from the United States by Taiwan will have a significant impact on U.S.-China relations. In January 2004, a Chinese Ministry of Foreign Affairs spokesperson stated that China does not accept and strongly opposes the Taiwan Relations Act, which provides for arms exports to Taiwan, and cautioned the United States by reminding it of a remark made by President Bush opposing Taiwan's independence from China. Depending on developments regarding the issue of Taiwan's independence, the arms export to Taiwan will become an increasingly sensitive and politicized issue.

For Taiwan, the 450 ballistic missiles China has deployed on its side of the Taiwan Strait is one of the gravest military threat it faces at present. In response, Tang Yiau-ming announced on August 30, 2003, his plan to include in budget proposals for fiscal 2005 an appropriation for the purchase of Patriot PAC-3 ground-to-air missile systems that are expected to be capable of

intercepting ballistic missiles. For the time being, however, Taiwan has no credible defenses.

In this connection, Taiwanese President Chen Shui-bian caused an uproar in December 2003 by proposing a referendum on his policy of demanding that China remove the missiles targeting Taiwan and forsake the use of force. Originally, the referendum was directed at determining the advisability of continuing the construction of a fourth nuclear power plant, but President Chen tacked on a question about independence. Hidden behind all this seems to lie a design to institutionalize the referendum and use it as a vehicle for realizing his pro-independence policy—a move to restrain China by making Taiwan's case to the United States and the international community backed up by the demonstrable support of its people.

On November 27, two opposition parties—the Kuomintang (Nationalist Party) and the People First Party—jointly introduced a bill that became the basis of a referendum law passed by the Legislative Yuan. The Referendum Law is applicable to constitutional amendments, but all references to items related to the independence including country name, flag, and territorial changes were dropped, reflecting the intent of the opposition. Interviewed by the *New York Times* after the passage of the law, President Chen Shui-bian revealed that the question for the referendum “could be for the 23 million people of Taiwan to demand that China immediately withdraw the missiles targeting Taiwan and openly renounce the use of force against Taiwan.”

On November 17, ten days prior to the passage of the Referendum Law, China issued a statement through the Taiwan Affairs Office of State Council that these moves are gross provocations against the “One China” principle and 1.3 billion Chinese people including Taiwan compatriots, and undermine cross-Straits relations and threaten peace and stability in the Asia-Pacific region. However, confronted with the fact that even the opposition parties had introduced the bill recognizing a referendum as a political instrument, China has become increasingly anxious about the politics of Taiwan. As both the ruling and the opposition parties of Taiwan agreed on the necessity for instituting a referendum, China is in no position to control Taiwan's politics.

On the day after the passage of the referendum bill, China had no choice but to express through the Taiwan Affairs Office of State Council that it will “continue to keep a close watch on developments.” Under the circumstances, the expression of opposition to the referendum elicited from the international community,

notably, Japan and the United States, offered China considerable comfort.

On December 29, the Japanese government delivered a statement to Taiwan through the Taipei Office of the Interchange Association, an organization through which Japan maintains its contact with Taiwan, clarifying its position on the question, saying that it hoped to see an early resumption of dialogue between China and Taiwan for a peaceful solution to issues relating to Taiwan, and urging Taiwan to act prudently in handling both the referendum issue and the enactment of a new constitution for the sake of peace and stability of the region. The United States also opposed the referendum. At a press conference held after talks with Chinese Premier Wen Jiabao at the White House in December, President Bush declared that the United States “oppose[s] any unilateral decision by either China or Taiwan to change the status quo.” In Taiwan itself, there are groups led by the opposition parties that are opposed to carrying out a referendum. In a televised address broadcast on January 16, 2004, President Chen, conscious of criticism at home and abroad, announced he would tone down the substance of the questions put to a referendum, and that it would now be on whether people approve or disapprove of the proposition for strengthening Taiwan’s missile defenses and for resuming negotiations with China. However, China did not ease up on its criticism of the referendum, even in this watered-down form, issuing a statement the next day through the Taiwan Affairs Office of State Council that it was an act of provocation to the peace and stability of the Taiwan Strait.

While both China and Taiwan are pressing ahead with military modernization, there is no sign of a political solution to the Taiwan issue. Meanwhile, China has strengthened its presence in the region by playing an active role in arranging multilateral talks to seek a solution to North Korea’s nuclear issue. For Japan and the United States, cooperation with China is important in dealing with North Korea. However, Taiwan fears that an improvement in U.S.-China relations could undermine its position vis-à-vis China.

Democracy in Taiwan has been firmly established, with the presidential election scheduled for March 20, 2004, the third direct election since March 1996. With democratization, new factors such as election campaigns by the ruling and the opposition parties, and the direction of popular opinion, are having an impact on China-Taiwan relations.