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Editor's note: the following articles, by Michael McDevitt and Eric Teo Chu Cheow, provide additional perspectives on Hu Jintao's impending visit to Washington.

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Tackle the real Taiwan problem in Sino-U.S. relations by Michael McDevitt

In view of the visit of PRC President Hu Jintao to Washington on Sept. 6, it is appropriate to remember that Taiwan makes the Sino-U.S. relationship so unique and distinguishes it from any other bilateral relationship that Washington maintains. On many different levels – political, economic, trade, academic, personnel relationships – the Sino-U.S. relationship is normal. It is sometimes difficult, sometimes cordial, but overall, it's mutually productive and central to the peaceful development of Asia and the economic health of the world. At the same time, the black cloud of war, because of Taiwan, is so real that the respective militaries of both countries are actively planning, exercising, and war gaming with the goal of defeating the other.

The prospect of war over Taiwan seems low because Beijing has apparently adopted a more patient approach to this thorny issue. It has shifted focus to halting moves toward independence by the government in Taipei. And because, for the moment, Taiwan's President Chen Shui-bian has become more restrained in his ambitions to redefine Taiwan's constitutional structure in a way that presages *de jure* independence for Taiwan. Beijing has embraced President Bush's policy of no unilateral changes to the status quo; Taipei, less enthusiastically, has also agreed. So long as this uneasy equilibrium persists, conflict does not seem imminent.

But, as long as Beijing insists on keeping the use of force against Taiwan as one of the central tenets of its declaratory policy toward Taiwan – keeping its finger on the trigger, so to speak – the possibility of conflict cannot be ruled out. As a result, another military dynamic comes into play – long-range planning that informs military modernization and future concept development in both Beijing and Washington.

Because of Beijing's declaratory policy regarding the use of force and (more recently) its national legislation, the military problem of Taiwan has been at the center of PLA thinking for some time and has become the focal point for PLA modernization. Deterring Taiwan and, if necessary, successfully coercing or capturing Taiwan, is the priority military task of the PLA. For decades, the PLA was a paper tiger: it could not credibly coerce or capture Taiwan with conventional military forces. This was the case in the early decades of the Cold War because the ROC-U.S. military alliance directly involved the U.S. in the defense of Taiwan, and in the 1980s because Beijing was focused on a Soviet threat, and Taiwan's priority as a military problem diminished.

The Soviet Union ended in the early 1990s just at the time that democracy took root on Taiwan. The diminution of the Soviet threat to China permitted the PLA to change focus from the Soviets just as trends in Taiwan began to suggest to PRC leaders that eventual reunification of Taiwan and China might not be a shared objective of Taipei and Beijing.

As a result, for the past decade or so the PLA has focused on making the threat of force more credible. That also meant that despite U.S. attempts to remain strategically ambiguous regarding its military intervention, the PLA had to plan on a "worst case" scenario – they had to assume they would have to deal with U.S. intervention if Beijing elected to use force.

But a force structure that could capture Taiwan while keeping the U.S. at bay is also a force that that can satisfy the most pressing of Beijing's other unresolved strategic issues besides Taiwan – the South China Sea, sea lanes of communication to the Middle East, the vulnerability of China's eastern seaboard (its economic "gold coast"), and territorial disputes with Japan. Like Taiwan and the problem of U.S. intervention, all these issues are maritime in nature.

The maritime nature of Beijing's outstanding strategic issues and its need to deal with U.S. intervention in favor of Taiwan should force be used has not been lost on U.S. military planners. The 2000 Quadrennial Defense Review (QDR), while not identifying China by name, made it clear that China was a central concern. Phrases like "Maintaining a stable balance in Asia will be both a critical and a ***formidable*** task. The possibility exists that a ***military competitor*** with a ***substantial resource base*** will emerge in the region" made it clear that China is a long-term strategic concern.

The next QDR is still being developed, but it seems likely that China will remain a strategic concern of the U.S. This was clear in the *2005 DOD Report on the PLA* that speaks to the PLA's "ambitious" modernization as putting "regional military balances at risk." This document was vetted beyond DOD in Washington and therefore reflects the views of the government, not simply the Defense Department. Therefore, it is not likely that when the QDR emerges it will contradict the DOD report. It will probably indicate what the U.S. will do in reaction to PLA modernization.

Thus the possibility of war over Taiwan creates two related and unwelcome aspects to the security relationship. First, the near-term crisis response requirement of both militaries creates a near-term planning and exercise dynamic where China is the "red force" and the U.S. is the "blue force" and both practice trying to defeat the other. Second, over the long term the modernization focus of the PLA will produce a military that is dominant in East Asia (certainly on the continent), and unless the U.S. maintains its current advantage and "rises on the same tide" as the PLA, the PLA could

dominate the littoral region of Asia with a regional projection capability. This has already set in motion a long-term "capability competition" between an improving PLA and a U.S. military dedicated to being able to sustain regional stability by maintaining a force capable of frustrating PLA projection goals.

One obvious way to mitigate this dynamic would be to remove the prospect of war over Taiwan. That is Beijing's choice alone. The simplest way to accomplish this would be for Beijing to renounce the use of force, and rely on its growing economic and diplomatic clout to deter Taiwanese independence. If Taiwan declared independence, no nation would recognize that independence, and the little diplomatic space that Taipei currently enjoys would shrink even more. Thus, it is difficult to see how Taipei could sustain independence if Beijing does not agree. After all, Taiwan is always going to be only 100 miles off the coast of China.

Trying to remove the threat of war over Taiwan is a topic worthy of serious discussion by Presidents Bush and Hu.

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PacNet 38B

Shifting winds in China: how far can Beijing go?

by Eric Teo Chu Cheow

As President Hu Jintao prepares to visit Washington for his first time as China's supreme leader, winds are fast shifting at home. There are signs of new thinking and debate within China on just about every facet of his country's identity.

On July 28, the *People's Daily*, in a front-page commentary, warned Chinese citizens to obey the law and that threats to social stability would not be tolerated. But this editorial curiously omitted reference to Hu's populist catch-phrase "harmonious society" and surprisingly stressed that widening inequality is an inevitable phase of development, as in developed economies.

On Aug. 3, the Culture Ministry announced that Beijing would bar new foreign television channels from entering China and step up censorship of imported programming to "safeguard national cultural safety"; this announcement appears designed to keep out liberal Western materials deemed politically and socially dangerous for China.

Two days later, *China Daily* quoted Health Minister Gao Qiang criticizing China's hospitals for being greedy, putting profit ahead of social function, adding burdens to patients, and seriously undermining the image of both medical personnel and public health departments. Gao's remarks followed a joint World Bank-State Council report that labeled medical reforms "basically unsuccessful."

Finally, on Aug. 22 the Institute for Labor and Wage Studies (ILWS), a Ministry of Labor and Social Security think-tank, warned that the growing income gap in China could trigger social instability if efforts to rein in the problem prove unsuccessful by 2010; this disparity is not just a rural-urban phenomenon, but also occurs within cities and rural areas, as well as between regions. Three days later, the government raised China's income tax level from RMB800 to RMB1,500 thus exempting the very poor from paying taxes altogether.

Behind these four moves appears to be mounting concern over growing social instability, which the authorities no longer hide from public discussions. Key officials worry openly in the face of mounting protests (rising officially to 74,000 in 2004 from 53,000 in 2003) and a widening income gap in a "socialist" economy, society, and state. As social instability is considered China's foremost historical bane, Beijing is determined to risk a public debate as it tries to reform Chinese society toward more equality.

The *People's Daily* commentary is particularly significant as it signals a debate on the merits and disadvantages of continuing economic liberalization vs. the imperatives of social equality and redistribution, given mounting social instability. Liberals argue for a continuous push toward *kai fang* (or "opening up") according to WTO tenets. Their argument is based on the need for the Chinese economy to grow at least 8 percent per annum (based on at least $40 billion of annual foreign direct investment) so that urban unemployment will not create risky levels of instability. A widening revenue gap and some inequality are deemed inevitable as a result of economic development, in accordance with Western market economy precepts.

Chinese "socialists" have been very critical of "rampant economic development" to the detriment of "social balance" and have questioned the need for accumulating more than $700 billion in foreign reserves when the widening social gap threatens China. They advocate a more social approach, just as Gao criticized the public service's "profit-chasing" ethos, and support "cooling" the Chinese economy. They emphasize social justice, as authorities lead the fight against corruption, and social redistribution to dampen widening social disparities, as underscored in the ILWS report and reformed fiscal measures.

China is acknowledging the tensions within Chinese society. There is a growing contradiction between the ideological tenets of the Chinese Communist Party (though much reduced today) and Deng Xiaoping's "grow rich is glorious" philosophy. This creates a vacuum within Chinese society: religion and moral ethics and then ideology were systematically "purged," leaving "wealth-chasing" in a morally bereft society in revolution as its only goal. The recent reassertion of control over the media underscores this facet of China's cultural and ideological drift; a less pro-Western tilt could be expected, in line with resurgent Chinese nationalism.

This debate could be a leadup to the 17th Party Congress in autumn 2007, which is scheduled to see the full consolidation of power by President Hu. The president is believed to straddle the liberal and "new left" camps, although his socialist convictions are perceived as strong, given his personal imprint in the "harmonious society" and *san nong* ("three agricultural") policies, and his efforts to cultivate the image of the "people's president."

Just as Jiang Zemin sealed the "Three Represents" theory as his historical legacy, Hu needs to consolidate his "people-

centered" philosophy as he revives Confucianism, which advocates putting the people at the center of China's development. This socialist and "new left" leaning of Hu could be emphasized, probably to the detriment of the liberal school, especially when Hu's political rivals could use this debate to challenge the Hu-Wen team should the economy or society go into a tail-spin. As Hu's consolidation of power is still not guaranteed, this debate is likely to take on growing proportions within the Party and administration.

This socio-ideological debate could also be critical for the rest of Asia, as a new socio-economic development model may complement Asia's expected rise. Many Asian economies experience similar problems as a result of galloping economic growth, with widening internal social gaps threatening their stability.

This underscores the significance the region attaches to China's "peaceful rise," thanks to its own fears of instability in China, lessening threat perception, and even a new socio-economic model, to which Beijing may aspire. Ideology has been cleverly set aside by Beijing in favor of hard-nosed economic and social pragmatism. For that reason, China's smaller neighbors can now easily do business with China in a more relaxed way, just as they did during the four centuries of the Ming/Qing tributary system when China reigned supreme in Asia; it offered trade and protection to Beijing's tributaries in return for respect from them to the Chinese emperor.

The U.S. therefore faces a growing "soft power" challenge from China within Asia, as Beijing is intent in securing its immediate periphery, from the Korean Peninsula to Southeast Asia, through Central Asia. Moreover, Beijing's rivalry with Japan will increase, as Chinese leaders view the U.S.-Japan alliance as a device to contain China; the Middle Kingdom mentality still weighs on Chinese leaders. This has driven Beijing to consolidate its strategic partnership with Russia (the recent war games attest to this geostrategic fact) and seek one with India, while supporting and bolstering regimes that are "threatened" by Washington and the West, ranging from Myanmar and Cambodia to Kyrgystan and Kazakhstan.

As Hu seeks to forge a new relationship with President Bush in Washington, winds of change are sweeping through China. This internal debate will determine the direction of the Chinese economy and society, as well as China's "peaceful rise" and its "continuous social revolution." Hu will want to ascertain at the summit how far Beijing can go regionally, as well as the prospects for future Chinese corporate buyouts in the U.S.

President Bush should try to gain insight from Hu regarding how this debate will influence the direction of the Chinese economy and society; in particular, he will want to know how committed the leadership is to reform if the economy does not cool down sufficiently. Of prime concern is the future direction of Sino-U.S. trade and intellectual property rights reforms, as well as the commitment to socio-political reform, like human rights and religious freedom, which Beijing may dampen in the name of social stability. Bush, in pressing Hu to continue liberalizing China, must be mindful that he does not weaken Hu unnecessarily as he faces the 17th Party Congress in two years' time; this is crucial for China's future stability and its role in the region and beyond.

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